

SUSTAINABILITY REPORT 2025



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From Shanghai to Hong Kong, Connecting the World

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INTRODUCTION

ABOUT SHANGHAI COMMERCIAL BANK

Incorporated in Hong Kong in 1950, and recognized as one of the city's most distinguished local Chinese banks, Shanghai Commercial Bank (the "Bank") has built on its strengths in serving corporations, small-and-medium sized enterprises ("SMEs"), and high-net-worth individuals.

Tracing its roots to The Shanghai Commercial & Savings Bank founded by Mr. CHEN Kwang-pu in 1915 with "Serving the Community" as motto and "For Personalized Service" as principle, the Bank is dedicated to offer tailor-made products and services, including loans, deposits, trade finance, remittances, securities trading, wealth management, insurance, treasury, foreign exchange, credit cards, and digital banking solutions through an international network of approximately 50 branches and offices in Hong Kong, New York, San Francisco, Los Angeles, London, Shanghai and Shenzhen.



In 2000, the Bank formed a strategic alliance with Bank of Shanghai in Chinese Mainland and The Shanghai Commercial & Savings Bank in Taiwan, and collectively created the “Three Shanghai Banks, All Caring for You” (「三地上銀，一心為您」) branding, delivering one-stop banking services through a combined network of more than 400 outlets spanning China, Southeast Asia, the United Kingdom and the United States.

SHANGHAI COMMERCIAL BANK AT A GLANCE (As at 31 December 2025)



Return on average equity at
3.4%



International network of
50+ offices and branches



Total headcount of the Group
was **2,013** (including part-time employees)



Consolidated profit after
tax of the Bank for 2025 was
HK\$1,353 million



Total customer deposits of
HK\$175 billion
at the end of 2025



Loan to deposit ratio at
39.3%



Total assets of
HK\$228 billion
at the end of 2025



Return on average assets at
0.6%



Total capital adequacy
ratio (“CAR”) and Common
Equity Tier 1 ratio were
30.4% and **27.3%**
respectively



Liquidity maintenance ratio
stayed at a comfortable level
throughout the year with an
average of **79.7%**

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

- Support 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 behavior

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

Note: The Bank's vision has been reviewed and revised to "To be a trusted, future-ready bank that drives innovation, while honoring our Chinese heritage, supporting international trade, and creating sustainable long-term value for our customers for generations to come", with effect from 1 March 2026.

ABOUT THIS REPORT

REPORTING SCOPE, BOUNDARY, AND PERIOD

The Sustainability Report (the “Report”) provides a comprehensive overview of the Bank’s strategies and achievements in addressing sustainability matters, comprising 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 serves to complement the information presented in the Bank’s 2025 Annual Report, capturing all operations in which we hold a predominant interest and activities over which we maintain full management control. The reporting period is from 1 January to 31 December 2025 (the “Reporting Year”).

REPORTING FRAMEWORK

The Report has been prepared with reference to the ESG Reporting Code set out in Appendix C2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (“HKEx”). It also draws on the International Financial Reporting Standards (“IFRS”) S2 Climate-related Disclosures issued by the International Sustainability Standards Board (“ISSB”), which incorporates and builds upon the foundational recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). It also follows with the “comply or explain” approach of the Hong Kong Monetary Authority (“HKMA”)’s Supervisory Policy Manual (“SPM”) GS-1 on Climate Risk Management.

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 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 Report, ensuring that our accomplishments concerning material sustainability-related topics are transparently disclosed.



Consistency

Our Report adheres to consistent methodologies employed in previous reports and allows a fair comparison. Any alternations 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

CELEBRATING 75 YEARS OF EXCELLENCE

As we mark our 75th anniversary of Shanghai Commercial Bank under the theme “From Shanghai to Hong Kong, Connecting the World”, we reflect with pride on our remarkable journey. Founded in 1950 as a local savings bank, the Bank has evolved into a trusted financial institution with international presence, serving customers across Hong Kong, Chinese Mainland, and the United Kingdom and the United States. This milestone not only honors our legacy of prudence, reliability, and adaptability but also reaffirms our ongoing commitment to meeting the evolving needs of society and the global economy.

