



SHANGHAI COMMERCIAL BANK

SUSTAINABILITY REPORT 2024



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ABOUT SHANGHAI COMMERCIAL BANK



Shanghai Commercial Bank ("the Bank" or "SCB") is a renowned local Chinese bank in Hong Kong that has been operating since 1950, building on its core strengths and holding a niche market position in serving corporate and personal customers, with a particular focus on Small and Medium-Sized Enterprises ("SMEs") and high-net-worth individuals.

With "Serving the Community" as motto and "For Personalized Service" as principle, the Bank seeks to meet customers' needs with a comprehensive range of banking products and services, including loans, deposits, trade finance, remittances, securities trading, investment and wealth management, life and general insurance products, treasury products, foreign exchange, credit cards, international banking, internet and mobile banking, through teams of banking professionals across the international network of 50+ offices and branches in Hong Kong, mainland China, the United States, and the United Kingdom.



INTRODUCTION

For 25 years, the Bank has formed a strategic alliance with Bank of Shanghai in mainland China and The Shanghai Commercial & Savings Bank in Taiwan and built our brand image as "Three Shanghai Banks, All Caring for You" (「三地上銀，一心為您」). This service philosophy delivers one-stop and cross-strait banking services through a broad footprint comprising more than 400 outlets worldwide.

SHANGHAI COMMERCIAL BANK AT A GLANCE

(As of 31 December 2024)



Return on average equity
at **1.4%**



International network of
50+ offices and branches



Total headcount of the Group
was **1,998**
(including part-time employees)



Consolidated profit
after tax of the Bank for 2024
was **HK\$531 million**



Total customer deposits of
HK\$177 billion
at the end of 2024



Loan to deposit ratio
at **43.2%**



Total assets of
HK\$227 billion
at the end of 2024



Return on average assets
at **0.2%**



Total capital adequacy ratio ("CAR")
and Common Equity Tier 1 ratio were
28.0% and **25.1%** respectively



Liquidity maintenance ratio stayed at a
comfortable level throughout the year
with an average of **82.1%**

OUR BANK'S VISION, MISSION AND VALUES

Our Vision



To be a trusted bank of choice of customers in Greater China, served by our staff capable of delivering comprehensive one-stop personalized service, supported by distinctive commercial and international banking capabilities, and innovative digital platform, for sustainable development

Our Mission



- Sustain business growth through value creation to our customers and shareholders, contribute to the community through sustainable development
- Cherish the values of our people with rewarding career opportunities and development
- Build a strong network with our partners to develop long term relationship

Our Values



Proactive

- Take initiative with can-do attitude, be innovative, embrace change and make continuous improvement

Integrity

- Adhere to the highest ethical standards, discipline, and righteous behaviour

Respect

- Establish mutual trust and respect with colleagues and customers

Professionalism

- Deliver high quality services that cater to customer needs, and commit to continuous learning and enhancement of expertise

Teamwork

- Work collaboratively across teams with mutual support to achieve common goal

Accountability

- Take ownership in work and demonstrate commitment towards achieving extraordinary performance and contributing to sustainable development

Leadership

- Direct, inspire, engage and motivate staff to nurture future leaders

ABOUT THIS REPORT

REPORTING SCOPE, BOUNDARY, AND PERIOD

The Sustainability Report offers a comprehensive overview of the Bank's strategies and achievements in addressing sustainability issues, including Environmental, Social and Governance ("ESG") considerations, as well as Green and Sustainable Banking ("GSB") initiatives, which are material to both the Bank and its stakeholders. This report complements the information provided in the Bank's 2024 Annual Report, capturing all operations where we hold a predominant interest and activities over which we maintain full management control. The reporting period is from 1 January to 31 December 2024 (the "Reporting Year").

REPORTING FRAMEWORK

This report has been developed with reference to the provisions of the ESG Reporting Code (formerly known as ESG Reporting Guide) outlined in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The recommendations put forward by the Task Force on Climate-related Financial Disclosures ("TCFD"), which was established by the Financial Stability Board, were also referenced.

REPORTING PRINCIPLES



Materiality

We are committed to continuously enhancing our business strategy to further integrate sustainability-focused practices into our operation. The sections "Board Statement on Sustainability" and "Our Approach to Sustainability" provide insights into our approach for identifying the non-financial topics that are material to the Bank and its stakeholders.



Quantitative

Our Sustainability Report outlines our management of material topics by stating our approach and performance during the Reporting Year and the plan beyond. In our commitment to transparency, we convey our performance by disclosing metrics that align with the Key Performance Indicators ("KPIs") outlined in Appendix C2 of the Listing Rules, which references methodologies developed by the Global Reporting Initiative Standards.



Balance

We strive to present an unbiased picture on the Bank's sustainability performance to our stakeholders and readers of this Sustainability Report, ensuring that our accomplishments concerning material sustainability-related topics are transparently disclosed.



Consistency

Our Sustainability Report adheres to consistent methodologies employed in previous reports and allows a fair comparison. Any alterations in reporting scope or boundaries will be communicated in "Our Performance" section, with restatements of quantitative information supported by clear rationale.

FEEDBACK

Readers may share comments or suggestions regarding the contents of this report by contacting us at:

✉ contact@shacombank.com.hk

🌐 www.shacombank.com.hk

BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors (the "Board") of Shanghai Commercial Bank acknowledges the significance of incorporating sustainability into our operations and growth strategies. This commitment is vital for addressing environmental and climate-related challenges while seizing the opportunities to foster an everlasting benefit on society. Our dedication to sustainability aligns with the objectives outlined in the Hong Kong Special Administrative Region ("HKSAR") Government's Climate Action Plan 2050 and the Sustainable Finance Action Agenda (the "Action Agenda") published by the Hong Kong Monetary Authority ("HKMA"), which also reinforces our support for the advancement of green and sustainable finance ("GSF") in Hong Kong.

In 2024, the Bank established a Green Business Strategy Sub-working Group and a Corporate GSB team as well as Sustainability Department internally to enhance opportunities for green business and sustainability initiatives. Externally, we also fostered deeper collaboration with the Hong Kong Quality Assurance Agency ("HKQAA") to enhance opportunities for green business initiatives. We continued to uphold the sustainability objectives with further spanning to GSF and climate risk-related matters, including:

	Directing the Bank's sustainability priorities, as well as upholding its sustainability vision		Maintaining effective governance structure to manage the Bank's sustainability risks and opportunities
	Committing to decarbonisation in operational practices and investments with the goal of striving to achieve net zero emissions by 2050		Reviewing the Bank's carbon reduction targets and implementing the Decarbonisation Plan

The Sustainability Committee at board level plays a crucial role in shaping and implementing the Bank's sustainability strategy. At management level, the Sustainability Working Group is responsible for driving sustainability-related strategies and monitoring corresponding performance and progress. With the support of these two governing bodies, the Board has approved updates and establishments to multiple bank-wide policies and frameworks, including the Sustainability Policy, Climate Risk Management Framework, GSF Classification Guideline, and sustainability-related KPIs. These revisions aligned with the latest regulatory requirements and standards related to ESG and GSB practices. They also improve transparency regarding greenhouse gas ("GHG") emissions and climate-related risks and opportunities during the Reporting Year.

Building on the assessment of material sustainability topics conducted in 2024, the Board reviewed and approved the latest material issues identified through comprehensive stakeholder engagement. These topics are crucial for both the Bank's operations and the external environment. They play a vital role in enabling more efficient monitoring and implementation of relevant KPIs, as well as in reporting our sustainability performance. Please refer to the details regarding the double materiality statement for 2024 in the "Our Approach to Sustainability" section. The information presented in this report will serve as a reference for evaluating the Bank's performance in the future.

In 2024, the Board's proactive approach in managing sustainability-related matters included:

 <p>Keeping abreast of the latest regulatory requirements and market trends on sustainability issues through participation in various internal meetings, regulatory forums, and trainings</p>	 <p>Reviewing the results of the Bank's Climate Risk Stress Test ("CRST")</p>
 <p>Monitoring the Bank's progress towards aligning with Appendix C2 of the Listing Rules, and the Recommendations of the TCFD regarding disclosure</p>	 <p>Reviewing performance of the Bank's sustainability-related KPIs as well as overseeing climate risk-related management and decarbonisation targets</p>
 <p>Directing the Bank to pursue opportunities for sustainable financing, innovation and digital transformation, and low carbon transition</p>	

Looking ahead, the Bank will enhance investments in both human capital and technological infrastructure. This strategic focus is designed to help us embrace new pathways in GSF and digital transformation, catering to the diverse needs of our corporate, SMEs, and individual customers. By integrating sustainable principles, innovation and digitalisation strategies, Decarbonisation Plan, and community investments, we aim to create lasting value for our stakeholders while making meaningful contributions to societal well-being. These efforts underscore our unwavering commitment to innovative financial solutions that foster prosperity and uphold our corporate responsibilities in today's dynamic environment.

DIRECTOR'S MESSAGE

As reflected in our sustainability journey for 2024, it is evident that Hong Kong's long-term climate action goals have become increasingly integral to our operations and the broader banking industry. In a year where regulatory expectations are more critical than ever, the notable would be the Action Agenda published by the HKMA, being one of the key initiatives set forth by the regulators within the year. We acknowledge the imperative to continue accelerating our integration of sustainability elements into our banking practices, going beyond compliance to embedding these principles deeply into our culture, operating standards and business strategies. We are striving to achieve net zero in the Bank's operations by 2030 and financed emissions by 2050. We have developed a comprehensive Decarbonisation Plan and implemented essential measures across our business operations and activities. We have actively pursued pragmatic initiatives throughout our sustainability journey, facilitating Hong Kong's position as a sustainable finance hub in the region and supporting the sustainable development of Asia and beyond. We are eager to share the current state of our initiatives and our vision for the future through this report.

AN UNWAVERING GOVERNANCE AND COMMITMENT

We continue to pursue our vision, to be a trusted bank that promotes sustainability through integrating our sustainable operations, culture and business together with our stakeholders and community. As a cornerstone of our business objectives, our sustainability efforts are meticulously implemented and integrated at all levels of the Bank. A robust governance structure is essential for driving our sustainability agenda from top to bottom. This structure spans from the Board, Board-level committees, senior management and extends to all our staff as instilled in our Bank's culture.

Risk management and compliance are always at the heart of our operations as a responsible banking institution. In 2024, the Bank conducted a comprehensive and rigorous exercise of both CRST and scenario analysis with granularity to evaluate the Bank's climate-related resilience, ensuring a thorough approach to risk management that encompasses all facets of risks and demonstrating the Bank's on-going efforts to enhance our climate risk management practices. Additionally, we are beginning to disclose our Scope 3 carbon emissions, reinforcing our dedication to going beyond our compliance obligations by progressively enhancing our sustainability-related disclosure and data transparency that are in line with regulatory expectations and emerging market trends.

AN ERA OF EMBRACING INNOVATION AND TRANSFORMATION

In this rapidly evolving landscape of shifting towards a digital future, embracing innovation is paramount. The Bank fosters a robust culture of innovation and transformation to navigate emerging challenges. We are at the forefront of transformative practices, constantly enhancing our digital capabilities.

In 2024, we stepped up our efforts in digital transformation through several pivotal initiatives aligned with our Five-Year Plan of FinTech Adoption, by upgrading our online banking infrastructures and advancing our "Shacom Bank" mobile application, which further enhanced our customers' convenience and enriched the overall customer experience. Our training programmes have also prioritised the latest topics in the market, such as generative artificial intelligence ("AI") and tokenisation, ensuring our colleagues to remain at the forefront of the latest technological advancements.

Data privacy and cybersecurity are foundational to our operations. In 2024, we developed our inaugural AI Risk Management Policy and Cloud Computing Risk Management Guideline, fortifying our governance in these critical areas and enabling us to advance further. By fostering a culture of creativity and adaptability, we are driving meaningful change that resonates throughout our organisation and beyond.

TOGETHER, WE FORGE NEW PATHS

Over the past few years, our society has faced certain economic pressures that are impacting the business landscape across various industries and stakeholder groups. As a key market participant, we acknowledged our essential role in fulfilling our responsibilities by inclusively offering financial support through our services and products to our customers, especially SMEs. By doing so, we empower SMEs to navigate uncertainties and challenges, enabling them to thrive.

In addition to our ongoing internal efforts on environmental sustainability, such as the paperless campaign and energy-saving measures, we are dedicated to championing sustainability externally. Green and sustainable finance remains a focal point in our strategic agenda. This year, the Bank achieved a milestone by launching our first Green and Sustainable Finance Classification Guideline, crafted in alignment with reference to the Hong Kong Taxonomy for Sustainable Finance published by the HKMA. This lays our foundation in positioning us to further advance in green and sustainable banking initiatives in the future, facilitating a mutually beneficial relationship where corporates can transition into a low-carbon economy with our support, while the Bank could also identify new business opportunities.

Despite the unprecedented challenges we have faced this year; we also recognised the opportunities and achievements that lie ahead us. We stood unwaveringly alongside our customers, employees and stakeholders as we navigate these complexities and uncertainties. Together, we aspired to forge new paths towards a sustainable business and future, transforming obstacles into opportunities.

The Bank, bolstered by the engagement and dedications of our staff, as well as the trust of our valued customers, business partners, and shareholders, continues to make positive contributions to society through our sustainability journey. We extend our heartfelt gratitude to each of you and invite you all to join us in crafting a brighter future and fostering a sustainable environment for all. With our collaborative spirit, unwavering commitment, ongoing efforts, and each decisive step, we can create a legacy of positive change and a resilient and sustainable future.

Charles Chi-man Ma

Executive Director

2024 HIGHLIGHTS AND PROGRESS UPDATE

SUSTAINABLE OPERATIONS

Highlights

Our decarbonisation commitment:

- Strive to achieve net zero in the Bank's operations by 2030 and in our financed emissions by 2050

Closely tracked our environmental footprint:

- Reviewed and enhanced our **environmental targets** in **reducing GHG emissions**, energy consumption, waste generation and water consumption
- **2.9%** of reduction in energy consumption, **2.9%** reduction in GHG emissions and **30.9%** reduction in water consumption from 2023
- Engaged with Hongkong Electric ("HKE") to conduct **energy audit** at SCB Tower

Recognitions and new developments across multiple sustainability aspects:

- Awarded the **Wastewi\$e Certificate** issued by the Hong Kong Green Organisation Certification ("HKGOC") since 2015
- Awarded **"Corporate Financial Education and ESG Leadership – Gold Award"** issued by the Institute of Financial Planners of Hong Kong

Progress

<p>Electricity consumption</p>  <p>13.2% reduction against base year 2020</p>	<p>GHG Emissions</p>  <p>11.2% reduction against base year 2020</p>
<p>Paper consumption</p>  <p>47.3% reduction against base year 2020</p>	 <p>Water consumption Gradually decreased</p>
 <p>Non-hazardous & hazardous wastes Gradually decreased</p>	

Note: The Bank's progress of KPIs under Sustainable Operations have met their respective milestones in 2024.

CULTURE

Highlights

Continued investing in our people:

- Increased total training hours: **123,095** hours in 2024 (+59.6% compared to 2023)
- Increased average training hour per staff: **67.2** hours in 2024 (+77.8% compared to 2023)
- Became one of the signatories of the **"Good Employer Charter 2024"** issued by the Labour Department of the HKSAR Government and have been recognised as a **"Supportive Family-friendly Good Employer"**
- Received "Employer of the Year" issued by CTgoodjobs

Contribute to the community through financial and in-kind donations:

- Contributed approximately HK\$13.6 million and participated in 61 Corporate Social Responsibility ("CSR") events



Implemented a series of well-being enhancement initiatives:

- Enhanced the Residential Property Mortgage Loan Scheme to assist employees in purchasing their own homes
- Organised well-being activities to promote **engagement and cultivate a positive culture**
- Subsidised team-building activities
- Encouraged employees to develop professional skills and knowledge through upskilling by providing subsidies and scholarships



Accomplishment

ESG-related training provided	14.5 hours
ESG-related training arranged for the Directors	17 sessions
Gender diversity and inclusiveness within force	Only 2.9% deviation from the benchmark figures ¹ (a 1.8% increase in the gender mix ratio compared to 2023, moving towards a ratio of 1:1)
Conviction of fraud, bribery or corruption related offences	0 case
Reportable incident on customer data and employment-related personal data	0 case
Roles and responsibilities in governance structure and risk management framework	Established and reviewed annually
Supplier Code of Conduct	Established and reviewed annually
Work injury rate	Lower than the benchmark figure ²
Substantiated complaints from customers	Lower than the benchmark figure ³

Note:

The Bank's progress of KPIs under Culture have met their respective milestones in 2024.

¹ The Hong Kong labour force gender mix of 2024 published by the Census and Statistics Department of the HKSAR Government.

² The Hong Kong occupational injury rate of 2023 published by the Labour Department of the HKSAR Government.

³ The average number of complaints per Authorised Institution received by the HKMA in the same period.

BUSINESS

Highlights

Recognitions received on our GSF offerings and digital transformations:

- Crowned the **Outstanding Award for Green and Sustainable Loan Facilitator (Property Development Industry) – Visionary Sustainability-linked Loan Performance Metrics and Pioneering Award for ESG Disclosure Contribution** for the second consecutive year issued by the HKQAA
- Awarded the “Best SME’s Partner Gold Award” issued by the Hong Kong General Chamber of Small and Medium Business (“HKGCSMB”)
- Awarded “Best FinTech Award” issued by Communications Association of Hong Kong
- Awarded **“Outstanding Digital Innovation in SME Banking”** issued by The Digital Banker

Reviewed our GSF offerings:

- Offered **more than 180 ESG funds** in share class level
- Participated in ESG-related syndicated lending
- Established a Corporate GSB Team
- Developed the GSF Classification Guideline
- Rolled out **“ESG Fund” promotion campaign** to encourage wealth management customers’ participation in environmental conservation



Enhanced climate risk management:

- Reviewed and updated the **Climate Risk Management Framework**
- Conducted a comprehensive CRST exercise to assess the Bank’s climate resilience

Continued to digitalise our services:

- Launched the e-statement feature alongside the continued promotion of **“Shacom Bank”** mobile application to enable our customers to open bank account, bond account and credit card with ease at their fingertips
- Launched **online and mobile global stock trading services**, enabling customers to trade Hong Kong stocks, Stock Connect, stock options, U.S. stocks, and global stocks
- Improved and expanded existing digital products and services, including the option to register for online banking services or reset passwords using iAM Smart
- Optimised overseas online banking services, offering account inquiries and online payment capabilities
- Promoted online account opening services and streamlining loan process through the use of Commercial Data Interchange (“CDI”) and Interbank Account Data Sharing (“IADS”)

Progress

ESG-related syndicated lending newly approved	HK\$1.1 billion
ESG-related bonds held	HK\$6.7 billion (increased HK\$1.3 billion compared to 2023)
Climate Risk Management Framework and Climate Risk Appetite Statement	Annual review

Note: The Bank’s progress of KPIs under Business have met their respective milestones in 2024.

At SCB, we view sustainability not just as a responsibility but as a vital component of our operational framework and strategic planning. By incorporating sustainability into our routine operations through multi-pronged approaches, we embark on a transformative journey that involves the commitment of the Board and management. Anchored by a robust governance structure, we employ holistic strategies and pragmatic actions to address an array of sustainability-related matters. We also actively engage with our stakeholders and customers to better understand their expectations and effectively address their needs, delivering long-term value to our stakeholders while fostering sustainable growth.



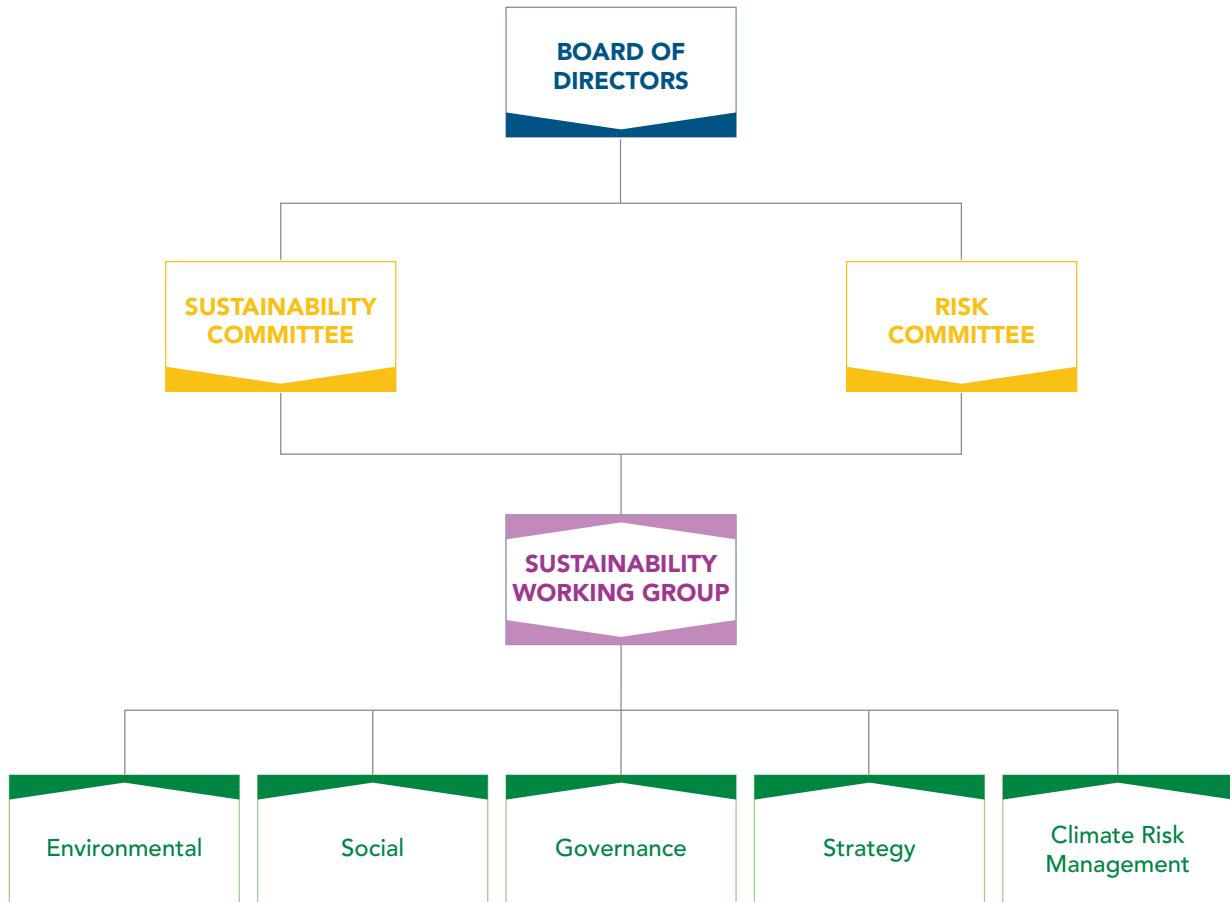
Our Vision

"To be a trusted bank that promotes sustainability through integrating our sustainable operations, culture and business together with our stakeholders and community."

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

To propel our vision of a more sustainable future, a three-tier, top-down sustainability governance structure is in place to ensure our sustainability initiatives are effectively implemented and monitored.



Note: In December 2024, the Board has approved to form a new Pillar – “Customers” to (a) demonstrate the Bank’s determination for net zero transition, (b) meet regulatory expectations set forth in the Action Agenda, (c) promote GSF of the Bank, and (d) provide transition financing solutions to meet customers’ needs, with effect from 1 January 2025.

BOARD OF DIRECTORS

The Board is responsible for overseeing the development and implementation of the Bank's key sustainability-related objectives, strategies, targets, and plans, to deliver sustainable value to shareholders and foster sustainable growth. During the Reporting Year, the Board adopted the following approaches to manage sustainability matters:

 <p>Manage and leverage assigned committees in carrying out sustainability-related responsibilities</p>	 <p>Integrate principles, internal policies and measures to address relevant sustainability issues into the Bank's businesses, strategy, goals and targets, as well as financial planning, spanning in short-, medium- and long-term timeframes</p>
 <p>Oversee the development and implementation of sustainability, GSF, and climate-related risk management and strategy, including the Bank's Decarbonisation Plan</p>	 <p>Review and approve the approach to public disclosure of sustainability-related information, including the Sustainability Report, by considering the global sustainability reporting standards and local regulatory requirements</p>
 <p>Participate in various trainings, forums and seminars conducted by professional organisations, covering topics such as latest sustainability regulatory requirements as well as insights from industry practices and market trends, to facilitate its effective management and oversight of the Bank's sustainable development process</p>	 <p>Review and approve the Bank's sustainability KPIs, Sustainability Policy, Decarbonisation Plan and other sustainability-related goals presented by the Sustainability Committee</p>

SUSTAINABILITY COMMITTEE

The Sustainability Committee, chaired by an Independent Non-executive Director and comprising a Non-executive Director, the Chief Executive and a Deputy Chief Executive, met twice in 2024 to fulfil its mandate. The Sustainability Committee supports the Board in overseeing the development and implementation of sustainability-related strategies, targets and plans, including in addressing climate-related issues, as well as advising the Board on ESG matters. During the Reporting Year, the Sustainability Committee exercised the following duties:



Review and make recommendations to the Board for approval of the revised Terms of Reference of the Sustainability Committee to align with the regulatory requirements and expectations in terms of climate risk management



Review sustainability KPIs, priorities, policies, frameworks and other sustainability-related goals, as well as other related recommendations from the Sustainability Working Group



Make recommendations to the Board on appropriate standards, priorities and goals for the Bank



Review the approach to public disclosure of sustainability-related information, including the Sustainability Report, by considering the global sustainability reporting standards and local regulatory requirements



Oversee the management of climate-related risks and opportunities as well as the development of the Bank's sustainability strategy

RISK COMMITTEE

The Risk Committee is responsible for assisting the Board in ensuring adequate oversight of bank-wide risks and advising the Board on high-level risk-related matters, risk management strategies and the Bank's risk governance framework. During the Reporting Year, the Risk Committee met quarterly and undertook the following actions for strengthening bank-wise risk management, including climate risk management:

	Oversee and review various aspects of risk management in a holistic manner		Review regularly periodic reports and updates on the risk culture, risk management activities and major risk exposures of the Bank, including climate-related risk
	Review and make recommendations to the Board for approval of the best practices of risk management frameworks and strategies, covering the Bank's risk profile, limits, tolerance, and risk appetite		Review the revision of the Bank's Climate Risk Management Framework to ensure its effectiveness and oversee the subsequent implementation, including assessing climate risk appetite and the Bank's exposure to climate risk
	Review the revision of the Bank's Guidelines for Modern Slavery Act 2015 ("MSA") to ensure its alignment with applicable laws and regulations, and the effectiveness of implementation		

SUSTAINABILITY WORKING GROUP

The Sustainability Working Group, chaired by the Chief Risk Officer, is established at management level to support the Sustainability Committee and Risk Committee in implementing sustainability strategies and related policies, including climate-related risks and opportunities, ESG matters and GSB initiatives. The Sustainability Working Group's mission is to promote and oversee the implementation of the five pillars: "Environmental", "Social", "Governance", "Strategy" and "Climate Risk Management", each led by designated Pillar Owners assigned by the Chief Executive. The Sustainability Working Group met four times during the Reporting Year and was tasked with the following sustainability-related duties and responsibilities:

 Develop the Bank's sustainability objectives, strategies, related policies and initiatives	 Identify climate-related risks and opportunities
 Support sustainability reporting and other forms of stakeholder communication	 Discuss and monitor the progress and performance of the Bank's sustainability initiatives
 Report to the Board committees regarding sustainability-related and GSB performance and progress	

SUSTAINABILITY DEPARTMENT

The Sustainability Department acts as the facilitator and secretary to the Sustainability Working Group to support day-to-day execution of sustainability-related matters and initiatives of the Bank. In 2024, we have also developed the Sustainability Department Operation Manual, with the objectives of establishing clear division of labour, role and responsibility, as well as accountability within Sustainability Department to ensure its effective and efficient operation. This enhances the Bank's ability to conduct its business responsibly across environmental, social and economic dimensions with the active involvement from the Sustainability Department. The Sustainability Department is tasked with the following key operational procedures:

	Prepare the Bank's annual sustainability report		Review the Sustainability Policy, Sustainability Vision Statement, and other sustainability-related (including ESG and climate-related) and GSB-related guidelines and procedures annually
	Develop and review sustainability KPIs annually and establish the Decarbonisation Plan and implementation plans to materialise the KPIs and targets		Monitor and analyse sustainability-related (including ESG and climate-related) performance and the Bank's sustainability KPIs
	Provide support in planning and organising sustainability-related and GSB-related trainings		Maintain regular communications with key stakeholders and support other sustainability-related and GSB-related tasks

SUSTAINABILITY STRATEGY, POLICY AND TARGET

Our sustainability strategy, policy and targets reflect our unwavering commitment to building a more sustainable future. Symbolised by the three interconnected realms of "S", "C", and "B", which coincide with the Bank's acronym, these themes serve as the foundation of our sustainability strategy, towards which we continue to dedicate considerable resources and efforts to achieve our sustainability goals.





Sustainability Strategy

During the Reporting Year, we reviewed and revised the Bank's Sustainability Strategy Framework by updating the sustainability-related topics from 15 to 17 based on the 2024 double materiality assessment. A comprehensive assessment through stakeholder engagement on each material topic under the three themes of the Bank's Sustainability Strategy Framework – "Sustainable Operations", "Culture", and "Business", was also carried out based on relevant metrics, local and international standards and best market practices, to ensure our sustainability strategy is in line with the latest ESG megatrends. The three themes and corresponding material topics are explained in more detail in the sections "Sustainable Operations", "Culture", and "Business" respectively.



Sustainability Policy

The Sustainability Policy of the Bank articulates a robust sustainability governance process, suggesting the engagement of relevant committees in proactively identifying, assessing and managing sustainability-related matters. Clauses in the policy set forth the expectation for all staff to observe and adhere to relevant rules and requirements when carrying out their daily duties, aiming to facilitate positive customer feedback and market outcomes under prudent and proactive risk management. In 2024, the policy was reviewed and revised to align with the Bank's sustainability commitment, emphasising the development of GSB and expectations to suppliers in adhering to the Guideline for MSA. Additionally, the updated policy also ensures that the Bank's strategy is consistent with regulatory requirements and expectations, including the promotion of GSB and planning for net zero transition in accordance with HKMA's high-level principles.



Sustainability Target

In line with the Bank's five strategic pillars, namely "Environmental", "Social", "Governance", "Strategy" and "Climate Risk Management" in 2024, we have thoroughly reviewed and revised the sustainability-related goals and relevant KPIs to ensure they align with our latest sustainability strategy, business development and innovation, meeting our business needs while striving for continuous improvement. In 2024, we strive to achieve net zero target for the Bank's operations by 2030 and for our financed emissions by 2050, with a Decarbonisation Plan in implementation and will be reviewed annually. The performance and progress of our sustainability goals and KPIs in 2024 are further provided under "2024 Performance" of each section and the "Our Performance" section.

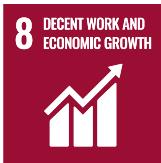
The Sustainability Committee and the Sustainability Working Group dedicate time and resources to annually reviewing and updating our sustainability strategy, policy, and targets, ensuring the ongoing relevance and effectiveness of these sustainability-related considerations when integrated into our business operations.

In line with our sustainability strategy, policy, and targets, our actions and initiatives align with the principles and objectives of the United Nations Sustainable Development Goals ("UNSDGs"). The following actions showcase our commitment to promoting the UNSDGs:

UNSDGs	Actions
 1 NO POVERTY	<p>End poverty in all its forms everywhere</p> <ul style="list-style-type: none"> Participate in volunteer services and charitable events, and contribute monetary and in-kind donations to those economically disadvantaged elderlys and families in the local community Support the growth of SMEs by providing a more comprehensive and convenient banking services benefitting the local economy Enhance inclusive finance to enable financial access for individuals from physically and socio-economically disadvantaged groups
 3 GOOD HEALTH AND WELL-BEING	<p>Ensure healthy lives and promote well-being for all at all ages</p> <ul style="list-style-type: none"> Launch a series of occupational health and safety ("OHS") awareness initiatives, and ensure a hazard-free workplace for our employees Expand medical insurance coverage of maternity and check-up related items to better protect the health of our staff and their dependents Organise well-being workshops and sports teams, and introduce "Well-being Leave" in our leave benefits Safeguard employees' mental well-being by providing counselling and stress management services
 4 QUALITY EDUCATION	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> Launch subsidy schemes and scholarships to support ongoing education of employees Organise High Potential Talent Development Programme to cultivate future leaders through comprehensive training Organise Graduate Trainee Programme, and internship programme to equip young professional with essential skills
 5 GENDER EQUALITY	<p>Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> Embrace gender diversity within our workforce, with a 1.8% increase in the gender mix ratio compared to 2023, moving towards a ratio of 1:1 Articulate our requirement on workforce diversity and equal opportunities in our Policy on Equal Opportunities, which is effectively implemented and reviewed

UNSDGs

Actions



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- “Youth Development” as one of our key areas in community investment, initiatives include providing university scholarships, and promoting vocational and skills training
- Participate in ESG-related syndication loans to support the expansion of green industries and facilitate the development of sustainable finance and green economy in Hong Kong
- Develop the GSF Classification Guideline to identify eligible “green” and “environmentally sustainable” economic activities, facilitating the Bank’s GSB businesses
- Expand ESG-related product shelf, such as ESG funds, ESG/green-related bonds and social bonds



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- Accelerate digital transformation and utilise financial technology to provide customers with quality and transparent digital retail and corporate banking services
- Provide promotional offers for SMEs customers through an online account opening and loan services to support inclusive finance



Reduce inequality within and among countries

- Implement equal hiring, promotion, and compensation practices that ensure equal opportunities for all employees, regardless of their background or identity
- Establish Policy on Equal Opportunities to promote diversity and equality in workplace

UNSDGs	Actions
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </p>	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> Organise a range of training and educational activities to promote waste reduction and recycling, and raise awareness and encourage sustainable practice in our operations Expand the coverage of recycling bins across Hong Kong branches Implement several water conservation measures, such as the installation of water-saving taps to reduce water consumption
 <p>13 CLIMATE ACTION </p>	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> Set a target to strive to achieve net zero for the Bank's operations by 2030 and for our financed emissions by 2050, which a Decarbonisation Plan currently in implementation Undertake comprehensive measures and develop actions to effectively reduce our GHG emissions and energy usage Engage with HKE to conduct energy audit at SCB Tower Conduct a thorough review and subsequent updates on our Climate Risk Management Framework Adopt the Climate and Environmental Risk Questionnaire for Non-listed companies published by the GSF Cross-Agency Steering Group to understand SMEs customers' strategy and current status in climate risk management
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS </p>	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <ul style="list-style-type: none"> Enhance anti-money laundering ("AML") practices Zero-tolerance policy towards corruption and bribery Implement open communication channels for whistleblowing and ensuring protection for whistleblowers against retaliation

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

The Bank proactively engages with stakeholders to understand their concerns and expectations, to keep abreast of industry trends and identify appropriate measures for managing sustainability matters effectively. Throughout the Reporting Year, we engaged in meaningful conversations with key stakeholders, including the communities we serve, employees, shareholders, customers, business partners, regulators, and relevant industry organisations. These engagements have deepened our understanding of risks, enabled us to seize opportunities, and strengthened our business resilience, allowing us to navigate the evolving banking landscape more effectively.

In 2024, we conducted a comprehensive stakeholder engagement exercise involving both internal and external stakeholders. The primary objective of the exercise was to gather insights of their views and expectations regarding sustainability-related matters. Stakeholders' feedback played a crucial role in refining and updating our materiality matrix, ensuring that it accurately reflects the Bank's latest sustainability priorities and informs its future sustainability focus. This exercise not only deepened our understanding of how to meet our sustainability commitments and address stakeholders' needs, but also strengthened our ability to navigate the evolving challenges and opportunities within the ESG landscape.

Expectations of Stakeholders and Our Responses

Stakeholder	Communication Channel	Frequency	Relevant Material Topic	Corresponding Section
Governmental Authorities and Regulators	Responses to regulators' enquiries	Irregularly	<ul style="list-style-type: none"> Risk Management and Compliance 	<ul style="list-style-type: none"> Risk Management and Compliance
	Filing of all kinds of reports and public information	Regularly and irregularly	<ul style="list-style-type: none"> Green and Sustainable Banking Inclusive Finance 	<ul style="list-style-type: none"> Green and Sustainable Banking
	Participation in seminars, workshops, trainings organised by regulators	Irregularly	<ul style="list-style-type: none"> Climate Change Response and Decarbonisation 	<ul style="list-style-type: none"> Inclusive Finance Climate Change Response and Decarbonisation
Employees	Townhall meetings	At least annually	<ul style="list-style-type: none"> Health, Safety and Well-being 	<ul style="list-style-type: none"> Health, Safety and Well-being
	Internal circular	Irregularly	<ul style="list-style-type: none"> Business Ethics 	<ul style="list-style-type: none"> Business Ethics
	Labour-management meetings	Regularly	<ul style="list-style-type: none"> Data Privacy and Cybersecurity 	<ul style="list-style-type: none"> Data Privacy and Cybersecurity
	Questionnaires and feedback forms	Annually		

Stakeholder	Communication Channel	Frequency	Relevant Material Topic	Corresponding Section
Customers	Communication with frontline staff	When needed	<ul style="list-style-type: none"> Customer Relationship Management Community Investment Business Ethics Data Privacy and Cybersecurity 	<ul style="list-style-type: none"> Customer Relationship Management Community Investment Business Ethics Data Privacy and Cybersecurity
	Hotline/email	When needed		
	Questionnaires and feedback forms	Annually		
	Complaints channels	When needed		
Shareholders and Investors	Shareholders' meetings	At least annually	<ul style="list-style-type: none"> Corporate Governance and Reporting Risk Management and Compliance 	<ul style="list-style-type: none"> Robust Governance Risk Management and Compliance
	Annual tripartite conference	Annually		
	Release of public information	Regularly		
Suppliers	Clear requirements for communication are announced during tender invitation and bidding	Every contract signing	<ul style="list-style-type: none"> Human Rights Sustainable Supply Chain Business Ethics 	<ul style="list-style-type: none"> Human Rights Sustainable Supply Chain Business Ethics
	Email or Phone calls	Irregularly		
	Supplier Code of Conduct	Regularly		
Media	Press release and announcements	Irregularly	<ul style="list-style-type: none"> Corporate Governance and Reporting Talent Management and Development 	<ul style="list-style-type: none"> Robust Governance Talent Management and Development
	Social media platforms	Irregularly		

Materiality assessment is a prerequisite for the preparation of sustainability disclosure, which identifies material sustainability-related topics that facilitate the annual review of sustainability targets at SCB. In 2024, the Bank continued to embrace the concept of double materiality, assessing the materiality of sustainability-related topics by considering how these topics impact our financial performance and how our operations impact the environment and society. This dual perspective helps us understand the interplay between financial and sustainability considerations, enabling us to make informed decisions that develop more sustainable and resilient strategies, while aligning our business objectives with the long-term well-being of our community and environment.

The double materiality assessment was conducted mainly through online survey and interviews with key stakeholders. Participants were encouraged to evaluate each material topic and provide additional insights in terms of the five pillars through the two dimensions.

Impact Materiality

 Evaluation from an impact/outward perspective by considering the scale, scope, and remediability of the impact

Financial Materiality

 Evaluation from a financial/inward perspective by considering the impact on SCB's future cash flows and enterprise value

Replies from our key internal and external stakeholders were subsequently reviewed, summarised and archived as an internal reference for the Bank to identify areas of improvement. The procedures for our 2024 sustainability stakeholder engagement and materiality assessment are described below:

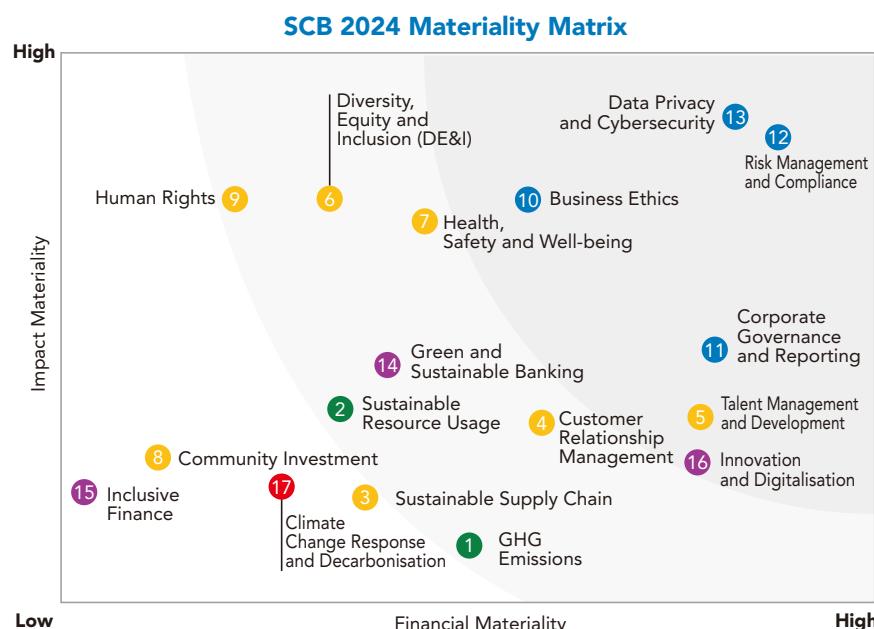
Stages	Steps	Actions
	Step 1: Review and understand the operations, business activities and sustainability context	<ul style="list-style-type: none"> Reviewed the Bank's operations, strategies, and goals enables the assessment to be tailored Identified potential ESG-related (including climate-related) risks and opportunities that are unique to the Bank
	Step 2: Benchmark on potential material topics	<ul style="list-style-type: none"> Identified relevant sustainability-related topics through a comprehensive multi-dimensional benchmarking analysis
	Step 3: Identify a list of potential material topics	<ul style="list-style-type: none"> Identified a list of 17 potential material topics under the five pillars
	Step 4: Identify and confirm stakeholder groups	<ul style="list-style-type: none"> Assessed the importance of each stakeholder group based on their level of interest and influence Identified key stakeholders of the Bank and prepared a list of potential stakeholders to be engaged
	Step 5: Stakeholder engagement	<ul style="list-style-type: none"> Engaged with key internal and external stakeholders through individual interview sessions Engaged with stakeholder groups to evaluate and provide feedback through an online survey
	Step 6: Gather data from stakeholder engagement	<ul style="list-style-type: none"> Gathered both internal and external stakeholders' view through different channels to obtain a comprehensive materiality assessment result

Stages	Steps	Actions
3	<p>Step 7: Double materiality matrix</p> <p>Step 8: Review and Approval</p>	<ul style="list-style-type: none"> Applied weighting factors based on the relative importance of stakeholder groups Prepared double materiality matrix and applied ranking on the material issues The double materiality matrix was reviewed by the Sustainability Working Group, endorsed by the Sustainability Committee and approved by the Board

Going forward, the Bank will continue to uphold a strategy to integrate, communicate, and monitor our stakeholder engagement and materiality assessment process. This entails actively managing our material topics, ensuring the metrics in line with regulatory requirements and our business operations, and effectively communicating our management approach and performance to internal and external stakeholders.