Over the years, sustainability has transitioned from an aspirational vision to a fundamental cornerstone of how we operate, lead, and serve our stakeholders and communities. It now shapes every aspect of our decision-making and strategy, ensuring that long-term value creation goes hand in hand with responsible growth and positive societal impact.

Our sustainability vision remains clear and unwavering: to be a trusted bank that drives sustainability and achieves net zero by integrating sustainable operations, culture, and business in collaboration with our stakeholders and community.

Guided by this vision, we remain committed to achieving sustained business growth through consistent value creation for our customers and shareholders. Our strategy centers on supporting customers in their transition to net zero carbon economies by developing tailored transition plans and expanding green and sustainable financing solutions. We are also focused on driving digital transformation and innovation to deliver exceptional customer experiences, while strengthening cybersecurity measures to protect customer data and maintain trust in an increasingly digital environment. We make meaningful contributions to the community through targeted initiatives that promote financial literacy, support youth development, advance social inclusion, and strengthen community resilience. Recognizing our people as vital assets in realizing this vision, we continue to invest in our staff by offering rewarding career opportunities, structured professional development, and a supportive working environment that values their contributions and promotes their well-being.

COMMITMENT TO SUSTAINABLE GROWTH

The Board of Directors (the “Board”) recognizes that embedding sustainability into the Bank’s core operation and long-term strategy is essential for managing environmental and climate-related risks, seizing emerging opportunities, and generating lasting positive impact to society. Our approach is firmly aligned with key local frameworks, including the Hong Kong Special Administrative Region (“HKSAR”) Government’s Climate Action Plan 2050 and the HKMA’s Sustainable Finance Action Agenda (the “Action Agenda”). This alignment reinforces our commitment to advancing green and sustainable finance (“GSF”) in Hong Kong and meeting evolving regulatory expectations, such as the HKMA’s high-level principles on sustainable banking and net zero transition planning.

Under the Board’s oversight, the Bank undertook a comprehensive review and enhancement of its sustainability governance framework in 2025. This included a revision of the Sustainability Policy to strengthen alignment with regulatory requirements and clarify expectations for suppliers under the Guideline for the Modern Slavery Act (“MSA”). Concurrently, the Bank refined its sustainability strategy by updating goals and KPIs across its six pillars: “Environmental”, “Social”, “Governance”, “Strategy”, “Customers”, and “Climate Risk Management”. By conducting an annual review of governance arrangements, internal policies, and operational processes, the Bank ensures it remains responsive to evolving stakeholder expectations and reinforces the integration of sustainability considerations into core business decision-making. The ongoing evaluation supports continuous improvements and advances the Bank’s commitment to achieving net-zero emissions in future.

Building on the comprehensive stakeholder engagement throughout the Reporting Year, the Board reviewed and approved the material sustainability topics for 2025, which were refined through an internal questionnaire-based exercise. The feedback informed the revision of the Bank’s materiality matrix under updated sustainability themes, ensuring it accurately reflects current priorities and strengthens strategic focus. Identified through the lens of double materiality, these topics are critical to both the Bank’s financial resilience and its impact on society and the environment. Please refer to the “Our Approach to Sustainability” section for the 2025 double materiality assessment, which outlines how these topics shape the Bank’s long-term strategy and accountability framework. The insights captured in this Report will serve as a key reference for evaluating the Bank’s progress and enhancing its responsiveness to the evolving ESG landscape.

Note: Fitch and Moody’s conduct ESG assessment along with credit rating review on a regular basis, and both agencies assign ESG scores on a scale from 1 to 5 (increasing with potentially greater relevance/impact). Our Social and Governance scores are rated by both agencies at 3, while our Environmental score is rated by Fitch at 2, and by Moody’s at 3. In our latest ESG scores, our Governance scoring has been revised by Moody’s to reflect the changes in the management team, however the ESG scores currently do not pose negative or substantive impact on credit ratings. We will continue to uphold the Bank’s sound financial strategies and risk control to ensure sustainable growth and safeguard our stakeholders’ interests.