While considering the varying levels of importance of different topics to the Bank's operations from a financial perspective and to stakeholders as well as the broader societal context in which the Bank operates, we prioritise highly ranked topics. Nevertheless, we are committed to ensuring that all topics are adequately addressed.

According to the materiality matrix, the Bank believes that highly ranked topics are Risk Management and Compliance, Data Privacy and Cybersecurity, Business Ethics, Corporate Governance and Reporting, Talent Management and Development, and Innovation and Digitalisation.



Pillar	Material Topic
Environment	1. GHG Emissions 2. Sustainable Resource Usage
Social	3. Sustainable Supply Chain 4. Customer Relationship Management 5. Talent Management and Development 6. Diversity, Equity and Inclusion (DE&I) 7. Health, Safety and Well-being 8. Community Investment 9. Human Rights
Governance	10. Business Ethics 11. Corporate Governance and Reporting 12. Risk Management and Compliance 13. Data Privacy and Cybersecurity
Strategy	14. Green and Sustainable Banking 15. Inclusive Finance 16. Innovation and Digitalisation
Climate Risk Management	17. Climate Change Response and Decarbonisation

The Bank demonstrates its commitment to sustainability through concrete operational practices and measurable outcomes. Through rigorous environmental footprint management and sustainable procurement policies, we actively reduce our institutional carbon footprint and embed sustainability principles across our corporate activities, promoting sustainability practices throughout our value chain.



SUSTAINABLE OPERATIONS

ENVIRONMENTAL AND CARBON MANAGEMENT

The escalating negative impacts of environmental damage and climate change are evident across the ecosystems, the business and commercial market, and society as a whole. Recognising the pressing need to mitigate these challenges and combat climate change, fostering a shared vision for collaboration across regions is critical to achieving a more sustainable and resilient future. Notably, mainland China and Hong Kong have announced targets to achieve net zero emissions by 2060 and 2050 respectively. The HKMA has also launched its Action Agenda and consultation on new Supervisory Policy Manual ("SPM") module GS-2 on "Transition Planning" in 2024, with a clear mandate for all banks to strive to achieve net zero emissions in their own operations by 2030 and in their financed emissions by 2050. These initiatives reinforce local regulators' strong will in solidifying Hong Kong's position as a sustainable finance hub and supporting the sustainable development. Consequently, banks and companies across sectors are developing decarbonisation strategies and detailed roadmaps that align with local, regional, and national carbon reduction commitments.

As a Bank with an international network of 50 branches, we are committed to integrating sustainability into our daily operations and managing our environmental footprint responsibly. We actively identify, evaluate, and address key environmental issues material to our operations, including GHG emissions, energy consumption, materials use, waste management, and water consumption. By doing so, we aim not only to meet regulatory expectations but also to lead by example in our operations, supporting the global transition to a low-carbon and sustainable economy.



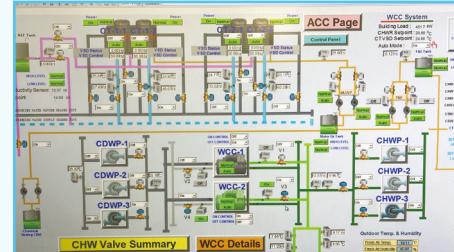
OUR APPROACH

Our Sustainability Policy underscores our unwavering commitment to sustainable development, outlining a range of optimisation initiatives aimed at fundamental infrastructure, enhancing staff awareness and ensuring compliance with relevant environmental laws and regulations. In 2024, we reviewed and enhanced our Sustainability Policy by integrating GSB, enhancing climate risk management, addressing regulatory requirements for green investments and updating data privacy to include cybersecurity to ensure alignment of the Bank's strategies and adapt to changes. Through these efforts, we strive to foster a culture of sustainability that aligns with our operational goals and environmental responsibilities, as well as market trends and regulatory expectations. For more information, please refer to three environmental aspects described below.

Our Head Office building, SCB Tower, has been awarded the BEAM Plus Provisional Gold Certificate by the Hong Kong Green Building Council. This recognition highlights the integration of energy-saving features, an efficient building management system and sustainable practices throughout the construction of this Grade A commercial tower, underscoring the Bank's strong commitment to sustainability and environmental responsibility.



The SCB Tower has implemented a Building Management System (BMS) to optimise energy consumption. This smart building technology enables real-time monitoring and efficient management of our energy usage, contributing to our overall sustainability goals.



As a member of the Business Environment Council in Hong Kong, we strive to advance responsible business practices that effectively maintain a balance between economic, social, and environmental priorities across all sectors. In our daily operations, we remain committed to engaging employees through a variety of initiatives and awareness-raising programmes to instil behavioural changes in consumption and actively reduce our environmental footprint. Through these efforts, we aim to lead by example and contribute to a more sustainable future.



10 years+

GHG EMISSIONS AND ENERGY USAGE

In alignment with the local net zero roadmap and regulatory expectations, we are striving to achieve net zero emissions in our own operations by 2030. In 2024, the Bank has established Decarbonisation Plan. As part of this initiative, we will continuously monitor and assess our environmental impact by systematically evaluating our GHG emissions and energy consumption. Our analysis has pinpointed that our primary operational emissions (Scope 1 and Scope 2) stem from two main sources: emissions from our vehicle fleet and electricity usage respectively.

To better understand and monitor our broader environmental impacts and to demonstrate our continuous efforts on enhancing relevant disclosures, we have begun exploring our emissions assessment beyond direct operations to include Scope 3 emissions in 2024. Initially, we have calculated purchased goods and services (Category 1), waste generated in operations (Category 5) and business travel (Category 6). We are planning to expand our Scope 3 emissions to include additional categories in the future.

To further our commitment to environmental stewardship, we have implemented strategic initiatives to reduce our carbon footprint and optimise energy usage. Our approach integrates operational improvement with active employee engagement in energy conservation efforts. Key focus areas of our energy efficiency strategy include but not limited to the following actions:

 <p>Prioritise the use of energy-efficient and energy-saving equipment and appliances, including air conditioning units and LED lighting</p>	 <p>Inspect and upgrade insulation to prevent energy loss and leakage of cooled air when air conditioning units are operating</p>	 <p>Gradually phase out the conventional vehicle fleet and replace with electric vehicles in the long term</p>
 <p>Launch SCB Green Excellence Award internally to encourage energy-saving initiatives</p>	 <p>Engage with HKE for an on-site energy audit of the SCB Tower</p>	 <p>Replace and expand the coverage of recycling bins across our branches in Hong Kong</p>
 <p>Implement signage in office to encourage good housekeeping practices that promote energy-savings</p>	 <p>Replace aged office equipment with higher energy efficiency equipment</p>	 <p>Preferably procure packaging materials with 100% recycled pre-consumer polyethylene</p>

SUSTAINABLE RESOURCE USAGE

PAPER USE

As a key component of our environmental strategy, the Bank has implemented paperless initiatives aimed at reducing the paper consumption and minimising our environmental footprint. A primary focus of measures is to promote digital transformation through comprehensive digitalisation measures across our operations. This includes transitioning to digital workplace solutions that actively reduce office printing and facilitating online communication to phase out paper-based processes, such as office paper printing.

We have also ceased the printing of physical computer reports for various departments, operational centers and branches. During the Reporting Year, we saved



138,000 sheets of paper, resulting in a reduction of
1,242 kilogram ("kg") in paper weight.

Our "Let's Go Paperless" campaign plays a crucial role in these efforts by actively encouraging employees to adopt e-statement and automatically enrolling them in Mandatory Provident Fund e-statement services. As a result, the printing of credit card monthly statements was reduced by



280,000 sheets, which translates to a decrease of
1,120 kg in paper weight.

Additionally, we reduced our order for photocopy paper by



1,200 reams (600,000 sheets),
leading to a further reduction of
2,620 kg in paper weight.



Additionally, our procurement prioritises Forest Stewardship Council certified paper to ensure responsible sourcing. To further enhance our paper reduction efforts, office-wide initiatives were in place, including default duplex printing settings and regular communications on the importance of reducing unnecessary printouts through internal circulars. In 2024, we introduced the eBizCard App, which offers digital business cards and a designated QR code for our employees to use. We also utilised an internal monitoring system to effectively track office paper procurement and consumption, helping us measure progress toward our paper reduction targets.

WASTE MANAGEMENT AND WATER USAGE

The Bank has adopted a comprehensive waste disposal strategy aimed at effective resource management and waste reduction, ensuring compliance of applicable laws and regulations in Hong Kong and other jurisdictions where we operate, such as the Waste Disposal Ordinance of Hong Kong, as well as embedding circular economy principles into our operations. Through systematic monitoring and reduction initiatives, we continuously strive to reduce our waste footprint year by year, while maximising opportunities for material reuse and recycling throughout our operations.

Hazardous wastes	Although the amount of hazardous waste generation is insignificant, the Bank has implemented proper procedures on recycling the IT wastes and printer cartridges generated.
Non-hazardous wastes (primarily consists of domestic waste and paper waste)	In terms of non-hazardous waste, we have implemented measures to reduce domestic waste at its source, encouraging responsible consumption and minimising unnecessary waste generation. The Bank is progressively implementing the placement of recycling bins, which aims to expand the coverage of recycling bins in our branches at Hong Kong.
Paper recycling	Additionally, we prioritise the recycling of used paper and maximise its recovery to reduce its negative environmental impact caused by landfilling.

We increased employee awareness of waste management practices through relevant training and guidance. As part of our resource recovery efforts, we partner with organisation like Caritas Computer Workshop to donate used computer equipment.

Our operation sites sourced water from municipal utility providers, and we adhered to responsible discharge practices, with no issues regarding water supply or effluent recorded. We have implemented water conservation measures, including water-saving tap fixtures. In 2024, our progress against the water usage target was on track.

2024 PERFORMANCE

Environmental Targets and Performance

In 2022, we set our environmental targets aimed at reducing the Bank's GHG emissions and energy consumption by 2025. In 2024, we made steady progress, maintaining our trajectory toward these goals, which underscored our unwavering commitment to environmental sustainability.

Environmental Aspects	Descriptions
  <ul style="list-style-type: none"> ■ Scope 1 77 tCO₂e ■ Scope 2 3,267 tCO₂e 	Our energy consumption amounted to 7.5 million kilowatt hours. The total emissions (Scope 1 and Scope 2) amounted to 3,344 tonnes of carbon dioxide equivalent ("tCO ₂ e"), of which Scope 1 emissions accounted for 77 tCO ₂ e and Scope 2 emissions accounted for 3,267 tCO ₂ e.
 <ul style="list-style-type: none"> ■ Purchased goods and services 124 tCO₂e ■ Waste generated in operations 3 tCO₂e ■ Business travel 123 tCO₂e 	Our Scope 3 emissions in (1) purchased goods and services contributing 124 tCO ₂ e, (2) waste generated in operations contributing 3 tCO ₂ e, and (3) business travel generating 123 tCO ₂ e.
<p>Paper consumption reduces 2.9%</p> 	We consumed 70 tonnes and recycled 96 tonnes of paper. When compared to 2023, we consumed 2.9% less paper.
<p>Water consumption reduces 30.9%</p> 	We consumed 3,968 cubic meters of water. When compared to 2023, we achieved a 30.9% reduction through various initiatives to enhance employee's awareness in water-saving.

Environmental Award

As recognition of our continuous efforts on environmental conservation through reducing waste in the workplace, we have been awarded the Wastewi\$e Certificate issued by the HKGOC since 2015.



Green Culture Initiatives

In 2024, we strengthened environmental awareness through diverse training and education initiatives. Our approach includes interactive digital platforms such as computer screensavers, e-learning modules and digital mini-games, designed to promote waste reduction and recycling practices, and sustainable behaviours across our operations.

We also actively encouraged our colleagues to participate in the "Green@Community" (綠在社區) initiative, which promotes the culture on engaging in community recycling. Through these community activities, employees contribute to sustainable development through practical actions, reinforcing our dedication to minimising waste and fostering a culture of environmental responsibility within the community.

Food Waste Upcycling Workshop

The Bank hosted a "Food Waste Upcycling Workshop" during lunchtime to educate employees on how to create unique and exquisite bracelets using vegetable and fruit peels. This interactive session not only provided practical skills but also raised awareness about reducing food waste and its impact on the environment.



SCB Green Excellence Award

The Bank continued the bank-wide SCB Green Excellence Award, aimed at promoting resources conservation and sustainability across all premises, including operations in and outside Hong Kong. The award is designed to deepen our culture of environmental responsibility and motivate innovative methods to minimise our carbon footprint in our operational activities. Over the competition period, 39 office premises and branches have achieved GHG emissions reduction, primarily resulting from reduced electricity usage.

Green Ambassador

We continued to reinforce our commitment to sustainability and promote green culture by maintaining Green Ambassadors in all branches and departments. Green Ambassadors support the implementation of sustainability initiatives, collect feedback and raise sustainability awareness within the workplace. Quarterly meetings are held to ensure all members are well-informed and align with the Bank's latest sustainability-related strategies and initiatives.

LED Lighting Replacement

In 2024, we continued to expand our LED lighting upgrade initiative, having replaced approximately 720 lighting fixtures across our branch network. A notable milestone was achieved with the complete LED lighting conversion of five of our branches, where 92 LED lights were installed in Tsim Sha Tsui East Branch. Since the inception of this project in 2022, the Bank has focused on enhancing energy efficiency and reducing electricity consumption across various branches and offices.

In addition to the fixture upgrades, we successfully replaced all emergency exit signs with LED lighting in our Hong Kong branches and offices in 2024. This initiative resulted in annual electricity savings of approximately 18,000 kilowatt hours ("kWh"), marking a major achievement with 100% completion of LED Exit Sign installations across our premises.

According to our implementation timeline, we aim to complete LED lighting upgrades across all remaining branches by 2030. Upon completion, this initiative is projected to deliver a total reduction of GHG emissions of approximately 347.1 tCO₂e, further enhancing our operational energy efficiency.



LED Exit Sign installed for the replacement of traditional emergency sign

Water-saving initiatives

The Bank is committed to enhancing water efficiency within its operations. During the Reporting Year, we established a plan to replace all toilet taps and water valves at our local premises with water-saving alternatives by 2025. Additionally, we will maintain continuous monitoring of water leakages in all facilities, enabling swift detection and resolution of issues. This proactive approach not only optimises our water usage but also supports our sustainability objectives by reducing overall environmental impact.

SUSTAINABLE SUPPLY CHAIN

In alignment with evolving regulations and heightened supply chain sustainability expectations, the Bank maintains strong partnerships with our diverse supplier network, including consultants, services providers, vendors, and contractors. We encourage our business partners to share our vision and values on sustainable development.

Our Approach

Our Supplier Code of Conduct ("SCoC") embeds the sustainability principles within our procurement processes and supply chain management. It guides our staff in responsible procurement and sets clear sustainability expectations for our suppliers. The SCoC applies to all individuals and organisations providing products and services to the Bank, setting standards for ethical business practice.

In terms of supplier engagement, we implement structured supplier assessment procedures aligned with our SCoC requirements. Supplier evaluation, which begins before contract signing, examines whether the supplier's operations align with the Bank's expectations on material ESG aspects, including business ethics, data protection, human rights, health and safety, community impact, diversity and inclusion, and environmental performance. Qualified suppliers are added to the Bank's supplier list and are required to undergo an annual performance review. Meanwhile, we maintain open communication channels with our suppliers to ensure clarity on the Bank's expectations and latest requirements. In 2024, the Bank achieved full supplier engagement across our supply chain, reflecting our dedication to fostering responsible business relationships and advancing sustainable practices throughout our supply chain.

Our procurement process prioritises suppliers who demonstrate strong environmental credentials, including those with lower environmental footprint and the Green and International Organisation for Standardisation certification. Besides environmental considerations, we emphasise social and governance performance in our supplier selection, including mandatory supplier declaration of compliance with the U.K. MSA before entering into an official partnership with the Bank.

Compliance with the U.K. MSA 2015

The Bank published an annual Slavery and Human Trafficking Statement, supported by internal guidelines that affirm our zero-tolerance stance towards slavery, servitude, forced or compulsory labour, and human trafficking. We require our service providers to uphold ethical business practices. These enhanced measures demonstrate our commitments to promoting responsible business practices throughout our supply chain, and working collaboratively with suppliers to ensure ethical operations.

Our guidelines establish a robust due diligence process that includes provisions for maintaining or terminating contracts based on suppliers' compliance with anti-slavery and human trafficking requirements. The Bank retains the authority to terminate contracts if a supplier engages in practices involving slavery or human trafficking within its supply chains or operations. We have conducted enhanced reviews and risk assessments of high-risk third-party suppliers in accordance with the MSA requirements. Our supplier base, primarily comprises of IT and consultancy service providers, that operates in jurisdictions classified as non-high risk according to the Global Slavery Index. During the Reporting Year, our supplier assessment identified no high-risk service providers.

Since 2022, we have further strengthened our control measures to assure our suppliers' compliance with the MSA-related requirements by incorporating the MSA-related clauses into the supplier contracts. This enhancement ensures that suppliers acknowledge their compliance with the MSA-related requirements and alignment with the Bank's dedication to combatting slavery and human trafficking, while reinforcing compliance with the MSA requirements. In 2024, we introduced alternative MSA compliance assurance measures for non-high-risk service providers so that they can acknowledge their MSA compliance by either of the following ways:

- (i) including the MSA clauses in their service contracts;
- (ii) publishing the Modern Slavery and Human Trafficking Statement on their websites; and
- (iii) providing other forms of evidence, such as their Codes of Conduct, that demonstrate their commitments to fulfilling the MSA requirements.

In 2024, the Bank provided training to relevant staff on the introduction to MSA and the relevant workflow for engaging third party suppliers, which further ensured alignment with the execution of MSA throughout the Bank.

The Bank's SCoC and the Slavery and Human Trafficking Statement, undergo a review at least annually, or whenever necessary, to ensure alignment with current standards, laws and regulations. We foster a responsible supply chain by collaborating closely with our suppliers to enhance their sustainability performance through dedicated resources and support. In cases where non-compliance is identified, we provide improvement guidance or may review contract terms at the Bank's discretion.

2024 Performance

During the Reporting Year, we reviewed our SCoC and the internal guideline for MSA to ensure that the relevant policies are aligned with the Bank's operational environment whilst keeping abreast of the latest ESG megatrend. Additionally, the Bank conducted risk assessments on 10 suppliers to verify the accuracy and integrity of their information, including but not limited to the adverse news related to MSA.

The Bank upholds a steadfast commitment with a solid corporate governance framework to safeguard the interests of our shareholders, customers, employees, and other relevant stakeholders. We have established a robust governance structure and implemented a comprehensive risk management framework, with a particular focus on addressing financial crime matters. All staff are held to the highest ethical standards, embodying the Bank's Seven Core Values with discipline and integrity. In adherence to regulatory requirements in our operating jurisdictions, the Bank regularly reviews the corporate governance standards and procedures, striving to align with both international and local best practices.

Driven by our Seven Core Values, we are committed to cultivating a strong corporate culture across all our business operations. We strive to uphold the highest standards of ethics in our business and investment activities. We aim to create a harmonious and safe working environment that fosters the growth and well-being of our employees while positively contributing to the communities where we operate.

The Bank's Seven Core Values

 Proactive	 Integrity
 Respect	 Professionalism
 Teamwork	 Accountability
 Leadership	

CULTURE

ROBUST GOVERNANCE

OUR APPROACH

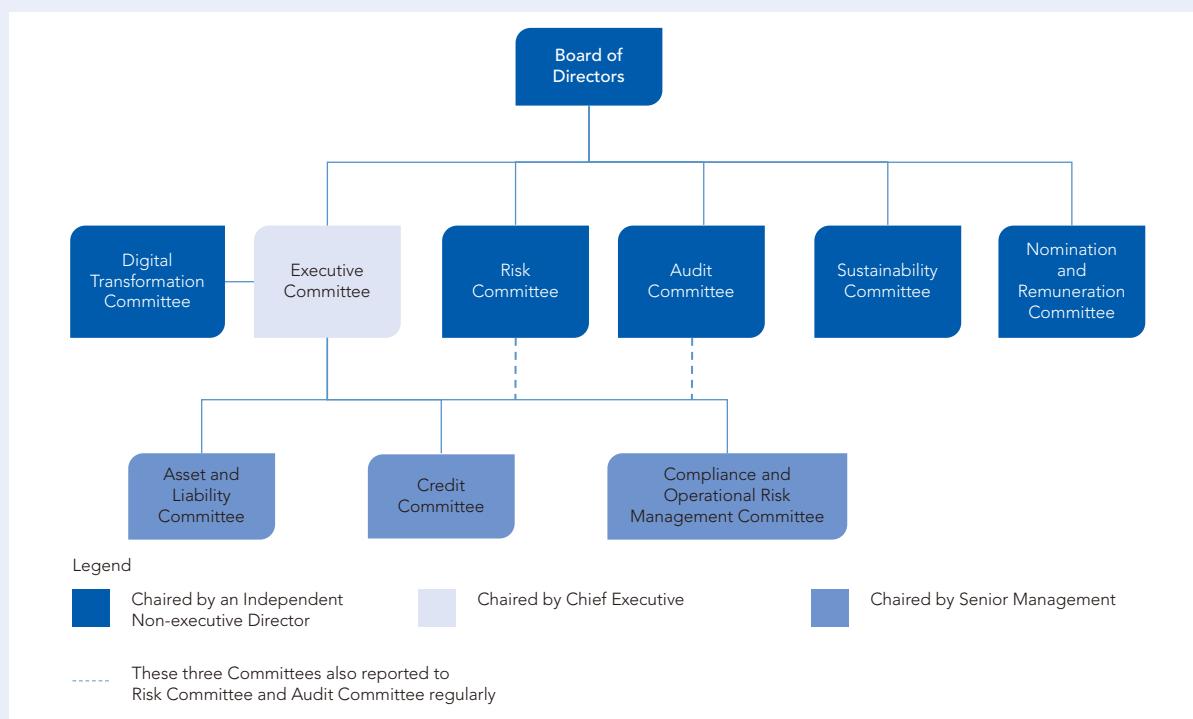
Governance Structure and Reporting

The Bank places significant emphasis on maintaining the highest standards of corporate governance.