RECOGNITION OF OUR ESG COMMITMENT AND LEADERSHIP

We are committed to embedding ESG principles across our core activities, supporting customers' net zero transitions, and equipping the Bank to meet the growing demand for responsible financial solutions. In 2025, we upgraded the "Shacom Bank" mobile application and invested in future-ready skills, including generative Artificial Intelligence ("AI") and GSF, ensuring our workforce remains at the forefront of innovation and digitalization. Beyond technological advancement, we reaffirm our dedication to the communities in which we operate. In 2025, we made significant investments in youth development, environmental conservation, and community care, as well as actively encouraged staff participation in charitable activities and volunteer work. These efforts reinforce our mission to foster a more inclusive and sustainable future, and exemplify the Bank's values of responsibility, empathy, and shared progress.

In 2025, Bank further strengthened its position as a leader in GSF and sustainable development, as evidenced by receiving the "ESG Leading Enterprises Award" from the Hong Kong General Chamber of Small and Medium Business for the third consecutive year and the "Greater Bay Area ESG Excellence Enterprise Award" at the TVB ESG Awards 2025.

The Board's proactive approach in managing sustainability-related matters included:

- Approving the reviewed Sustainability Policy, Sustainability Vision Statement, and Sustainability Strategy Framework;
- Keeping abreast of the latest regulatory requirements and market trends on sustainability issues through participation in regulatory forums and training;
- Approving the Sustainability Disclosure Plan to respond to stipulated regulatory requirements, with focused efforts to align with HKMA's SPM GS-1 and the enhanced climate related disclosure requirements under HKEx's Listing Rules Appendix C2, while maintaining TCFD and IFRS-aligned disclosures;
- Directing the Bank to pursue opportunities for sustainable financing, innovation, digital transformation, and low carbon transition; and
- Reviewing performance of the Bank's sustainability-related KPIs as well as overseeing climate risk related risk management and the Decarbonization Plan.

A SHARED LEGACY

Looking ahead, the Bank will accelerate digital inclusion and advance the Decarbonization Plan toward net-zero emissions in future. These efforts will enable us to develop innovative, accessible, and digitally enabled GSF solutions that meet the diverse needs of corporate, SME, and retail customers. By systematically integrating sustainability, climate risk management, digital innovation, and community engagement into our business model, we aim to create enduring value for stakeholders and contribute meaningfully to societal well-being. Together, we will continue forging new paths, turning global challenges into shared opportunities and building a legacy of positive impact that endures far beyond our 75th year.

2025 HIGHLIGHTS AND PROGRESS UPDATE

SUSTAINABLE OPERATIONS

Highlights

Our decarbonization commitment

- Implemented the Decarbonization Plan to facilitate the Bank's transition planning
- Introduced an internal **environmental data collection platform** to closely monitor the Bank's environmental footprint
- Reviewed and enhanced our environmental targets in reducing greenhouse gas ("GHG") emissions, energy consumption, waste generation and water consumption
- **14%** reduction in electricity consumption, **17%** reduction in GHG emissions, and **57%** reduction in paper consumption from 2020






Responsible consumption and digital adoption

- Adopted **Building Management System ("BMS")** at SCB Tower and newly rented AIRSIDE office to optimize energy efficiency through real-time monitoring and intelligent control
- Adopted **digital solutions** including the Document Management system and Electronic Forms Management ("EFM") platform, transitioning to paperless operations
- Upgraded water valves at local premises with water-saving alternatives and implemented continuous leak monitoring to enable rapid detection and timely resolution

Recognitions and new developments across multiple sustainability aspects

- Maintained the **Wastewi\$e Certificate** issued by the Hong Kong Green Organization Certification ("HKGOC") since 2015
- Achieved **Final Gold** rating under **BEAM Plus New Buildings Version 1.1** for SCB Tower

Progress

 <p>Electricity consumption 14% reduction against base year 2020</p>	 <p>GHG emissions 17% reduction against base year 2020</p>
 <p>Paper consumption 57% reduction against base year 2020</p>	 <p>Water consumption gradually decreased</p>
 <p>Non-hazardous & hazardous wastes gradually decreased</p>	

Remark: The Bank's progress of KPIs under Sustainable Operations have met their respective milestones in 2025.