With our robust organisational structure, comprehensive policies, and orderly procedures, we ensure our banking activities and operations fully comply with applicable laws, rules, and regulations.

The Board collectively assumes responsibility for the Bank's long-term success by providing strategic direction, overseeing the implementation of strategic objectives and goals, as well as supervising operations within a framework of prudent and effective controls. This approach facilitates accurate risk assessment and management. To ensure transparent and consistent implementation of these principles, the Board adopts the Corporate Governance Policy, which serves the Bank's long-term benefits.

To support these governance efforts, the Board has established various committees with clear delegation and terms of reference. These include Executive Committee (and its sub-committee, Digital Transformation Committee), Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Sustainability Committee, each responsible for overseeing their respective functional areas. At the management-level, three senior management-level committees, namely, the Asset and Liability Committee, Credit Committee, and Compliance and Operational Risk Management Committee, have been established by the Board to manage different aspects of the Bank's operations and risks.



Each of these committees operates under specific written terms of reference that outlines its authorities, duties, and composition. For further information regarding corporate governance structures and practices, please refer to the "Corporate Governance Report" contained in the 2024 Annual Report.

Risk Management and Compliance

Risk management and compliance play a critical role in the success of a financial institution and are integral to all aspects of business activities. The Bank strives to cultivate a robust risk culture in its operations, emphasising ethical conduct and regulatory compliance among all employees. The Bank formulates a comprehensive risk management strategy that aligns risk assessment, capital allocation and performance goals. This strategy is crafted, taking into account the regulatory requirements, market circumstances, industry best practices, as well as the Bank's distinct strengths and preferences.

In response to the growing demand for transparent disclosures in the market, the Bank has introduced enhanced reporting standards at a group level to ensure organised business operations, foster a fair business environment, and offer valuable information to stakeholders. Additionally, the Bank has established a robust organisational structure, comprehensive policies, and well-defined procedures to ensure our compliance with applicable laws, rules, and regulations.

The Bank engages in proactive identification, assessment, management, and monitoring of various risk components through day-to-day risk management processes within the financial services sector. This includes traditional risks inherent to the banking sector as well as emerging risk types such as climate risk. Furthermore, the Risk Appetite Statement approved by the Board outlines the Bank's management approach and tolerance level for risks, establishing clear guidelines and boundaries regarding the aforementioned risks.

Major Risks in the Financial Sector

Credit Risk	Market and Interest Rate Risk	Liquidity Risk
Operational Risk	Technology Risk	Legal, Compliance, and Regulatory Risk
Reputation Risk	Strategic Risk	Climate Risk

The Board holds ultimate responsibility for overseeing the Bank's risk management framework, approving and ensuring effective risk management practices. The Risk Committee supports the Board on bank-wide risk oversight, advising on high-level risk related matters, and contributing to the development of risk management strategies, governance within the Bank.

The Board

Overseeing the development and implementation of risk management and internal control systems, including financial, operational and compliance controls, and the review of their respective effectiveness

Risk Committee

Assisting the Board in ensuring adequate oversight of bank-wide risks, and advising the Board on high-level risk related matters, risk management strategies and risk governance of the Bank

Senior management-level Committees⁴

Dealing with major risks of the Bank and reporting regularly to the Executive Committee, Audit Committee and Risk Committee

⁴ Senior management-level Committees include Asset and Liability Committee, Credit Committee, and Compliance and Operational Risk Management Committee, for details on their roles and responsibilities, please refer to "Corporate Governance Report" contained in the 2024 Annual Report.

The Bank's management framework is designed to cover all business processes and ensure various risks are properly managed and controlled during the course of conducting business. We have adopted the "Three Lines of Defence" risk management model, which clearly defines the roles and responsibilities among the risk owners.

Three Lines of Defence Risk Management Model		
First Line of Defence	Frontlines and Business Units	Responsible for proper identification, assessment, management and reporting of risk exposures on an ongoing basis
Second Line of Defence	Credit Division, Legal and Compliance Division, and Risk Management Division	Responsible for overseeing the Bank's risk-taking activities, undertaking risk assessments and reporting independently
Third Line of Defence	Internal Audit Department	Responsible for assurance on the effectiveness of the Bank's risk management framework

A regulatory monitoring process is in place to track changes, compliance mandates, and disclosure requirements. By staying abreast of evolving regulations, the Bank can swiftly adapt its practices, revise existing policies, and create new protocols as needed to effectively manage risks and remain aligned with the current legal and industry landscape.

Business Ethics

The Bank has pledged to conduct business with the highest ethical standards and in strict adherence to all applicable laws, rules, and regulations. We equip our employees with the necessary knowledge and tools to identify illegal and unethical behaviours and encourage them to take proactive measures to mitigate such risks. To ensure our compliance with the SPM CG-3 "Code of Conduct" issued by HKMA, we conduct an annual review of the Code of Conduct, along with regular audits and assessments of monitoring mechanisms across different departments.

Code of Conduct

The Bank has established the Code of Conduct (the "Code"), which sets the standards and values for promoting ethical, responsible, and professional behaviour among all staff members. The Code emphasises the prohibition of any form of corruption as set out in the Banking Ordinance and Prevention of Bribery Ordinance in Hong Kong, and requires all employees to follow key aspects related to staff ethics, including avoidance of conflicts of interest, proper business conduct, prohibition of anti-competitive conduct, proper use of information, refraining from granting or receiving credit, and regarding staff personal investment.

Whistleblowing Policy

The Whistleblowing Policy lists out confidential whistleblowing channels and investigation procedures in detail, enabling employees to raise genuine concerns or report on malpractice, impropriety, misconduct or unethical activities in confidence and good faith. By reporting honestly and with reasonable belief, employees help the Bank to avoid or mitigate potential risks. In the event of any unethical and illegal behaviour being identified at any level within the Bank, the Bank's Internal Audit Department is empowered to escalate such concerns to the Chief Risk Officer, Chief Executive, and Audit Committee where appropriate.

Customer Acceptance and AML and Counter-Terrorist Financing ("CFT") Policy

To safeguard the Bank from misuse for money laundering, terrorist financing, and sanction evasion activities, we have established the AML and CFT Policy that sets the principles and standards in respect of AML/CFT and outlines the Bank's AML/CFT risk management control framework, encompassing key control areas such as customer due diligence, enterprise-wide assessment, sanctions screening, ongoing monitoring, and suspicious activity reporting.

To ensure adherence to business ethics and prevent financial crime, we implement a series of measures designed to uphold the highest standards of integrity and compliance.

All new employees are mandated to thoroughly review and sign an acknowledgment indicating their understanding of the Bank's Code, Whistleblowing Policy, and Staff Handbook upon onboarding. In addition to biannual circulars that provide key compliance and ethical updates from the Code, the Bank arranges annual refresher training sessions on relevant topics to reinforce employees' understanding of our policies and reporting practices.

Regular anti-corruption training programmes are conducted for Senior Management as a part of their continued professional development. Each newly appointed Director receives an information package outlining the scope of duties and obligations expected of them.

Employee compliance behaviour will influence directly the employee performance evaluation, implying that any violation of internal and regulatory requirements shall outweigh financial achievements of the concerned employee, and remuneration may vary based on the severity of the impact of the incident on the Bank. We have included climate risk considerations into staff performance evaluation and reward management as outlined in our Remuneration Policy.

2024 PERFORMANCE

In 2024, there were no reported legal cases regarding corrupt practices brought against the Bank or our employees.

We have consistently provided multiple trainings to all staff, covering relevant legal, regulatory and internal control requirements. These sessions are aimed at maintaining a thorough comprehension of our policies and reporting practice while fostering a culture of ethical behaviour and integrity, which is critical to the success of the Bank. In 2024, 21 corporate governance-related trainings were provided to staff.

Anti-corruption Training

During the Reporting Year, the Bank arranged Independent Commission Against Corruption ("ICAC") Corruption Prevention Training for all 2024 graduate trainees and staff, which was designed to provide comprehensive knowledge and practical guidance on preventing corruption and promoting ethical conduct in the workplace, including but not limited to the introduction of the Prevention of Bribery Ordinance and related laws and regulations.

In October 2024, the Bank participated in the launch ceremony of the "Banking Industry Integrity Charter", organised by the ICAC, the HKMA, and the Hong Kong Association of Banks (HKAB). The charter aims to combat and prevent corruption through public-private cooperation, strengthen integrity management systems within banks, and enhance the industry's awareness and capability in preventing corruption. Our involvement underscores our commitment to maintaining high ethical standards and promoting a culture of integrity within the banking sector.

DATA PRIVACY AND CYBERSECURITY

Amidst the rapid advancement of digital transformation, the escalating frequency of data breaches and cyber-attacks underscores the importance of privacy and cybersecurity. Through the possession of large amounts of personal data belonging to our stakeholders such as customers and employees, the Bank recognises technology risk as a key risk. We act prudently to secure our databases, address and mitigate potential technology risk, and prioritise the security and protection of sensitive information to safeguard the interests of the Bank and our valued stakeholders.

OUR APPROACH

Privacy Information Protection

With the objective of safeguarding the interests of our customers, employees, business partners and other stakeholders, our daily operations strictly adhere to relevant laws and regulations of the jurisdictions in which we operate, such as the Personal Data (Privacy) Ordinance of Hong Kong. To ensure compliance, we have established comprehensive security policies and standardised procedures that require all units within the Bank to adhere to the highest cybersecurity standards. We maintain transparent and timely communication with our stakeholders regarding any data collection, retention, or transfer activities. Moreover, we remain vigilant in monitoring regulatory updates and promptly revise our policies and procedures to meet the latest regulatory requirements.

We are committed to achieving zero reportable breaches of customer data and employment-related personal data. Access to personal data is restricted to authorised personnel who undergo regular training to ensure proficient handling. In addition, our digital infrastructure's security is continuously improved through secured data storage facilities, incorporation of security measures in data storage devices, and utilisation of encryption techniques for sensitive data transmission. Each department or branch with data access appoints a Personal Data Protection Action Officer to closely monitor progress and ensure procedures and controls are properly implemented.

Information Security

All employees are mandated to comply with standards and requirements related to security and confidentiality, such as the SPM and guidelines of the HKMA. Our cybersecurity programme is comprehensive, encompassing robust systems and procedures against cyber-attacks or threats, regular training sessions and drills on cybersecurity awareness, and data privacy for handling sensitive information, which is conducive to fostering a secure operational environment.

2024 PERFORMANCE

In 2024, the Bank continued to maintain and enhance staff awareness of information security through collaboration with various regulatory bodies. Efforts to advance technologies like the CDI and IADS for improving the loan application process highlighted the critical importance of robust data protection measures. The introduction of the AI Risk Management Policy and the Cloud Computing Risk Management Guideline has strengthened privacy and cybersecurity efforts. These frameworks proactively manage potential risks linked with AI deployments and cloud computing environments, ensuring alignment with regulatory standards and industry best practices, while improving data security measures. Regular social engineering drills like Ethical Phishing Email Campaign were also conducted to reinforce staff awareness, particularly in identifying and avoiding suspicious external emails. Substantial emphasis was placed on improving internal IT security to minimise the risk of data leakage from our employees to scammers. During the Reporting Year, we refined our existing framework and implemented stringent controls, reflecting our dedication to data protection and exceeding customer expectations.

CUSTOMER RELATIONSHIP MANAGEMENT

The Bank is committed to delivering personalized excellence through our guiding philosophy of "For Personalized Service" (「處處為您着想」), placing customers at the centre of our business while building trustworthy relationships with stakeholders. This philosophy is reflected in our high-quality products and services, prudential selling practices, and well-established complaint handling procedures.

OUR APPROACH

Customer Relationship Management

We are committed to upholding the principles of "Fairness" and "Integrity", and we rigorously adhere to the Code of Banking Practice as we provide top-quality service to meet our customers' financial and investment needs. Meanwhile, we conduct regular workshops led by heads of our business department/team heads, which emphasise the significance of customer relationship management and provide our front-line staff with the necessary skills.

Product and Service Improvement

We continuously broaden our array of products and services to enhance the customers' experience and uphold our dedication to innovation in response to evolving needs. Our business team rigorously follows the Code of Banking Practice and other applicable regulations when launching new products. To ensure compliance and safeguard the interests of both the Bank and its customers, each new product or service undergoes a thorough review and approval process by the Product/Service Governance Committee. This committee diligently evaluates the risks associated with each new offering and ensures adherence to regulatory standards.

Selling Practices

We adhere to detailed Investment Product Selling Procedures that guide our staff when offering investment advice to customers. New employees receive induction training and staff involved in sales undergo regular training on selling practices. During the selling process, our employees are trained to conduct themselves with sincerity and professionalism, ensuring they thoroughly explain necessary product information, including but not limited to product features and related risks.

Complaints Handling Procedure

Our goal is to minimise substantiated complaints by enhancing the overall customer experience, and providing swift and professional resolution, as specified in Complaint Handling Procedures. Upon receipt of customer complaints or feedback through various channels, we promptly initiate an internal verification and investigation process. This is followed by the preparation of detailed examination reports and the implementation of appropriate follow-up actions to ensure all issues are handled correctly.

2024 PERFORMANCE

As one of the banks participating in the Cross-boundary Wealth Management Connect Scheme, we offer over 300 funds and bonds and a wide range of cross-border financial services, including RMB, HKD, foreign currency deposits and exchange to customers in the Greater Bay Area.

During the Reporting Year, no fair banking and sales practices violations were observed. A total of 67 complaints related to breaches of customer privacy and losses of customer data service standards, refund or compensation requests, and banking policies or practices were received and 6 complaints were substantiated after investigation, which were swiftly acknowledged and addressed. In addition, the Bank took corrective measures promptly to prevent recurrence of similar incidents in the future.

TALENT MANAGEMENT AND DEVELOPMENT

The Bank recognises the importance of attracting, engaging, developing, deploying, and retaining a diverse and talented workforce, which is crucial for delivering high-quality products and personalized customer services. We view human capital as essential to the Bank's long-term business growth and success, shaping our focus on talent recruitment. We are dedicated to providing learning and development opportunities, fostering a harmonious and safe working environment, as well as creating a platform where our employees can thrive and achieve their full potential.

OUR APPROACH

Talent Attraction and Retention

We have established rigorous policies and procedures in our recruitment process to prevent child and forced labour and ensure adherence to internal policies, as well as applicable laws and regulations. Throughout the Reporting Year, there were no non-compliance cases. Should there be any suspicion of child or forced labour, we are prepared to take immediate and necessary actions to prevent any violations of both our internal policies and external regulations.

In alignment with goal 8 "Close talent and knowledge gaps in sustainable finance in the region" in the Action Agenda, the Bank offers competitive remuneration packages that align with industry standards, and includes comprehensive benefits and family-friendly policies to attract and retain the best talents. Additionally, to further enhance our talent attraction efforts, the Bank has launched a win-win referral scheme that encourages staff to introduce valuable candidates from the market through economic incentives. The Bank also recognises the significance of talent retention and staff contributions by granting long service awards.



2024 Staff Appreciation Dinner

In 2024, our Staff Appreciation Dinner served as a cornerstone to commend the dedication and exemplary performance of our employees during a challenging year. The event honoured employees with longstanding service of 40 years and celebrated various external and internal achievements, including awardees from the Outstanding Financial Management Planner Awards by The Hong Kong Institute of Bankers and the Digital Innovation Award presented by the Bank. This gathering not only appreciated the hard work and loyalty of our staff but also boosted employee morale and underscored our commitment to fostering a supportive and rewarding workplace environment.



Training and Development

The Bank places high importance on developing future leaders to ensure a seamless transition in key roles, which is vital for our sustainability and maintaining our competitiveness in the market. We are committed to fostering talent development and empowering employees to reach their full potential through reskilling and upskilling with relevant professional knowledge, providing training on the latest developments in sustainability and digital developments to keep them informed of industry trends.

We have established the Professional Qualification Subsidy Scheme to support employees in acquiring the necessary knowledge and skills for their roles. This scheme offers sponsorship for educational and professional qualifications, facilitating continuous professional development.

In addition, we have further developed and implemented structured development programmes to equip our employees with the necessary exposures and skillsets required for success in the financial services sector, ensuring they are well-prepared to meet the challenges of their roles.

The High Potential Talent Development Programme is designed to identify and groom outstanding and capable employees who demonstrate potential and dedication to become leaders at a higher level. Through this programme, participants will be equipped with the problem-solving skills to tackle challenges when placed in a leadership position. The 18-month programme covers a variety of development components, including job rotation, on-job-training, mentorship and experience sharing with senior management, as well as exclusive professional development activities.

Our Graduate Trainee Programme is tailored for fresh university graduates, to equip young talents with fundamental management skills in their respective fields and build a clear career path where they can flourish through function-specific training, job exposure as well as rotation.

To align our employees' actions with the Bank's dedication to sustainability, we emphasise the importance of continuous communication and engagement initiatives. These are designed to raise awareness and deepen understanding of our sustainability objectives, beyond incorporating these objectives into employees' performance metrics. We conduct training sessions that focus on the latest sustainability trends and practices within the banking industry, equipping our employees to effectively participate in the Bank's sustainability initiatives.

Moreover, providing a Pipeline Development Programme plays a crucial role in building a sustainable talent pool while simultaneously boosting employee engagement and loyalty. To continually support staff development, the Bank meticulously analyses training hours and conducts regular performance evaluations which help us to gauge employees' expectations, career aspirations, and professional development needs.

Diversity, Equity and Inclusion

Emphasising workplace diversity and inclusivity is central to embracing our core value, "Teamwork – Work collaboratively across teams with mutual support to achieve common goal". We are dedicated to promoting equity, eliminating discrimination and enhancing awareness of various ethnic and social groups. Gender diversity within our workforce holds particular significance, and we strive to achieve gender balance at the executive and senior management levels.

Our commitment to employee diversity and equal opportunity is enshrined in our Policy on Equal Opportunities, which undergoes an annual review to ensure ongoing compliance with the latest regulatory standards.

Human Rights

We uphold the inherent dignity and equity of all individuals, a principle that underpins our commitment to safeguard human rights protection and modern slavery eradication. Our talent management philosophy reflects this commitment and is in accordance with our internal guideline for MSA. This training is mandatory for all staff and focuses on key policies related to human rights and modern slavery including our corporate ethics culture, equal opportunities, whistleblowing and escalation protocol, and the Bank's Code. We maintain records of assessments and training to evaluate the effectiveness of these educational efforts.

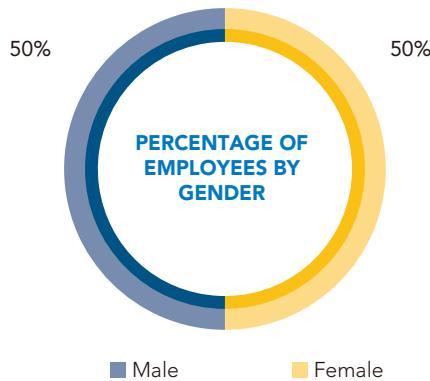
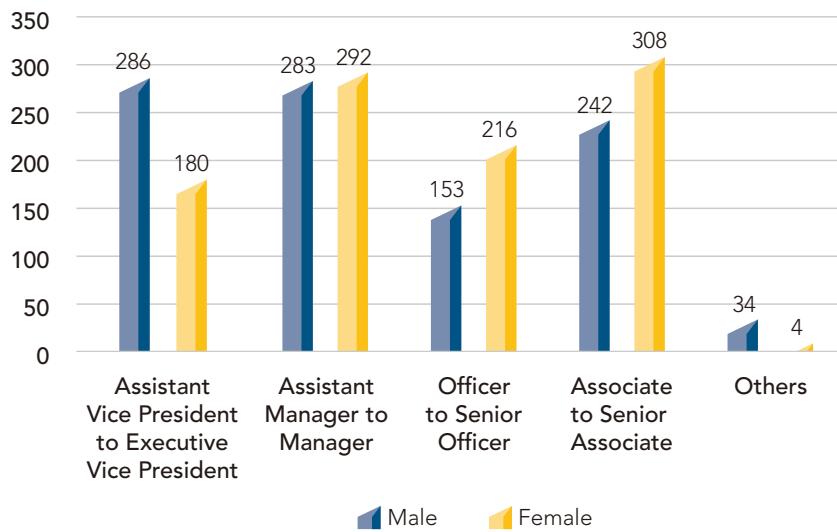
In 2024, the Bank reaffirmed its commitment to human rights by ensuring adherence to the MSA, effectively maintaining a workplace devoid of any incidents related to modern slavery, child labour, and forced labour. This dedication plays a crucial role in promoting a respectful and fair working environment for all employees.

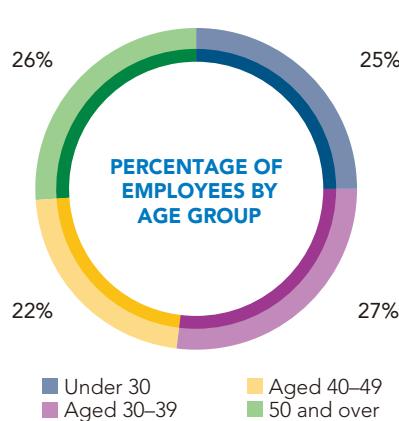
2024 PERFORMANCE

Workforce Distribution

As of 31 December 2024, the Bank has a total of 1,998 employees. The breakdown information of employees is shown below:

BREAKDOWN OF EMPLOYEES BY CORPORATE TITLE AND GENDER



BREAKDOWN OF EMPLOYEES BY AGE GROUP AND LOCATION**Talent Management**

The Bank is delighted to showcase its achievements in 2024, particularly in the realm of employee engagement and corporate culture, as demonstrated by our recognition at the prestigious 2024 Best HR Awards from CTgoodjobs. This recognition includes accolades for Employer of the Year, Best Graduate and Management Trainee Programme Award, and the Best ESG Award. This trio of awards underscores our commitment to exceptional human resources practices, outstanding graduate training, and leadership in sustainability, solidifying our position as a leader in the banking sector.



We conducted a comprehensive employee survey to assess workplace satisfaction and engagement, with participation from 1,368 employees, resulting in an impressive response rate of 93.4%. This survey aimed to identify the strengths and areas for improvement within the Bank, ensuring that we maintain a supportive and productive environment. The insights gained from this survey will be instrumental in shaping our future policies and initiatives, allowing us to better align with the needs and expectations of our employees.

97 % feel that they make an all-out effort in their work

85 % feel that the Bank encourages them to go beyond themselves

83 % are proud of working for the Bank

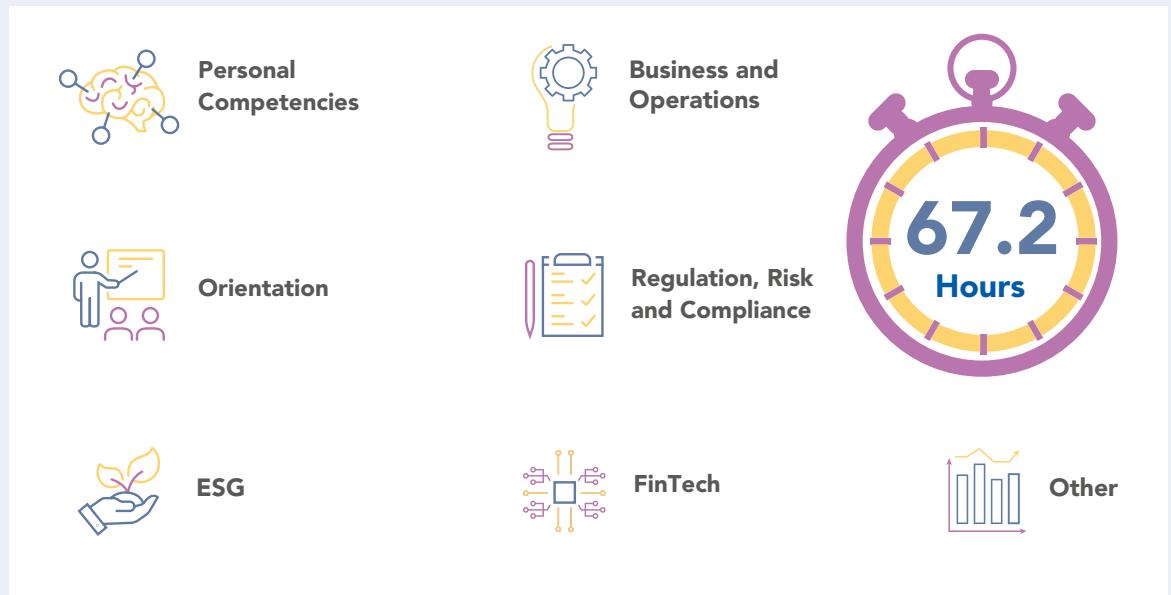
82 % would recommend the Bank to others

82 % feel that there are clear career paths and opportunities for advancement

71 % received appreciation from their supervisors, colleagues and clients

Training and Development

In 2024, we conducted an average of 67.2 hours of training per employee, focusing on the following seven areas:



During the Reporting Year, the Bank offered diverse learning activities focused on ESG, sustainable finance, climate-related risks, and FinTech. These initiatives included e-learning modules, seminars, and conferences to deepen employees' understanding of these critical topics. Notable courses included "Essentials of Climate Risk", "Climate Risk Disclosures and Scenario Analysis", and "Climate and Environmental Risk SME Questionnaire".



For instance, an education video was provided to all staff with highlights on SCB's green and ESG progress and outlook, including the key achievements, KPIs and ESG initiatives, etc. These educational opportunities equip our workforce with the knowledge needed to navigate the evolving landscape of sustainable finance.

Training on FinTech and digital transformation

The focus of trainings shifted towards Generative AI and tokenisation, furthering our expertise in FinTech and digital transformation. During the Reporting Year, the Bank introduced 24 new courses covering a wide range of topics. Over 1,700 employees have participated in digital culture-related training, with more than 85% of participants indicating that they have gained new knowledge or deepened their understanding of the subject matter, enabling them to apply their learning effectively in their roles. We maintain a strong internal focus that aligns with our external progress, ensuring a cohesive approach to all aspects of our digital initiatives.

High Potential Talent Development Programme

To strengthen the leadership pipeline and groom potential leaders in the Bank, we have launched a new batch of 18-month High Potential Talent Development Programme in August 2024. Talents from different business units have joined the programme and undergone various training and digital learning. Alongside the psychological assessment and Individual Development Plan, they will also work on an action learning project and meet the Board to widen their exposure.

Graduate Trainee Programme

In 2024, our Graduate Trainee Programme was enriched with a series of engaging activities designed to integrate and develop new talent effectively. The programme kicked off with a Graduate Trainee Welcome Gathering, an event that fostered initial connections and set a welcoming tone for the journey ahead.

These initiatives were crafted to ensure a holistic development experience, preparing our trainees to thrive in their careers and contribute positively to our organisational goals.

- Outdoor Experiential Learning, to foster soft skills in collaboration, communication, problem-solving, and decision-making through group activities
- Graduate Trainee Welcome Gathering, to provide opportunity for Graduate Trainees to connect and foster open communication with the Executive Director and senior management of the Bank
- Graduate Trainee Group Presentation, to demonstrate the ability and potential of Graduate Trainees for promotion and reward differentiation upon graduation



HEALTH, SAFETY AND WELL-BEING

OCCUPATIONAL HEALTH AND SAFETY

We are committed to fostering a healthy and safe working environment and offering comprehensive support to our employees. We proactively identify and assess health and safety risks that are significant in our daily operations. To manage and mitigate these risks, we have implemented a range of programmes designed to ensure the well-being of our workforce, thereby supporting our overall commitment to maintaining a safe and supportive workplace.

Physical and Mental/ Emotional Health

While the risk of physical injury in banking operations is relatively low, we have implemented programmes to support the physical and mental/emotional needs of our employees. We have appointed an occupational safety officer to assess potential occupational health risks. The physical risk assessments cover aspects such as posture, work habits, heavy lifting, fire drills, etc. Our Employee Assistance Programme protects employee's mental health by offering counselling and stress management services to both employees and their family members. We have enhanced out-patient benefits for staff and their family dependents.

Workplace Hygiene

Preventive measures including regular disinfection and cleaning protocols are implemented to maintain workplace hygiene and a safe working environment.

Medical Insurance

The employee medical benefit plan has been updated in 2024 to expand the coverage for our employees and their families. The out-patient coverage compensation rate and the number of compensation days for registered Traditional Chinese Medicine treatments have been increased.

Fire Drill Exercise

We conducted a comprehensive fire drill exercise to ensure all employees are well-prepared for emergencies, covering evacuation procedures and the use of assembly points. Regular drills and continuous safety trainings reflect our proactive approach to maintaining a secure and responsive work environment.

OHS Inspection

We have also established the Guideline on Occupational Safety and Health, which serves as a reminder to all employees to comply with the applicable regulations in the locations where our operations are situated. Occupational Safety Officers have been appointed in all departments and branches to facilitate the efficient implementation of the Guideline. They are accessible to employees for reporting potential working hazards as well as actively address these concerns. Additionally, we provide OHS training and education to Occupational Safety Officers at least annually and on a regular and on-going basis, as well as review their appointments to ensure continuous improvement and adherence to our safety standards.

Business Continuity Plan

To safeguard business operations during emergencies and critical incidents, we operated under a Business Continuity Plan across all branches, departments and divisions, undertaking various measures to minimise any unexpected impacts on customers and employees. Additionally, we have established a Crisis Management Team comprised of management members, who are responsible for developing contingency plans and making informed decisions in response to emergencies.

EMPLOYEE WELL-BEING

At the Bank, employee well-being takes precedence. We are dedicated to cultivating a supportive work environment that nurtures physical, mental, and emotional wellness of our employees, empowering them to thrive both in their personal and professional lives.

To foster health and wellness among our staff, we have consistently organised a diverse range of activities aimed at enhancing their overall well-being. Our ongoing initiatives include health and wellness lunch talks and workshops such as massage and on-site vaccination sessions to better enhance the well-being of our employees. Additionally, the Bank offers an internal staff incentive programme that allows employees to earn rewards by participating in various internal activities or demonstrating exemplary behaviour. These rewards can also be redeemed for everyday products via our physical marketplace or e-platform. Furthermore, our continuous Employee Assistance Programme provides counselling and consultation services for staff and their immediate families, supporting them in addressing psychological challenges both at work and in their personal lives.

In 2024, we have further implemented several measures to enhance employee benefits. Notably, we have enhanced the residential mortgage loan programme for our employees in Hong Kong, offering greater support to those looking to purchase their own homes. Additionally, during the Reporting Year, we introduced 'Festive Leave', allowing employees to leave work early during festive seasons to celebrate with family and friends. To further promote a healthy work-life balance, we have also sponsored team-building activities, such as trial fencing classes and dance classes.

2024 PERFORMANCE

Occupational Health and Safety

During the Reporting Year, we focused on improving our employees' well-being and safety through the implementation of various OHS initiatives. These efforts were designed to establish a safe workplace, reduce potential occupational risks, and increase employee awareness of OHS practices.

To ensure proper implementation of the Guideline on Occupational Safety and Health, we strengthened the requirement for performing annual inspections of the necessary OHS actions.

Organised OHS training and activities include the following examples:

First Aid Certification Course

To foster a culture of safety and preparedness, the Bank organised the First Aid Certification Course, aimed at instilling a proactive approach to health and safety among all employees. Through hands-on exercises and interactive learning experiences, this course equipped employees with vital first aid knowledge and practical skills, empowering them to assist victims in emergency situations.

Workplace Wellness Wisdom

To create a more efficient, energised, and health-conscious workforce, the Workplace Wellness Wisdom event aimed to raise awareness among both employers and employees about the importance of healthy eating. By emphasising the significance of making wise food choices, the event sought to establish a proper understanding of how nutrition impacts overall health and productivity. Furthermore, it promoted the adoption of healthy eating habits within the workplace, and fostered an environment where employees can "eat well, stay healthy, and work smart".

Office Massage

The Bank collaborated with the Hong Kong Society for the Blind to provide specialised massage services in the workplace. This programme employed professional visually impaired massage therapists to offer head, shoulder, and neck massages, directly addressing physical stress and promoting relaxation among our employees.



In recognition of the Bank's commitment to creating a hazard-free workplace for our employees, we have received the following awards from different authorities:



SCB Tower was awarded the IAQwi\$e Certificate by the HKGOC.



More than 30 premises were awarded the Indoor Air Quality Certificates by the Environmental Protection Department.



SCB Tower was certified for complying with the standards of the Quality Water Supply Scheme for Buildings by the Water Supplies Department.



Lift service and management in SCB Tower attained an Excellent level under the Quality Lift Service Recognition Scheme by the Electrical and Mechanical Services Department.

Engagement and Culture Fostering

The Bank placed a significant emphasis on employee well-being by organising a variety of engaging activities designed to foster a positive work environment and elevate overall job satisfaction. Recognising the fundamental role of a content and health workforce in driving productivity and retention, these initiatives aimed to promote both personal development and team cohesion.

Rainbow Toss Cheers!

A highlight of the event was the Rainbow Toss Cheers! activity, which provided staff with a unique opportunity to engage with the Bank's vision, mission, and core values in a fun and interactive manner. Through the playful act of tossing the rainbow, employees not only explored these important principles but also strengthened their connection to the Bank. Those who successfully participated in the toss while showcasing their knowledge were rewarded with rewards and retail coupons, adding an enticing incentive for everyone involved.



Lunch and Learn Activity

The Lunch and Learn Activity allowed employees optimise the lunch breaks to relax and enhance personal development. For instance, the "Self-Awareness" workshop enabled participants to enhance their self-recognition, explore their unique strengths and blind spots, and improve their interpersonal relationships and emotional management skills. Additionally, the arm-knitting workshop offers employees the chance to acquire new crafting techniques while promoting relaxation and creativity.



In addition, the Bank organises a variety of internal capacity building activities and mingling sessions for employees from diverse functions. These activities are designed to foster proactive communication, bolster team cohesion, boost staff well-being and strengthen the Bank's corporate culture.

Tri-bank Middle and Back Office Meeting

In September 2024, Tri-bank Middle and Back Office Meeting was held with Bank of Shanghai in mainland China and The Shanghai Commercial & Savings Bank in Taiwan. This meeting provided a platform for the staff from three banks to discuss and share practical experiences on critical topics such as risk management, sustainability development, AI development and application, human resources, and compliance management.

We invited representatives from FCC Analytics and MioTech to share the latest applications and theoretical case studies in the fields of financial technology and sustainable development.

The meeting fostered collaboration and knowledge-sharing among employees from the three banks, leading to several positive insights.



Digital Innovation Award 2024

To further promote awareness of digitalisation within the Bank, the Digital Innovation Award was organised during the Reporting Year. A total of 164 employees participated, forming 32 teams in the competition. The primary themes focused on leveraging generative AI to enhance operational efficiency and employing tokenisation to improve customer experience.

This competition not only fostered engagement among colleagues from different divisions but also generated potential solutions for the Bank's digital transformation efforts. By encouraging innovative thinking and collaboration, the initiative aimed to drive meaningful advancements in the Bank's operations and customer interactions.



Through these activities and others scheduled throughout the Reporting Year, the Bank demonstrated its commitment to employee well-being, recognising that investing in staff happiness leads to a more engaged and productive workforce.

COMMUNITY INVESTMENT

With 75 years of rich history deeply rooted in Hong Kong, the Bank has consistently upheld a firm commitment to community contribution, extending beyond the provision of financial services. Through participation in charity activities, donations to charitable organisations and educational institutions, we support the delivery of tangible social improvement and support initiatives within our communities.

OUR APPROACH

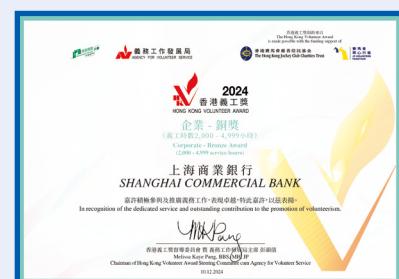
With a mission to connect and create a positive impact, we are committed to promoting the sustainable development of the communities we serve. Aligned with our core value of "Serving the Community", we dedicate time, resources and expertise to support those in need. Our efforts include financial contributions and in-kind donations to various charitable organisations and educational institutions, as well as participation in environmental and social advocacy programmes. In addition, we strive to improve work-life balance and well-being of our staff. As outlined in the Bank's Guideline on Community Investment, our philanthropic initiatives primarily focus on three key areas:

Environment	Support environmental conservation in communities and promote sustainability practices across the Bank
Youth Development	Nurture future leaders by providing academic scholarships and building their capabilities
Community Care	Contribute towards improving community life for those in need, including children, the elderly, persons with disabilities, and others

To further our commitment to a sustainable future, in addition to leveraging our long-standing partnerships with prominent non-governmental organisations ("NGOs"), such as Pok Oi Hospital, Po Leung Kuk and the Community Chest of Hong Kong, we actively pursue cross-sector collaboration opportunities to create a lasting impact in the communities. For more details on our community investment programmes and corresponding achievements, please refer to "2024 Performance" section below.

2024 PERFORMANCE

During the Reporting Year, the Bank contributed a monetary donation of approximately HK\$13.6 million to our NGO partners and actively engaged in 61 CSR events focused on environmental conservation, youth development, and community care. We sincerely appreciate the efforts of our staff volunteers, who collectively contributed more than 2,000 hours and were awarded "Corporate – Bronze Award" in the Hong Kong Volunteer Award 2024 organised by Agency For Volunteer Service. Looking ahead, we will remain steadfast in our commitment to promoting growth and ensuring the long-term prosperity of all stakeholders.



Environment

World Wide Fund for Nature Hong Kong ("WWF-Hong Kong") Sponsorship

As a gold member of WWF-Hong Kong's Corporate Membership Programme, we sponsored the eco tour focused on conservation and sustainability. Extending our commitment beyond the post-Typhoon Mangkhut coastal restoration at Island House in Tai Po, we actively supported the organic farm plantation enhancement initiative within the restoration area this year. In addition, we also sponsored our staff to visit the Hoi Ha Marine Life Centre to raise their awareness towards marine life conservation.

At the WWF-Hong Kong's Corporate Awards Presentation Ceremony 2024, we were not only commended for our long-term support of environmental protection efforts but also honored to be invited as one of the panelists at the fireside chat "Optimising Green Partnerships". This engagement provided a platform to share our insights on selecting high-quality green partners. This exchange opportunity enhanced our communications with stakeholders from various sectors and further explained the significance and importance of environmental work to society.



WWF Earth Hour 2024

Environmental conservation requires collective effort, and we are committed to this endeavour, through the annual support of the WWF Earth Hour campaign. On 23 March 2024, non-essential lights were switched off from 8:30 pm to 9:30 pm. Staff were also encouraged to participate actively.

Charter on External Lighting

As a signatory of the Charter on External Lighting, we have taken additional energy saving measures to reduce excess light sources at night by switching off unnecessary external lighting during designated timeframes, creating a more sustainable living environment with less light pollution for the public.

International Coastal Cleanup – Hong Kong

To raise awareness of Hong Kong's marine debris issue, our staff volunteers continued to support the annual International Coastal Cleanup – Hong Kong, organised by Green Council, to collect and document trash from beaches and waterways. Data gathered during the event will be used for educational and outreach purposes, serving as valuable information to promote waste reduction at source, waste management practices, and protection of marine ecosystems.



Umbrella Upcycling Campaign

Our Corporate Communications Department, in collaboration with the Christian Family Service Centre (Tsing Ngai Co-production Centre), implemented the "Umbrella Upcycling Campaign". The programme refurbished defective umbrellas that were originally corporate giveaways, ensuring they met quality standards when used. This initiative embodied the "upgrade and recreate" concept, promoting waste reduction while supporting vocational training for people with disabilities. Furthermore, by supporting Friends of the Earth's "Used Clothes Recycling Programme", the Bank set up collection points in various office premises to collect used clothes, which were subsequently distributed to those in need, fostering a circular economy and promoting social responsibility.



Uniform Upcycling

In 2024, we have collaborated with local social enterprise Dress Green in transforming our old uniforms collected subsequent to our Uniform Revamp Exercise into new cutlery sets, giving potential waste a second life. By weaving old suit jackets, shirts and trousers into new pouches carrying stainless steel spoons, forks and chopsticks, these unique cutlery sets created by Dress Green were gifted to staff volunteers as a token of appreciation for their dedication to community service throughout the year.



Youth Development

Shanghai Commercial Bank Scholarship

In 2024, we continued our scholarship commitment of approximately HK\$1.3 million to 13 local universities and tertiary institutions in supporting education to empower future generations in Hong Kong.

Heep Hong Charity Sports Fun Day

As a long-time supporter of Heep Hong Society, we continued to sponsor their annual Charity Sports Fun Day with more than 800 attendees, including our basketball and football teams in competition as well as staff volunteers. The event raised funds for Heep Hong's "Children and Youth Training Fund", to provide professional learning assistance to children with special educational needs in low-income families.



Po Leung Kuk Lee Shau Kee Youth Oasis

Organised by Po Leung Kuk in support of the "Youth Hostel Scheme" of the HKSAR Government, this 27-storey youth hostel named "Po Leung Kuk Lee Shau Kee Youth Oasis" has been developed at 18 Tai Shu Ha Road West, Yuen Long, to provide up to 1,680 spaces for working youth aged between 18 and 30. With a maximum leasing period of 5 years, Po Leung Kuk is committed to offering affordable rents set at 50% of the market rate. To support this project, we sponsored the youth development services of "Youth Oasis" and hosted career sharing sessions at the hostel, allowing young residents to gain early insights into career needs.



Community Care

Shanghai Commercial • Pok Oi Cycle for Millions

For the seventh consecutive year, we continued to serve as the title sponsor of the "Shanghai Commercial Pok Oi Cycle for Millions", the largest charity cycling event in Hong Kong. Participants were able to enjoy cycling across the Stonecutters Bridge and Nam Wan Tunnel, to raise funds for the construction and development of the largest elderly home in Hong Kong - the Pok Oi Hospital Tuen Mun Lam Tei Nursing and Residential Care Home for the Elderly project. Notably, this year's event has successfully raised HK\$8 million in charitable contribution.



Po Leung Kuk Donation

Over the years, Po Leung Kuk has been providing multifaceted and quality social, educational, recreational, cultural as well as medical and integrated health services through over its 300 service units in the community. In 2024, we have sponsored two Po Leung Kuk fundraising television programmes, namely the "Shanghai Commercial Bank presents: Po Leung Kuk Chinese New Year TV Show" and "Gala Spectacular", in support of its mission and service enrichment actions.



A Day with Food Angel and Delivering Love Programme

In response to the growing demand for food assistance among economically disadvantaged families, we have expanded our sponsorship in this area. This included increasing our funding for Food Angel's general meals and Winter Solstice meals, as well as providing donations to the Foodlink Foundation and the More Good Foundation. Our staff volunteers actively contributed by preparing and distributing nutritious meals and food packs to affiliated beneficiaries. During the Food Angel World Food Rescue Week, Corporate Communications Department established five food collection points across the Bank, engaging over 130 employees who collectively gathered 233 kg of surplus food.



Foodlink Foundation – Replacing Hunger with a Smile

Through our partnership with Foodlink Foundation, our staff volunteers packaged and delivered 12,600 kg of rice to those in need across various districts. In response to the prevalence of scams, the Bank's volunteer team also placed anti-fraud information stickers on the rice packages, reminding the public to be cautious of scams, actively supporting the government and police to combat fraud.



More Good Foundation – Volunteer Experience Day

A Volunteer Experience Day was hosted, during which our senior management team actively participated in preparing lunch boxes to support our community. On the event day, they prepared and processed food ingredients, turning edible surplus food into nutritious meals that benefit those in need within the community.



Arts & Culture

Donation to support Jao Tsung-I Academy

The Jao Tsung-I Academy, named in honour of the renowned Chinese culture scholar Professor Jao Tsung-I, is one of the first projects under the Hong Kong Government's Revitalising Historic Buildings through Partnership Scheme of the Development Bureau. This cultural landmark hosts thematic exhibitions, workshops, seminars, festive events and educational programmes, promoting Chinese culture. In 2024, the Bank donated to the Jao Tsung-I Academy to support the restoration of its 'Historical Exhibition Hall', which is anticipated to be completed between the second and third quarter of 2025. The Academy will continue to shoulder the mission of preserving Chinese culture, facilitating cultural exchange, and promoting Hong Kong's historical and artistic education.



Others

The Community Chest Walk for Millions



The Green Power Hike



Po Leung Kuk Charity Poon Choi Banquet



Silver Lining Foundation X Shanghai Commercial Charity Walk



Bloomberg Square Mile Relay



Green Run



The Bank's long-term success is rooted in its commitment to embedding sustainability into every facet of its business model and strategy. In 2024, we are intensifying our efforts in GSB development while prioritising digital transformation and innovation in our financial services. By innovating our offerings and enhancing accessibility to financial products, we aim to promote inclusivity and leverage cutting-edge technology to seize new market opportunities for growth and deliver exceptional experiences to our customers and stakeholders. Equally important is the effective management of various risks, particularly climate-related risks, which provide a solid foundation for our business growth and ensure secure operation. By considering these sustainability factors and proactively managing emerging risks, the Bank can drive positive change and facilitate the evolving needs of our customers in the transition to a low-carbon economy.

BUSINESS



Our business is poised for a promoting future by embracing GSB, supporting broader populations including SMEs through inclusive finance, and driving innovation and digital transformation in our operations, all while ensuring resilience against climate change and decarbonisation efforts.

GREEN AND SUSTAINABLE BANKING

With customers' growing desire to engage in the transition to sustainability through green and sustainable financing, attention is shifting to how banks can strategically leverage their strengths and responsibilities in adhering to ESG considerations in banking and investment practices, thereby meeting market expectations. As the landscape evolves, it is crucial for banks to position themselves adeptly amid the backdrop of market's transition to sustainability by proactively implementing GSF initiatives.

OUR APPROACH

Situated in a thriving global financial centre, the Bank acknowledges its pivotal role in promoting GSF initiatives in Hong Kong. In 2024, rapid developments in GSF coincided with several key regulatory updates, including the launch of the Hong Kong Taxonomy for Sustainable Finance by HKMA in May 2024, the announcement of the HKMA's Action Agenda in October 2024. These developments align with the emphasis on enhancing green finance ecosystem in the 2024 Policy Address given by the Chief Executive of the HKSAR, as well as the consultation on new SPM module GS-2 on "Transition Planning".

We actively pursue GSF opportunities, thoroughly assess the environmental and social impact of our business activities, and proactively promote GSB initiatives across our diverse operations. To bolster our readiness for the increasing demand for GSB business, a key initiative in 2024 involved developing the Bank's GSF Classification Guideline. This guideline leverages the Hong Kong Taxonomy for Sustainable Finance and other international standards. During the Reporting Year, it was finalised and approved by the Sustainability Working Group, providing essential guidance for identifying eligible "green" and "environmentally sustainable" economic activities when conducting business, particularly for GSF products of green bonds and loans, as well as sustainability-linked bonds and loans.

Objectives
of GSF
Classification
Guideline



1. Set out the principles and definition of "green" and "environmentally sustainable" economic activities

Classification
Guideline



2. Provide non-exhaustive examples of "green" or "sustainability-linked" projects or activities, the selection of KPIs and the relevant proposed sustainability performance targets for "sustainability-linked" loans and bonds



3. Stipulate the roles and responsibilities of respective parties/units/positions related to the classification of GSF products



4. Layout possible control measures to identify, manage and control potential greenwashing, social washing and impact washing risks



5. List out the criteria must be satisfied for the classification of GSF products, and the qualification of independent external reviewer, profession or certificate

In Corporate Banking, as detailed in our Five-Year Plan, we harness the advantage of our tri-bank alliance and actively engage in ESG-related syndication loans to drive the growth of green industries and innovative technologies, paving the way toward a low-carbon future aligning with net-zero agenda. By positioning ourselves as a leading force in green loan business, we ensure proper integration of green and sustainability-related considerations into our financial decision-making processes, ultimately fostering more sustainable practices across the banking industry as a whole.

Case Study

The Bank is dedicated to supporting enterprises in their transition to a low-carbon economy. During the Reporting Year, the Bank collaborated with other banking institutions to establish several syndicated sustainability-linked loans for enterprises across multiple sectors, including but not limited to conglomerates. The adjusted margin for these loans is contingent upon the achievement of specific sustainability KPIs, which include metrics such as GHG emissions intensity, gender diversity, and renewable energy generation and storage. By linking loan terms to sustainability performance, the Bank not only incentivises businesses to adopt environmentally friendly practices but also fosters a culture of accountability and transparency in corporate sustainability efforts.



In Retail Banking, we actively support the growing shift in consumer preferences towards sustainability. By integrating sustainability considerations into our products and services, we aim to effectively highlight the importance of sustainable investment practices to the public. Internally, we provide a Sales Education to equip our sales team with the necessary expertise to introduce ESG-focused investment opportunities.

The Bank actively explores market opportunities to expand its portfolio of green and sustainability-related product offerings, including ESG/green-related bonds and ESG funds. In 2024, the Bank adopted an ESG Model to categorise ESG funds for customers, providing customers with a more structured framework for sustainable investment choices. Meanwhile, the Bank has launched a due diligence questionnaire and engaged an external vendor to enhance product due diligence procedures to indicate our commitment to ESG product development.

Additionally, we go beyond customer services by integrating sustainable principles into our own Treasury activities, particularly within our investment portfolios. Our Treasury Division adopts a strategy of replenishing our treasury product portfolio with high-quality ESG issues while maintaining our overall portfolio size and weighted average yield. During the bond selection process, we assess the purpose of the bond issuance and ensure that issuers align with our ESG criteria and net zero transition principles. In principle, we avoid investments in controversial business activities or issuances that violate internal norms and standards.

To remain at the forefront of market developments in GSF within the region, we collaborate closely with our strategic partners, the Bank of Shanghai in mainland China and The Shanghai Commercial & Savings Bank in Taiwan. Together, we organise an annual tripartite conference to exchange insights on the latest GSF trends and devise strategies to better serve customers across different geographical markets, particularly through inbound and outbound referrals. The 25th tripartite annual conference was held in Shanghai, China in November 2024, where professionals from the three banks shared expertise and explored innovative approaches to enhancing product and service offerings.



2024 PERFORMANCE

As at end of 2024, the Bank offered more than 180 ESG funds in share class level and 45 ESG/green related-bonds.



Participated in ESG-related syndicated lending



Engaged in green-related bilateral lending



ESG fund business volume increased US\$16.5 million, achieving 219% increase compared to 2023



Invested HK\$6.7 billion ESG-related bonds



Promotion offer of subscription fee of ESG Fund as low as 0% was provided



Offered retirement products

- Silver bonds
- Reverse mortgages
- HKMC Annuity Plan

Throughout 2024, the Bank has actively advanced GSF initiatives. We have introduced a range of programmes aimed at empowering and educating our customers, thereby fostering greater awareness and understanding of ESG investment.

Building on our strategic and cooperative relationship under the Memorandum of Understanding with HKQAA signed in 2023, we launched two GSF training sessions in collaboration with HKQAA during the Reporting Year, with approximately 400 staff from various divisions participating.

In 2024, we significantly enhanced our internal GSF capacity by rolling out several GSF-related training sessions, including "Introduction of Sustainable Finance and its Importance", "Business Opportunities – Green Finance", "Global and Hong Kong's Sustainable Banking Trends and Their Opportunities", and "Hong Kong Carbon Market – Core Climate by" to all employees. In addition, 96% applications have been granted with the core level of HKMA's Enhance Competency Framework for GSF, demonstrating our support in the ongoing professional development of GSB field.

We have been enhancing our internal green capabilities by establishing a dedicated team of specialists and staying abreast of the latest ESG-related products available in the market. In 2024, we have formulated a Corporate GSB team to streamline our GSB business implementation. This strategic approach enhanced our capability to deliver professional and tailored GSF solutions to our customers. We strive to proactively identify and pursue opportunities to engage in bilateral loans that prioritise ESG considerations, ensuring that our offerings are tailored to meet the unique needs and preferences of each customer.

Hong Kong Green and Sustainable Finance Awards 2024

This year, the Bank has been crowned two awards at the HKQAA's Hong Kong Green and Sustainable Finance Awards 2024. The Bank was recognised with two awards, namely the Outstanding Award for Green and Sustainable Loan Facilitator (Property Development Industry) – Visionary Sustainability-linked Loan Performance Metrics, and the Pioneering Award for ESG Disclosure Contribution for the second consecutive year, showcasing the Bank's commitment to support Hong Kong's development into a GSF hub in the region.



Hong Kong Economic Journal ESG Achievement Programme 2024

The Bank was recognised by Hong Kong Economic Journal in the ESG Achievement Programme 2024, showcasing its efforts in establishing a comprehensive sustainability strategy, policies, and goals to advance businesses. With strong performance and significant progress made in this area, the Bank actively allocates resources to support GSF opportunities while providing high-quality digital banking services to SMEs, retail, and corporate customers through FinTech innovations.

Metro Broadcast's Smart Boss Radio Interview

We have been invited by Metro Broadcast (新城電台) to share our insights on ESG practices in its radio programme called Smart Boss (智識做老闆). Our Corporate Banking colleague discussed our ESG strategies and how we assist our customers in implementing ESG practices through GSF, including the challenges and opportunities encountered.



INCLUSIVE FINANCE

Integrating sustainable practices into the finance and banking industry requires financial institutions to go beyond considering ESG impacts. It also necessitates embedding inclusive finance across all business areas to assist local businesses and SMEs with their financing needs and growth, while aligning with the ongoing initiatives promoted by regulators. As a community bank, we recognise that inclusive finance is key to transitioning to a modern business model that caters to the diverse needs of all social groups. By leveraging innovative financial technologies and enhancing financial service experiences, we are not only paving the way for the financial inclusion of vulnerable populations but also actively contributing to the development of local economic opportunities.

OUR APPROACH

Inclusive Finance

The growing recognition of inclusive finance within the banking and finance sector highlights our community bank's longstanding commitment to this essential principle. This commitment is particularly evident in our customised services for SMEs and retail customers.

We consistently prioritise the growth of SMEs by offering tailored solutions that address both their immediate needs and long-term objectives:

In the short run



- Our infrastructure and channels are well-established to deliver immediate and comprehensive banking services. This includes leveraging the HKSAR Government's SME Financing Guarantee Scheme and actively participating in green-related industries, start-ups and technology, healthcare, import and export, and wholesale and retail trade.
- The Bank is committed to supporting SMEs and corporate customers in enhancing their operational efficiency, reducing costs, and improving market competitiveness through innovative digital services. Notably, our "Simple Bank Accounts" service enables online account opening, allowing SMEs to quickly access essential banking services.

These efforts demonstrate our ability to not only meet our customers' immediate and short-term needs, but also to provide financial solutions that propel their businesses forward.

In the long run

Our corporate/SME banking solutions, including the Internet Banking platforms, and "Shacom Business" Mobile Banking App, will continue to be optimised by equipping with the latest available features, enhancing the user experience for our SMEs and corporate customers. We actively support and participate in the latest regulatory initiatives, including:

- The HKMA's CDI, which facilitates the Bank to transit from manual report retrieval processes, to programmatically data exchange via CDI. It allows us to streamline the loan application and credit assessment process by automating the collection of business data.
- As one of the pioneering banks participating in the IADS pilot programme, we have successfully integrated IADS into SME loan applications since March 2024. IADS enables the Bank to access machine-readable account transaction data for SMEs, facilitating more automated credit assessment, ongoing credit review and monitoring processes. This integration enhances operational efficiency and risk management.

In addition, the IADS integration also empowers us to better serve SMEs by providing Customer Insight Report. By consolidating real-time financial data across accounts from multiple banks at one glance, we help SMEs optimise financial management, reduce administrative burdens, and focus on driving business growth. This enables SMEs to access the necessary financial resources and real-time financial positions, making informed business decisions for sustainable business growth.

Our long-term commitment to continuous improvement and cutting-edge innovation enables us to better support our SME customers, creating long-term value creation as part of our inclusive finance initiatives.

In Retail Banking, our focus is on enhancing financial access for individuals from physically and socio-economically disadvantaged groups. To achieve this, we have implemented significant improvements to our services and infrastructure through a variety of targeted initiatives:



- Design our branches with barrier-free design concepts, including ramps and meeting rooms to support customers with special needs
- Install voice-navigation ATMs at various branches to support visually impaired customers
- Waive a range of service charges, including check issuance fees for senior citizens
- Provide priority counters at our branches for senior citizen customers
- Optimise the font size and introduce e-statement on our mobile banking apps to better serve a wider community of customers
- Introduce e-Statement feature on "Shacom Bank" for customers to conveniently access and view their most recent electronic statements
- Offer a concessionary merchant discount rate of approximately 40% discount in FPS to all charities registered under section 88 of the Inland Revenue Ordinance

2024 PERFORMANCE

During the Reporting Year, to promote inclusive finance and support SMEs, the Bank launched The Hong Kong Academy for Performing Arts credit card. A portion of the monthly transaction made with this card will be donated to the Hong Kong Academy for Performing Arts to support its ongoing development and nurture performing arts talent. Additionally, the Bank set targets for digital service penetration, including initiatives to support SME financing by streamlining online account opening for SMEs and corporate customers. This ensures that we remain at the forefront of inclusive finance while driving sustainable growth, several initiatives have been implemented, including:

- Being a pioneer in using the IADS to support SMEs, collaborating with stakeholders such as the HKMA, the banking industry, and SME associations
- Continuously updating our product and service webpages to enhance the customer experience and increase our exposure through social media and news outlets, including our new WeChat Official Account
- Attracting SMEs and corporate customers to utilise online account opening and loan services via promotional offers

The Bank was one of the panelists at the HKMA's IADS Showroom Day, where we shared our practical applications of IADS and showcased our strong support for driving innovative, data-driven banking services for SMEs.

The Bank also participated in the Seminar on Banking Industry's Financing Measures to Support SMEs organised by the Hong Kong Small and Medium Enterprises Association (HKSMEA) and Hong Kong Commerce and Industry Associations (HKCNA).



We have successfully adopted IADS for SME loan applications and extended its use to corporate customers. Beginning in March 2024, SME customers can submit loan applications through SME online platform without needing to provide supporting documents by simply subscribing to IADS services. This allows the Bank to digitally access customers' deposit account data from other participating banks, providing a seamless customer experience by accelerating the loan application and approval process, as well as enabling more personalized services.

Empowering SMEs with Innovation in Banking

Apply online for
Business Instalment Loan

- ◆ Loan amount up to **HK\$ 2,000,000**
- ◆ Loan tenor up to **36** months
- ◆ **NO** documents required



INNOVATION AND DIGITALISATION

Innovation and technology are key enablers to help the Bank realise its vision and pursue new growth opportunities. In 2024, we are ramping up our efforts in digital transformation, as stipulated in the Bank's Five-Year Plan of FinTech Adoption. We embrace digital transformation, which brings numerous enhancements to our services, including convenience, security, efficiency, environmental friendliness, and expanded accessibility to a broader demographic.

To ensure the seamless execution of our digital strategies and the delivery of personalized and trustworthy financial services, we have established the Digital Transformation Committee. This cross-functional committee, led by an Independent Non-executive Director, meets monthly to oversee the Bank's digital transformation strategy and FinTech-related initiatives. Furthermore, the committee supervises the Digital Transformation Division, which is tasked with:

- Deliberating investment decisions related to digital transformation
- Encouraging a digital culture across the Bank, involves offering relevant training programmes to our staff that focus on FinTech and digital transformation
- Implementing the Five-Year Plan on FinTech Adoption to enhance customer experience, operational efficiency, big data analytic application as well as risk management and monitoring
- Coordinating with relevant authorities such as HKMA to facilitate data management
- Enhancing the internet banking functions of local and overseas branches
- Extending the Faster Payment Service ("FPS") to corporate internet and mobile banking platforms
- Continuously exploring alternatives including new electronic identity verification process, mobile wealth management services and products, UI/UX interface enhancements, and additional online self-service options

Externally, we actively participated in various events to share our experiences, exchange industry insights and innovative ideas, as well as explore more opportunities related to FinTech applications in the banking sector. In 2024, we participated in the Hong Kong FinTech Week 2024 organised by the HKMA and the InvestHK, supporting the ninth edition of the city's flagship FinTech event.



2024 PERFORMANCE

To foster FinTech collaboration, we partnered with the Bank of Shanghai and The Shanghai Commercial & Savings Bank to organise the InnoFuture of FinTech Challenge. Start-ups from Hong Kong, Taiwan, and mainland China were invited to submit proposal showcasing innovative ideas that could enhance the Bank's financial technology applications and improve the overall customer banking experience. In 2024, the winning team was given the opportunity to engage in financial technology proof-of-concept projects, and explore strategic partnerships to tailor their innovation to the Bank's business requirements. This initiative promotes the application and development of FinTech in Hong Kong and the Greater Bay Area.

Other than that, we continued to advance our system infrastructure, embrace digital transformation and leverage financial technology to offer our customers high-quality, transparent, digital retail and corporate banking services. This ensures an accessible and enjoyable user experience. In 2024, we achieved a digital platform adoption rate exceeding 80% among new customers. Our commitment to promoting digital banking is exemplified by the following initiatives:

Enhancing Credit Processes with HKMA's CDI and IADS

The Bank has continuously utilised HKMA's CDI to automate the collection of business data and facilitate the credit underwriting process. The Bank has also participated in the HKMA's IADS pilot programme, which enables customers to securely and efficiently share cross-bank deposit account data under their consent. By leveraging IADS and the Open API, we have effectively streamlined the loan application process, processing over HKD70 million in SME loans.

Innovative Banking Solutions for SMEs

To enhance efficiency and capitalise on opportunities for SMEs, our latest innovation "Simple Bank Accounts", offers an online platform for account opening and loan application. This system allows SMEs to easily apply for accounts and loans, streamlining processes and enabling quick approvals.

Through this fully digitised service, the Bank aims to provide SMEs with a seamless and expedited banking experience, allowing them to focus on their core operations and swiftly capitalise business opportunities promptly.

Digital Transformation in Personal Banking

In line with our commitment to delivering comprehensive banking services through digital platforms, our "Shacom Bank" mobile applications enables new individual customers to remotely open deposit accounts and securities accounts, as well as apply for credit cards all without the need to visit a branch in person. With just a smartphone, customers can complete the account opening process and gain instant access to online banking, enabling them to manage their accounts seamlessly and enjoy fast and convenient banking services anytime and anywhere. This existing suite of services is further complemented by the introduction of the e-statement feature in 2024, which enhances customers' access to their most recent transactions.

Online Subscription for Silver Bonds

The Bank offers customers the convenience of subscribing silver bonds through multiple channels, enhancing accessibility and flexibility. To cater to the growing demand for digital services, we have integrated the subscription option into our online banking platform. This allows customers to easily and securely subscribe to bond products online, providing a seamless user experience.

Our efforts in innovation, digital transformation, and unwavering support for SMEs have been acknowledged by the market through prestigious awards. In 2024, we received the "Outstanding Digital Innovation in SME Banking Award" at the Global Retail Banking Innovation Awards 2024 from The Digital Banker and the "Best FinTech Award – Gold" at the Communications Association of Hong Kong ("CAHK") STAR Award 2024 from the CAHK. These recognitions highlight our significant contributions to FinTech and our role in facilitating the digital transformation of SMEs. Looking ahead, we are dedicated to expanding our digital offerings to better serve the evolving needs of SMEs, including enhancements to our online account opening services for a broader range of customers.



"Outstanding Digital Innovation in SME Banking Award"
in the Global Retail Banking Innovation Awards 2024



"Best FinTech Award – Gold" in the CAHK STAR Award 2024



**"ESG Leading Enterprise" and "Best SME's Partner Award"
by the Hong Kong General Chamber of Small and Medium Business**

Looking ahead to 2025, we will stay committed to continually enhancing our digital platforms to meet the evolving needs of our customers, by implementing our innovation and digitalisation initiatives. We will introduce a range of exciting new features and upgrades to our "Shacom Bank" mobile application, covering a streamlined electronic identity verification process, alongside a comprehensive suite of online wealth management services and products with more online self-service options. These enhancements are designed to further uplift customer experience and empower our customers to take better control of their financial well-being.

CLIMATE CHANGE RESPONSE AND DECARBONISATION



Climate change poses an urgent global challenge, increasing the risk of catastrophic flooding and other extreme weather events. Its severe impacts necessitate immediate action. Additionally, the financial system faces risks from these events and potential asset devaluation in carbon-intensive sectors, highlighting the need for effective climate risk management.

Regulators worldwide are increasingly emphasising the need to address climate-related risks and transition planning. This is evident in local regulatory initiatives, such as the HKMA's expectations and requirements for banks to manage climate-related risks and its Action Agenda, which sets the goals for all banks to enhance transparency on climate-related risks and opportunities. In this context, it is imperative for corporates to prioritise climate change management, as failure to do so may result in increasingly difficult and escalating costs associated with adapting to climate impacts in the future. We fully recognise the urgency of this issue and are dedicated to taking proactive measures, including the allocation of adequate resources and developing strategic plans to effectively manage and mitigate climate-related risks.

OUR APPROACH

The Bank is committed to not only actively reducing our own carbon footprint in its operation, but also facilitating the transition to a low-carbon economy on a societal level. We take a proactive stance in addressing climate change by integrating climate risk considerations into our sustainability framework, ensuring that climate-related risks are embedded in all aspects of our sustainability strategy, which is led by our management-level Sustainability Working Group.

The Climate Risk Management Framework is an overarching guidance for the Bank to analyse physical and transition climate-related risks under various climate scenarios and is reviewed and approved by the Board. In view of the evolving regulatory landscape regarding climate change initiatives, we updated the framework in 2024 to align with the Bank's sustainability commitment and local focus, clarify roles and responsibilities, and specify the involvement of the Second Line of Defence unit in reviewing data completeness and quality towards the climate risk questionnaires provided by customers, addressing HKMA's expectations and requirements. To effectively manage and mitigate climate-related risks, we rigorously adhere to this framework, and implement comprehensive measures, encompassing governance structure, scenario analysis and results monitoring, contributing to the long-term resilience and sustainability of our business.

For further details on our approach and assessment progress, please refer to the "Risk Management" section in the 2024 TCFD report. To stay updated on the latest trends impacting our industry, we maintain regular engagement with regulators such as HKMA and adopt appropriate measures to address the challenges posed by climate change.

2024 PERFORMANCE

In 2024, the Bank is on track with its climate change response and decarbonisation initiatives. We conducted a comprehensive review and update of our Climate Risk Management Framework and developed a robust Decarbonisation Plan to align with the Bank's sustainability commitments, strategies and regulatory expectations as abovementioned. Our operational practices and investments are aligned with our pledge to strive to achieve net zero in the Bank's operation by 2030 and financed emissions by 2050. Additionally, we integrated the results of the climate assessment metrics, including the CRST and exposure monitoring into the relevant risk appetite statement. We also maintain ongoing communication with HKMA regarding our climate-related risk management and assessment efforts, including our CRST exercise and progress, and have registered on the newly launched HKMA physical risk assessment platform.

The Bank adopted the Climate and Environmental Risk Questionnaire for non-listed companies in 2023, which was published by the GSF Cross-Agency Steering Group. This initiative deepens our understanding of our SME customers' strategies and current status in managing climate-related risks, thereby streamlining customer engagement whilst informing a solid climate database for the Bank. In 2024, the Bank took further steps by arranging an SME Questionnaire Training to enhance our internal capacity for engaging and supporting our SME customers in completing the questionnaire professionally and effectively.

Going forward, the Bank will continuously enhance the sustainability and climate-related risks and opportunities disclosure, to echo the Action Agenda.

2024 TCFD REPORT

The banking industry is uniquely exposed to the distinct risks associated with climate change, which poses a significant likelihood of occurrence and has widespread impacts on global businesses, with persistent growth unless immediate action is taken. The Bank recognises its essential role in supporting various industries and sectors in their efforts to combat climate change and enhance their climate resilience. In response, we have continued to disclose our climate-related efforts with reference to the TCFD Recommendations for four consecutive years since the Sustainability Report 2021. We are committed to ongoing disclosure practices that will enhance our transparency and keep our stakeholders informed about our advancements and progress regarding the four core pillars of TCFD.



Governance



Strategy



Risk Management



Metrics and Targets

GOVERNANCE

As outlined in our Sustainability Policy, our sustainability governance structure is well in place to effectively address and closely monitor the impact of the Bank's business activities on the environment and society, including climate-related matters. Separately, our Climate Risk Management Framework has further set out more specific roles and responsibilities in managing climate-related risks.

Board of Directors



- Oversee the development and implementation of the Bank's key sustainability-related strategies, targets and plans, including climate-related risk management
- Receive recommendations from Sustainability Committee on sustainability-related matters
- Deliver sustainable value to shareholders and foster sustainable growth
- Review and approve the Climate Risk Appetite Statement, CRST, scope of sustainability disclosure, and Decarbonisation Plan

Risk Committee



- Oversee climate-related risks through regular monitoring of relevant exposures
- Comment and endorse the Climate Risk Management Framework, review and endorse the Climate Risk Appetite Statement for the Board's approval

Sustainability Committee



- Assist the Board in overseeing and managing climate-related risks and opportunities as part of the Bank's sustainability strategy, including embedding climate-related risks into the risk management framework, risk appetite statement, disclosures, and ongoing regulatory compliance
- Receive relevant management information regularly for risk oversight and updates on major policy initiatives and developments on climate-related issues
- Endorse Decarbonisation Plan and approve the Climate Risk Management Framework

Sustainability Working Group



- Manage climate-related risks and opportunities as well as develop the Bank's sustainability strategy, targets and reporting boundaries
- Implement the Bank's sustainability initiatives and risk management framework, encompass driving the necessary changes and addressing climate-related issues
- Ensure the effectiveness of the framework through regular review, formulation, and implementation of relevant policies and processes
- Establish effective escalation channels for reporting material risks and exceptions
- Review and endorse the Climate Risk Management Framework

Sustainability Department



- Sustainability Department acts as the facilitator and secretary to the Sustainability Working Group to support day-to-day execution of sustainability-related (including ESG-, GSB- and climate-related) matters and initiatives of the Bank

To specifically address climate-related risks, a three lines of defence mechanism has been established in line with the usual risk governance arrangement, as detailed in the following "Risk Management" section.

Further discussions on sustainability governance of the Bank are set out in the sections headed "Our Approach to Sustainability" and "Robust Governance" of this Sustainability Report.

STRATEGY

The Bank adopts a proactive approach to identify the key topics and goals related to climate change response and GSF by engaging stakeholders and conducting materiality assessments. By examining a comprehensive array of internal factors, such as the Bank's strengths and weaknesses, external factors including operating environment and geographical considerations, as well as our current lending and investment activities, we have established specific targets and relevant KPIs for our climate change response over various time horizons. These targets are regularly reviewed to assess progress.

To integrate climate-related strategic goals in business operations, the Bank has identified major climate-related risks and established appropriate climate risk appetite through a phased approach, initially starting with qualitative principles. Simultaneously, climate-related opportunities are also identified to ensure that our investments, products and service offerings are consistent with the Bank's overall climate strategy and corporate values. Below are some selected examples of climate-related risks and opportunities that the Bank has identified.

Climate-related Risk Identification

Climate-related Risks	Potential Financial Impact	Time Horizon ⁵
Transition Risks relate to the process of adjustment towards a low-carbon economy	<p>Policies and regulations:</p> <p>More stringent regulations on GHG emissions may impose additional disclosure obligations. These effects can have implications for profitability, funding expenses, and investor relations.</p>	Short-term to long-term
	<p>Technology development:</p> <p>The impact of emerging technologies on climate change adaptation and mitigation efforts is material, yet the exact impact is unknown. Managing risk requires significant investments to reduce costs and accelerate the development of low-carbon technologies.</p>	Long-term
	<p>Market:</p> <p>Due to gradual changes in weather patterns and landscapes, as well as natural resource constraints, customer needs are constantly changing. This impact can lead to changes in consumer behaviour towards a low-carbon economy, increased uncertainty in market signals, and the risk of material costs.</p>	Short-term

⁵ Short-term: 0–5 years; Medium-term: 5–10 years; Long-term: >10 years

Climate-related Risks	Potential Financial Impact	Time Horizon ⁵
	<p>Reputation:</p> <p>Reputational risk arises from the shift in customer and community perception regarding an organisation's efforts to contribute to or transition to a low-carbon economy. This risk includes criticism of specific industries, increasing stakeholder concerns, and emerging climate-related litigation involving governments, businesses, and investors.</p>	Short-term to long-term
<p>Physical Risks</p> <p>arise from changes in weather and climate that impact the economy, including acute and chronic impacts of climate change</p>	<p>Acute:</p> <p>Acute climate-related incidents, such as heat waves, floods, hurricanes, and wildfires, have the potential to negatively impact asset values, increase underwriting risk for insurers, and result in reduced coverage, higher premiums, increased capital and operating costs, and decreased liquidity and value of real estate, facilities, infrastructure, and other assets in specific regions.</p> <p>Chronic:</p> <p>The chronic effects of climate change, especially rising temperatures, rising sea levels, and precipitation, may result in heat waves, floods, hurricanes, and wildfires. This impact may affect labour capital and agricultural productivity and requires significant investment and adaptation by businesses, households, and governments.</p>	<p>Short-term to long-term</p> <p>Long-term</p>

⁵ Short-term: 0–5 years; Medium-term: 5–10 years; Long-term: >10 years

Climate-related Opportunity Identification

Climate-related Opportunities	Potential Financial Impact	Time Horizon ⁵
Sustainable and Green Operations 	We strive to achieve net zero in the Bank's operation by 2030 and in financed emissions by 2050. This will be accomplished through the implementation of sustainable operations, the establishment of GHG emission reduction targets and the Decarbonisation Plan. In addition, we actively monitor our performance against these targets and make necessary improvements to enhance our sustainability efforts. Detailed information about the Bank's approach to carbon management can be found in the "Sustainable Operations" section.	Short-term to long-term
Green and Sustainable Finance 	Our goal is to facilitate the transition to a low-carbon economy through our initiatives in GSF. As mentioned in the "Green and Sustainable Banking" section, we developed the Bank's GSF Classification Guideline, which lays a solid foundation for advancing our GSB initiatives in the future. The Bank deploys a wide range of financial products and services and encourages our customers to build resilience and capitalise on opportunities arising from climate change through GSF. In addition, we partnered with external professional organisations to arrange GSF training sessions for our employees to enhance internal capacity regarding the GSF areas. Detailed information about the Bank's approach to GSF can be found in the "Green and Sustainable Banking" section.	Short-term to long-term
<p>As an institution committed to responding proactively to climate change, the Bank incorporates climate-related strategic goals into our business and lending policies where appropriate. For instance, climate-related risk considerations are integrated into customer's risk profiling through our Sectoral Lending Guideline, which is formulated pursuant to the HKMA SPM GS-1 "Climate Risk Management".</p> <p>Beyond integrating climate considerations into our business operations and risk management, we strive to incorporate broader sustainability factors, including climate-related risks, into staff performance evaluations and reward management whenever feasible to align with the Bank's strategy and risk appetite. The Bank dedicates sufficient resources to enhance our capabilities in implementing climate change strategies, which includes staff upskilling and reskilling, talent recruitment, and seeking advice from external consultants.</p>		

⁵ Short-term: 0–5 years; Medium-term: 5–10 years; Long-term: >10 years

Furthermore, recognising that effective monitoring and assessment of climate-related risks depend on reliable data, we are continually enhancing our data collection processes and systems to capture the necessary information for effective implementation of the climate strategy and to better support SMEs in their green transition efforts. Additionally, to assess the Bank's potential vulnerability in terms of profitability and capital adequacy under challenging business conditions resulting from climate change, we applied climate scenario analysis and stress tests across various climate scenarios, which are further discussed in the "Risk Management" section below.

We recognise that responding to climate change and enhancing resilience have been placed as one of the top priorities by local regulators, for example the HKMA's Action Agenda and the proposed inclusion of climate-related financial risk considerations in the HKMA's SPM CA-G-5 Supervisory Review Process. We annually review our climate strategy, relevant policies, frameworks and KPIs to ensure alignment with regulatory expectations. We also continuously maintain an open dialogue with regulators to facilitate ongoing communication regarding climate-related risk management and address any concerns in a timely manner.

RISK MANAGEMENT

The Bank has integrated climate-related risk considerations into its current risk management framework with a standalone Climate Risk Management Framework, developed in accordance with the HKMA's SPM GS-1 "Climate Risk Management", establishing a robust risk management process to effectively identify, measure, monitor, report, control, and mitigate climate risks. In line with our established risk governance framework, the management of climate-related risks is distributed across the "Three Lines of Defence", ensuring that responsibilities are clearly allocated and that climate risks are properly managed in alignment with our standard risk governance practices.

First Line of Defence

The Bank's frontlines and business units, (e.g. Corporate Banking Division, Retail Banking Division, Treasury Division), are responsible for performing activities involving risk-taking. It is crucial for the relevant staff to possess adequate awareness and understanding to identify and evaluate potential climate-related risks.

Second Line of Defence

The Bank's risk management functions, (e.g. Credit Division, Risk Management Division, Legal and Compliance Division) perform the management of risks related to climate change, as outlined in the Bank's Climate Risk Management Framework.

Third Line of Defence

Conduct independent and effective internal audits by the Internal Audit Department to ensure the effectiveness of the Bank's climate-related risk management.

To effectively understand the potential impacts of climate risks on our business, we adopt approaches such as CRST and climate-focused scenario analysis to identify, classify, and measure how climate-related risks transmit to traditional risks related to the banking sector, such as credit risk, liquidity risk, and interest rate risk. The Bank also incorporates the methodology in HKMA's CRST exercise to identify top high-emitting industries and assess our exposures to climate risk and whether the impact on the CAR is minimal and comfortably within a manageable level.



In 2024, the Bank participated in the second round of HKMA-led stress test, assessing the Bank's resilience from climate risk impact across two categories of scenarios and assessment horizons. The exercise includes one short-term scenario combining climate risk and macro-economic risk, and three long-term scenarios adopting the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") aligned representative climate scenario of "Below 2°C", "Delayed Transition" and "Current Policies". The CRST exercise conducted during the Reporting Year is more comprehensive and rigorous with higher granularity compared to our previous pilot CRST exercise in 2021, taking into account more climate scenarios and time horizons, broadened industry scope for transition risk analysis and enhanced physical risk assessment, including specific geographic coverage and credit quality impacts. This demonstrates the Bank's ongoing efforts to enhance its climate risk management practices. Overall, the impact on the Bank's CAR is considered to remain manageable at less than 1%.

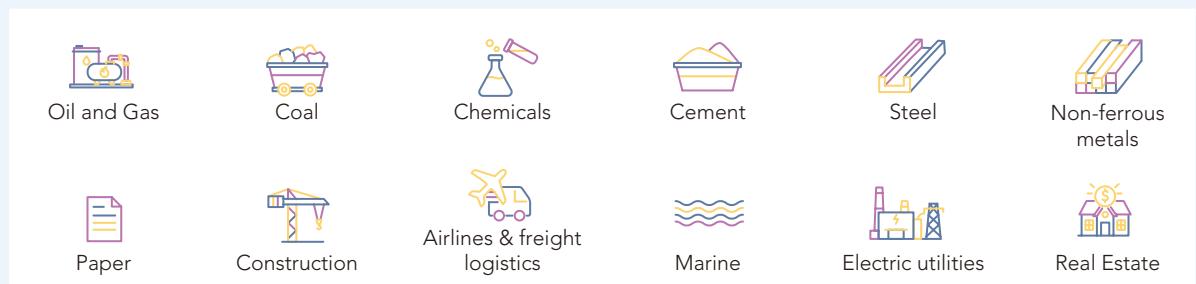
Transition risk analysis

Transition risks refer to the potential financial risk impact on sectors or borrowers arising from the process of transitioning to a low-carbon economy. This includes factors such as the launch of climate policy and regulation measures, technological advancements and shifts in market sentiment. To assess the long-term impact of transition risks on the Bank, we conducted a transition risk analysis in line with regulatory guidelines, considering their corresponding financial implications.

Our transition risk scenario analysis conducted in 2024 is based on the latest representative climate scenarios developed by the NGFS as shown below. The NGFS scenarios employed in the analysis are "Disorderly", "Orderly" and "Hot House World" scenarios.

Dimension	Scenario
Disorderly	The "Disorderly" scenario assumes a challenging path towards limiting global warming to below 1.5°C within this century, due to policies being delayed and divergent across countries and sectors. Abrupt changes in energy consumption patterns and a more significant increase in carbon price would be observed.
Orderly	The "Orderly" scenario assumes that global climate actions are early and efficiently introduced and steadily pursued, resulting in a smooth trajectory towards achieving the Paris Agreement.
Hot House World	The "Hot House World" scenario assumes limited global actions are taken to address climate change, resulting in the failure of nations to meet their respective targets under the Paris Agreement, and implying irreversible impacts such as a significant rise in global sea levels.

The transition risk analysis focuses on the following 11 top high-emitting industries and real estate which tend to be affected the most by transition policies:



The Bank conducted a transition risk assessment linked to the above broadened industry scope including top high-emitting industries, considering portfolios within specific ranges (e.g. debt securities and equities portfolio, and loan portfolio) over the time horizons for both short-term from 2023 to 2027, and long-term from 2025 to 2050 with a 5-year interval. After implementing capital mitigation actions, the impact on CAR for the limited exposure of loan, debt securities and equities portfolios in the short-term scenario is relatively immaterial, contributing less than 1% overall; while in the long-term scenario, the impact is even smaller across the three scenarios.

Physical risk analysis

Physical risks are associated with climate- and weather-related events, including shifts in climate patterns that result in rising sea levels and temperatures. The Bank conducted an assessment to evaluate the impact of physical risks on its operations in accordance with the guidance provided by the HKMA, considering more frequent occurrences of extreme climate events and the current policies scenario for short-term and long-term scenarios respectively.

The physical risk analysis considers the acute impacts of extreme weather events in Hong Kong, such as rising temperatures, sea levels and the strengthening of tropical cyclones, and takes into account the current policies scenarios and climate pathways, that is with significant changes in climate patterns with more extreme climate events, as outlined by the NGFS.

We conducted physical risk assessments of property collateralised loans and advances, property investment, and operational losses due to extreme climate events (e.g. tropical cyclones and floods) at our main business sites. The quantification of physical risks involved assessing the value of affected physical properties, anticipated disruptions to business operations, and evaluating the overall impact on the Bank's CAR. The results of the assessment indicate that the impact of physical risks on the Bank's CAR is minimal, amounting to less than 1% for both short-term and long-term scenarios. While there may be relatively higher risk exposure to operational losses resulting from disruptions to banking activities within the assessed portfolios, the impact on CAR remains insignificant.

Monitoring

Based on the climate-related risks analysis conducted on portfolio data in 2024, the Bank has determined that the overall impact on the CAR is considered as low and insignificant, indicating that no immediate risk mitigation action is required. Although the assessed impact is minimal, the Bank will continue to actively monitor climate-related risks in accordance with the policies and protocols outlined in the updated Climate Risk Management Framework. Regular assessments of the Bank's portfolios will be performed to identify climate risk exposures, with findings reported on a regular basis to the management and the Risk Committee. Additionally, scenario analysis will be conducted periodically to assess the Bank's resilience to climate change under various climate scenarios, aiding in the formulation of strategies to mitigate any potential adverse impacts. To ensure effective risk monitoring, climate-related risk exposures and scenario analysis results will be regularly reported to the Board and management-level committees, keeping them informed and aligning them with the established risk appetite. Furthermore, the Bank provides annual training on climate risk management to equip staff with the necessary knowledge and skills to address these risks effectively.

In addition, the Bank is undertaking various initiatives to address climate change, including but not limited to enhancing the reporting granularity and presentation of climate risk-related information. As part of these efforts, a tool has been introduced to visualise the level of physical risk across different locations, highlighting areas with higher risks and their associated high-level risk implications. The tool simplifies the interpretation of climate-related data and serves as auxiliary information to support relevant decision-making processes within the Bank.

METRICS AND TARGETS

The Bank is committed to supporting the transition towards a sustainable economy and effectively managing the increasing exposure to climate and other ESG-related risks. To this end, we have set specific targets aimed at capitalising on climate-related opportunities across different business units:

Corporate Banking



- Build more green assets by participating in ESG-related syndicated loans
- Consider limiting our loan offerings to brown industries
- Increase funding and support to green industries

Retail Banking



- Offer more green or sustainability-related products such as ESG/green-related bonds and funds

Treasury Investment



- Acquire more ESG-related bonds
- Support government initiatives through participating in ESG-related bond offerings

To effectively manage climate-related risks, the Bank has established quantitative metrics and targets regarding GHG emissions, energy usage, material usage, waste management, and water usage of our own business operations. These measures are aligned with the materiality of climate-related risks to our business operations and the recommendations by TCFD. The Bank regularly evaluates its performance against these targets and adjusts its action plans as needed to improve sustainability practices.

Operational GHG Emissions

Scope	Unit	2024	2023	2022
Scope 1	tCO ₂ e	77	95	76
Scope 2	tCO ₂ e	3,267	3,348	3,478
Total Scope 1 and Scope 2	tCO ₂ e	3,344	3,443	3,554

Corporate Value Chain Emissions

Scope 3 Category	Unit	2024
Category 1. Purchased goods and services	tCO ₂ e	124
Category 5: Waste generated in operations	tCO ₂ e	3
Category 6. Business travel	tCO ₂ e	123

To effectively monitor the impact of climate-related risks on our lending portfolios over both short-term and long-term, and to systematically reduce our environmental footprint, the Bank has conducted regular assessments of the CAR associated with relevant portfolios as a key metric. We have also set limits on loans and advances to the top high-emitting industries as well as on bond portfolios linked to these sectors. Additionally, we will continue to enhance our customer evaluation processes during onboarding, loan application, and routine customer reviews by utilising our specialised climate toolkits to improve these assessments.

OUR PERFORMANCE

ECONOMIC PERFORMANCE

Category	Unit	2024	2023
Direct economic value generated and distributed			
Revenue	HKD million	5,985.3	5,849.1
Operating costs		617.4	593.4
Employee compensation and benefits		1,224.8	1,199.1
Payment to providers of capital		184.6	551.1
Payments to government in Hong Kong		417.7	384.5
Payments to government in mainland China		51.9	20.2
Payments to government in Overseas		212.7	347.2
Economic value retained		3,262.6	2,743.6
Total financial donations to charitable organisations		13.6	10.1

ENVIRONMENTAL PERFORMANCE

HKEx KPI	Indicator	Unit	2024	2023
Energy				
KPI A2.1	Total direct and indirect energy consumption by type			
	Total energy consumption	'000 kWh	7,496.09	7,718.81
	Total electricity consumption	'000 kWh	7,104.49	7,230.88
	Total heating purchased for consumption	'000 kWh	100.85	–
	Total cooling purchased for consumption	'000 kWh	–	–
	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	'000 kWh	290.75	487.93
	Total fuel consumption from renewable sources	'000 kWh	–	–
KPI A2.1	Overall energy intensity of the Group			
	By Gross Floor Area ("GFA")	'000 kWh/m ²	0.15	0.15
Water				
KPI A2.2	Water consumption			
	Total consumption of municipal fresh water	m ³	3,968.37	5,738.42
	Water intensity			
	Per square meter of GFA	m ³ /m ²	0.08	0.11

HKEx		Indicator	Unit	2024	2023
KPI					
Air emissions					
KPI	Emissions from gaseous fuel consumption				
A1.1	Nitrogen Oxide ("NOx")	kg	0.38	18.97	
	Sulphur Oxide ("SOx")	kg	0.002	0.12	
Emissions from vehicles					
	NOx	kg	25.51	31.82	
	SOx	kg	0.85	0.92	
	Particular matter ("PM")	kg	2.29	2.64	
Carbon emissions					
KPI	Total GHG emissions in Hong Kong				
A1.2	Scope 1 emissions	tCO ₂ e	57.57	75.26	
	Scope 2 emissions	tCO ₂ e	2,930.12	3,000.20	
	Scope 1 & 2 emissions	tCO ₂ e	2,987.69	3,075.46	
	GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.07	0.07	
KPI	Total GHG emissions in mainland China				
A1.2	Scope 1 emissions	tCO ₂ e	18.97	19.28	
	Scope 2 emissions	tCO ₂ e	161.92	158.14	
	Scope 1 & 2 emissions	tCO ₂ e	180.89	177.42	
	GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.07	0.07	
KPI	Total GHG emissions from Overseas				
A1.2	Scope 1 emissions	tCO ₂ e	0.13	0.68	
	Scope 2 emissions	tCO ₂ e	175.21	189.38	
	Scope 1 & 2 emissions	tCO ₂ e	175.34	190.06	
	GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.04	0.05	
KPI	Total GHG emissions of Shanghai Commercial Bank				
A1.2	Scope 1 emissions	tCO ₂ e	76.67	95.22	
	Scope 2 emissions	tCO ₂ e	3,267.25	3,347.72	
	Scope 1 & 2 emissions	tCO ₂ e	3,343.92	3,442.94	
	GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.06	0.07	

OUR PERFORMANCE

HKEx		Unit	2024	2023
KPI	Indicator			
Hazardous waste				
A1.3	IT waste	tonnes	1.39	3.03
	Printer cartridge	tonnes	0.34	0.32
	Hazardous waste	tonnes	1.73	3.35
	Hazardous waste intensity	kg per full-time employee per year	0.87	1.74
Non-hazardous waste				
A1.4	General waste	tonnes	100.12	109.46
	Paper	tonnes	69.92	72.00
	Non-hazardous waste	tonnes	170.04	181.46
	Non-hazardous waste intensity	kg per full-time employee per year	85.27	94.22
Recycled materials				
A1.3, A1.4	IT waste	tonnes	1.39	3.03
	Printer cartridge	tonnes	0.34	0.32
	Plastic	tonnes	0.32	0.10
	Metal	tonnes	0.22	0.05
	Paper	tonnes	95.44	91.58

Notes:

- Scope 1 and 2 GHG emissions were estimated according to the HKEx's How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs and the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition). Calculations use IPCC Sixth Assessment Report (AR6) Global Warming Potential figures where relevant.
- Scope 2 GHG emissions were calculated based on electricity and towngas consumed, as well as the corresponding market-based emission factors as provided by the utility companies in Hong Kong and overseas energy organisations. Where market-based emission factors are not available, calculations use location-based factors.
- Recycled paper data only includes copy paper and IT paper, our most material paper types.
- Data collection of Hong Kong branches on general waste started in March 2023. The total general waste consumption for 2023 is estimated using an annualised calculation.

WORKFORCE DATA

Employees by gender and age

KPI	Location	Total	2024					
			Male	Female	<30	30–39	40–49	≥50
KPI B1.1	Overall	1,998	998	1,000	509	529	447	513
	Hong Kong	1,811	917	894	482	467	390	472
	Mainland China	70	27	43	6	35	26	3
	Overseas	117	54	63	21	27	31	38

KPI	LOCATION	Total	2023					
			Male	Female	<30	30–39	40–49	≥50
KPI B1.1	Overall	1,929	953	976	485	505	424	515
	Hong Kong	1,737	871	866	452	443	369	473
	Mainland China	69	27	42	5	37	24	3
	Overseas	123	55	68	28	25	31	39

OUR PERFORMANCE

Employees by contract type

HKEx KPI	Location	2024			
		Permanent Contract	Fixed Term/ Temporary Contract	Full Time	Part Time
KPI B1.1	Hong Kong	1,768	43	1,808	3
	Mainland China	69	1	69	1
	Overseas	117	0	117	0

HKEx KPI	Location	2023			
		Permanent Contract	Fixed Term/ Temporary Contract	Full Time	Part Time
KPI B1.1	Hong Kong	1,685	52	1,735	2
	Mainland China	68	1	69	0
	Overseas	122	1	122	1

Employees by corporate title

HKEx KPI	Gender	2024				
		Assistant Vice President to Executive Vice President	Assistant Manager to Manager	Officer to Senior Officer	Associate to Senior Associate	Others
KPI B1.1	Male	286	283	153	242	34
	Female	180	292	216	308	4

HKEx KPI	Gender	2023				
		Assistant Vice President to Executive Vice President	Assistant Manager to Manager	Officer to Senior Officer	Associate to Senior Associate	Others
KPI B1.1	Male	260	270	160	221	42
	Female	159	290	209	309	9

Turnover and turnover rate by location, gender and age

HKEx KPI	Location/Gender/Age	2024		2023	
		Number	Rate (%)	Number	Rate (%)
KPI B1.2	Overall	383	19.2	347	18.0
	Hong Kong	365	20.2	333	19.2
	Mainland China	1	1.4	1	1.4
	Overseas	17	14.5	13	10.6
	Male	205	20.5	174	18.3
	Female	178	17.8	173	17.7
	<30	187	36.7	170	35.1
	30–39	79	14.9	114	22.6
	40–49	41	9.2	42	9.9
	≥50	76	14.8	21	4.1

TRAINING AND DEVELOPMENT

Training by gender and corporate title

HKEx KPI	Category	2024		2023	
		Average Training Hours	Percentage of Employees Trained (%)	Average Training Hours	Percentage of Employees Trained (%)
KPI B3.1	Male	63.1	92	35.9	96
KPI B3.2	Female	71.2	97	39.6	91
	Assistant Vice President to Executive Vice President	67.8	97	40.5	97
	Assistant Manager to Manager	70.5	97	38.8	97
	Officer to Senior Officer	68.2	98	37.4	97
	Associate to Senior Associate	65.5	95	38.5	94
	Others	0	0	0	0

Notes:

- The 2023 training data has been restated to align with that of 2024 for comparison, following a methodology enhancement that now calculates figures based on employee headcount at the end of the reporting period.

OUR PERFORMANCE

HEALTH AND SAFETY

Workplace injuries and fatalities

HKEx KPI	Category	2024	2023	2022
KPI B2.1	No. of work-related fatalities	Total	Total	Total
	Overall	0	0	0
KPI B2.2	Lost days due to work related injury	Total	Total	Total
	Overall	41	30.5	135
	Hong Kong	41	30.5	135
	Mainland China	0	0	0
	Overseas	0	0	0

SOCIAL DATA

Fair products and services, responsible marketing, as well as human rights and society

HKEx KPI	Indicator	2024	2023
KPI B6.2	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0	0
	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0	1
	Total number of substantiated complaints regarding standards, refund or compensation requests, and bank policy or practices	6	3
KPI B7.1	Confirmed incidents of corruption and action taken	0	0

SUPPLIERS

Suppliers by geographic location

HKE _x KPI	Location	2024		2023	
		Number	Percentage (%)	Number	Percentage (%)
KPI B5.1	Europe	55	9	35	6
	Hong Kong	241	39	219	38
	Mainland China	6	1	6	1
	Asia and Australia	11	2	15	2
	North America	308	49	306	53

COMMUNITY CONTRIBUTIONS

Charitable donations and volunteering

HKE _x KPI	Category	Unit	2024	2023
KPI B8.2	Charitable donations by category	HKD'000	13,603	10,132
	Environment	HKD'000	359	357
	Youth Development	HKD'000	1,926	2,552
	Community Care	HKD'000	10,232	7,279
	Others	HKD'000	1,086	244
KPI B8.2	Volunteering hours	Hours	3,118	2,390

APPENDICES

AWARDS AND RECOGNITIONS

Award in 2024	Awarding body
Best FinTech Gold Award	Communications Association of Hong Kong
Best ESG Award	CTGoodJobs
Best Graduate and Management Trainee Programme	CTGoodJobs
Employer of the Year	CTGoodJobs
EDigest Brand Awards 2024 – Best Financing Services for SME and Outstanding Brand	EDigest Hong Kong
Platinum Award, Charter on External Lighting	Environment and Ecology Bureau
Wastewi\$e Certificate	Hong Kong Green Organisation Certification
Social Capital Builder Logo Award 2022–24	Home and Youth Affairs Bureau – Community Investment and Inclusion Fund
Best SME's Partner Gold Award	The Hong Kong General Chamber of Small and Medium Business
ESG Leading Enterprise Award	The Hong Kong General Chamber of Small and Medium Business
Corporate Brand Awards of Excellence 2024 – SME Banking Services	Hong Kong Economic Journal
ESG Achievement Programme 2024	Hong Kong Economic Journal

Award in 2024	Awarding body
Provisional Gold, BEAM Plus – Shanghai Commercial Bank Tower – Residential and Commercial Development of Catchick Street, Kennedy Town	Hong Kong Green Building Council
Outstanding Award for Green and Sustainable Loan Facilitator (Property Development Industry) – Visionary Sustainability-linked Loan Performance Metrics	HKQAA
Pioneering Award for ESG Disclosure Contribution	HKQAA
IFPHK Financial Education and ESG Leadership Awards 2024-Corporate Financial Education and ESG Leadership – Gold Award	Institute of Financial Planners of Hong Kong
CAPITAL Magazine Merits of Achievements in Banking & Finance 2024 – Trade Finance Banking Services	South China Media Limited
Outstanding Digital Innovation in SME Banking	The Digital Banker
15 Years Plus Caring Company Logo/Award	The Hong Kong Council of Social Service
TVB ESG Award Best in ESG Report	TVB

MEMBERSHIPS

Membership in 2024	Organisation
General Member	Business Environment Council
Gold Member	Green Council
Hong Kong Community Volunteers Corporate Membership	Agency For Volunteer Service
Patron Club Gold Member	Hong Kong Arts Festival 2024
Corporate Membership Programme 2024/25 – Gold Member	WWF-HK

APPENDICES

GLOSSARY

Term	Definition
AML	Anti-Money Laundering
CAHK	Communications Association of Hong Kong
CAR	Capital Adequacy Ratio
CDI	Commercial Data Interchange
CFT	Counter-Financing of Terrorism
Code	Code of Conduct
CRST	Climate Risk Stress Test
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
GFA	Gross Floor Area
GSB	Green and Sustainable Banking
GSF	Green and Sustainable Finance
GHG	Greenhouse Gases
HKEx	The Stock Exchange of Hong Kong Limited
HKGOC	Hong Kong Green Organisation Certification
HKMA	Hong Kong Monetary Authority
HKQAA	Hong Kong Quality Assurance Agency
HKSAR	Hong Kong Special Administration Region
IADS	Interbank Account Data Sharing
ICAC	Independent Commission Against Corruption
KPIs	Key Performance Indicators
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MSA	Modern Slavery Act
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NGOs	Non-governmental Organisations
NO _x	Nitrogen Oxide
OHS	Occupational Health and Safety
SCoC	Supplier Code of Conduct
SCB	Shanghai Commercial Bank
SMEs	Small and Medium-Sized Enterprises
SO _x	Sulphur Oxide

Term	Definition
Action Agenda	Sustainable Finance Action Agenda
TCFD	Task Force on Climate-related Financial Disclosures
tCO ₂ e	Tonnes of CO ₂ Equivalent
The Bank	Shanghai Commercial Bank
The Board	The Board of Directors
The Reporting Year	Financial year of 2024 from 1 January to 31 December 2024
UNSDGs	United Nations Sustainable Development Goals
WWF-HK	The World Wide Fund for Nature – Hong Kong

APPENDICES

CONTENT INDEX

ESG Reporting Code (formerly known as ESG Reporting Guide)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Board Statement on Sustainability (P. 6–7); Director's Message (P. 8–9); Sustainability Governance (P. 14–19); Robust Governance: – Governance Structure and Reporting (P. 42) – Risk Management and Compliance (P. 43–44)
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About this Report (P. 5); Sustainability Strategy, Policy and Target (P. 20–24); Stakeholder Engagement & Materiality Assessment (P. 25–29)
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report (P. 5); Sustainability Strategy, Policy and Target (P. 20–24); Stakeholder Engagement & Materiality Assessment (P. 25–29)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
A. Environmental		
A1 Emissions General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management (P. 31–33)
A1.1	The types of emissions and respective emissions data.	Environmental and Carbon Management: – GHG Emissions and Energy Usage (P. 33) Our Performance: – Environmental Performance (P. 103)
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental and Carbon Management: – 2024 Performance (P. 36); 2024 TCFD Report (P. 91–101); Our Performance: – Environmental Performance (P. 103)
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Performance: – Environmental Performance (P. 104)
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Performance: – Environmental Performance (P. 104)
A1.5	Description of emissions target(s) set and steps taken to achieve them.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management:
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	– GHG Emissions and Energy Usage (P. 33) – 2024 Performance (P. 36–38) 2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management: – Paper Use (P. 34) – Waste Management and Water Usage (P. 35)

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
A. Environmental		
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management (P. 31–33)
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental and Carbon Management: – 2024 Performance (P. 36); Our Performance: – Environmental Performance (P. 102)
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental and Carbon Management: – 2024 Performance (P. 36); Our Performance: – Environmental Performance (P. 102)
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management: – GHG Emissions and Energy Usage (P. 33)
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	– 2024 Performance (P. 36–38) Environmental and Carbon Management: – Waste Management and Water Usage (P. 35)
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not material to the Bank's operations

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
A. Environmental		
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management (P. 31–33)
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2024 Highlights and Progress Update: – Sustainable Operations Highlights (P. 10); Environmental and Carbon Management: – GHG Emissions and Energy Usage (P. 33) – Paper Use (P. 34) – Waste Management and Water Usage (P. 35) – 2024 Performance (P. 36–38)
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response (P. 89–90)
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2024 TCFD Report (P. 91–101)
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Management and Development: – Talent Attraction and Retention (P. 50–51) – Diversity and Equal Opportunities (P. 53) – Human Rights (P. 53) Health, Safety and Well-being: – Employee Well-being (P. 59)

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
B. Social		
B1 Employment		
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Talent Management and Development: – 2024 Performance (P. 54–55); Our Performance: – Workforce Data (P. 105–106)
B1.2	Employee turnover rate by gender, age group and geographical region.	Our Performance: – Workforce Data (P. 107)
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health, Safety and Well-being: – Occupational Health and Safety (P. 60–61) – 2024 Performance (P. 60–64)
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Our Performance: – Health and Safety (P. 108)
B2.2	Lost days due to work injury.	Our Performance: – Health and Safety (P. 108)
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health, Safety and Well-being: – Occupational Health and Safety (P. 58–59) – 2024 Performance (P. 60–64)
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Management and Development – Training and Development (P. 52) – 2024 Performance (P. 56–57)
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our Performance: – Training and Development (P. 107)
B3.2	The average training hours completed per employee by gender and employee category.	Our Performance: – Training and Development (P. 107)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
B. Social		
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Sustainable Supply Chain (P. 39–40); Talent Management and Development: – Talent Attraction and Retention (P. 50–51) – Human Rights (P. 53)
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management and Development – Talent Attraction and Retention (P. 50–51)
B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management and Development: – Talent Attraction and Retention (P. 50–51)
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain (P. 39–40)
B5.1	Number of suppliers by geographical region.	Our Performance: – Suppliers (P. 109)
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Supply Chain (P. 39–40)
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain (P. 39–40)
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain (P. 39–40)

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
B. Social		
B6 Product Responsibility		
General Disclosure	Information on:	Data Privacy and Cybersecurity
	(a) the policies; and	(P. 47–48);
	(b) compliance with relevant laws and regulations	Customer Relationship
	that have a significant impact on the issuer	Management (P. 48–49)
	relating to health and safety, advertising, labelling	
	and privacy matters relating to products and	
	services provided and methods of redress.	
B6.1	Percentage of total products sold or shipped	Product recalls are not material
	subject to recalls for safety and health reasons.	to the Bank's operations
B6.2	Number of products and service related	Customer Relationship
	complaints received and how they are dealt with.	Management:
		– Complaint Handling
		Procedures (P. 49)
		– 2024 Performance (P. 49);
		Our Performance:
		– Social Data (P. 108)
B6.3	Description of practices relating to observing and	Intellectual property rights
	protecting intellectual property rights.	are not material to the Bank's
		operations
B6.4	Description of quality assurance process and recall	Customer Relationship
	procedures.	Management:
		– Product and Service
		Improvement (P. 48)
B6.5	Description of consumer data protection and	– Selling Practices (P. 49)
	privacy policies, and how they are implemented	Data Privacy and Cybersecurity
	and monitored.	(P. 47–48)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page number(s) and/or explanations
"Comply or explain" Provisions		
B. Social		
B7 Anti-corruption General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Robust Governance (P. 42–46)
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2024 Highlights and Progress Update: – Culture Highlights (P. 11); Robust Governance: – 2024 Performance (P. 46); Our Performance: – Social Data (P. 108)
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Robust Governance: – Risk Management and Compliance (P. 43–44) – Code of Conduct (P. 44) – Whistleblowing Policy (P. 45) – Customer Acceptance and AML and CFT Policy (P. 45) Robust Governance: – 2024 Performance (P. 46)
B7.3	Description of anti-corruption training provided to directors and staff.	
B8 Community Investment General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment (P. 65–74)
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	2024 Highlights and Progress Update: – Culture Highlights (P. 11); Community Investment (P. 65–74)
B8.2	Resources contributed (e.g. money or time) to the focus area.	2024 Highlights and Progress Update: – Culture Highlights (P. 11); Community Investment (P. 65–74); Our Performance: – Community Contributions (P. 109)

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TCFD Index

Pillar	Item	Recommended Disclosure	Page Number(s) and/or explanations
Governance	a	Describe the board's oversight of climate-related risks and opportunities.	Robust Governance: – Governance Structure and Reporting (P. 42) – Risk Management and Compliance (P. 43–44); 2024 TCFD Report: – Governance (P. 91–92)
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	Robust Governance: – Governance Structure and Reporting (P. 42) – Risk Management and Compliance (P. 43–44); 2024 TCFD Report: – Governance (P. 91–92)
Strategy	a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Supplemental Guidance for Banks: Banks should describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.	2024 TCFD Report: – Strategy (P. 93–96)
	b	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	2024 TCFD Report: – Strategy (P. 93–96)
	c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2024 TCFD Report: – Strategy (P. 93–96) – Risk Management (P. 96–99)

Pillar	Item	Recommended Disclosure	Page Number(s) and/or explanations
Risk Management	a	<p>Describe the organisation's process for identifying and assessing climate-related risks.</p> <p>Supplemental Guidance for Banks: Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks should also consider describing any risk classification frameworks used (e.g., the Enhanced Disclosure Task Force's framework for defining "Top and Emerging Risks").</p>	2024 TCFD Report: – Risk Management (P. 96–99) – Metrics and Targets (P. 100–101)
	b	Describe the organisation's process for managing climate-related risks.	2024 TCFD Report: – Risk Management (P. 96–99) – Metrics and Targets (P. 100–101)
	c	Describe how the process for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	2024 TCFD Report: – Risk Management (P. 96–99) – Metrics and Targets (P. 100–101)

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Pillar	Item	Recommended Disclosure	Page Number(s) and/or explanations
Metrics and Targets	a	<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with strategy and risk management process.</p> <p>Supplemental Guidance for Banks:</p> <p>Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term. Metrics provided may relate to credit exposure, equity and debt holdings, or trading positions, broken down by:</p> <ul style="list-style-type: none"> • Industry • Geography • Credit quality (e.g., investment grade or non-investment grade, internal rating system) • Average tenor <p>Banks should also provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities.</p>	<p>2024 TCFD Report:</p> <ul style="list-style-type: none"> – Metrics and Targets (P. 100-101)
	b	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and related risks.	<p>2024 TCFD Report:</p> <ul style="list-style-type: none"> – Metrics and Targets (P. 100-101); <p>Our Performance:</p> <ul style="list-style-type: none"> – Environmental Performance (P. 103)
	C	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>2024 TCFD Report:</p> <ul style="list-style-type: none"> – Strategy (P. 93-96) – Metrics and Targets (P. 100-101); <p>Our Performance:</p> <ul style="list-style-type: none"> – Environmental Performance (P. 103)