CULTURE

Highlights

Continued investing in our people

- Encouraged employees to develop professional skills and knowledge through upskilling by providing subsidies
- Awarded “Employer of the Year”, “Best ESG Award”, and “Best Graduate and Management Trainee Program Award” at the CTgoodjobs Best HR Awards 2025

Implemented a series of well-being and benefit enhancement initiatives

- Enhanced the Staff Housing Mortgage Loan Scheme for Hong Kong-based employees
- Organized health and wellness lunch talks and workshops, including on-site massage and vaccination sessions
- Provided ongoing counseling and consultation services under the Employee Assistance Program for staff and their immediate family members
- Implemented “Study Leave” to support employees in pursuing professional qualifications
- Sponsored team-building activities to further promote work-life balance

Contributed to the community through financial and in-kind donations

- Contributed a monetary donation of approximately HK\$14.84 million to non-governmental organization (“NGO”) partners and actively engaged in 34 Corporate Social Responsibility (“CSR”) events focused on environmental conservation, youth development, and community care
- Responded swiftly to the Wang Fuk Court fire incident in Hong Kong by mobilizing support for affected residents and donating around HK\$5 million to relief efforts

Accomplishments

ESG-related training hours provided to the employees	38.5 hours
ESG-related training arranged for the Directors	23 sessions
Gender diversity and inclusiveness within force	Only 4.0% deviation from the benchmark figures ¹ moving towards a ratio of 1:1
Conviction of fraud, bribery or corruption related offences	0 case
Roles and responsibilities in governance structure and risk management framework	Established and reviewed annually
Work injury rate	Lower than the benchmark figure ²
Substantiated complaints from customers	Lower than the benchmark figure ³

Remark: The Bank’s progress of KPIs under Culture have met their respective milestones in 2025.

Note:

1. The Hong Kong labor force gender mix of 2024 published by the Census and Statistics Department of the HKSAR Government.
2. The Hong Kong occupational injury rate of 2024 published by the Labor Department of the HKSAR Government.
3. The average number of complaints per Authorized Institution received by the HKMA in the same period.

BUSINESS

Highlights

Deepened commitment to Green and Sustainable Banking

- Established the **Business Strategy towards Carbon-Intensive Sectors**
- Integrated **exclusion criteria** into the Credit Risk Policy to prohibit financing entities that violate ESG-related international covenants and values
- Revised the internal **GSF Classification Guideline** to define eligible green economic activities
- Onboarded the **Core Climate Platform** of the Hong Kong Exchanges and Clearing Limited to support the transition toward net-zero emissions
- Kicked off multiple **Greentech projects** including an in-house financed emissions calculation tool aligned with Global Industry Classification Standard (“GICS”)
- Delivered **bank-wide GSF training** aligned with HKMA’s Enhanced Competency Framework (“ECF”) for employees
- Integrated an ESG knowledge module into the bank-wide **SCB AI Assistant Platform**
- Provided promotion offer of subscription fee of ESG Fund as low as 0%

Advanced inclusive finance

- Integrated Interbank Account Data Sharing (“IADS”) into loan applications to streamline credit assessment using multi-bank transaction data
- Adopted HKMA’s Commercial Data Interchange (“CDI”) to automate business data retrieval for lending
- Provided Customer Insights Report to enhance SMEs’ real-time financial visibility and decision-making
- Designed branches with **barrier-free access**, including ramps and accessible meeting rooms
- Installed **voice-navigation Automated Teller Machines (“ATMs”)** to assist visually impaired customers at selected branches
- **Waived check issuance fees** for senior citizens to reduce financial burdens
- Launched **“Pension Finance”** webpage to provide secure and prosperous retirement, supporting long-term social sustainability

Propelled digital innovation to advance sustainable finance

- Awarded **Digital Transformation of the Year (Hong Kong)** and **SME Digital Innovation of the Year (Hong Kong)** from Asian Banking & Finance Retail Banking Awards 2025
- Enhanced internet banking capabilities through an upgraded “**Shacom Bank**” mobile application and a modernized online banking platform
- Participated in **HKMA’s Payment Connect initiative** to facilitate fee-free, small-value cross-border RMB transfers between Hong Kong and Chinese Mainland via the “**Shacom Bank**” mobile application
- Organized the third bank-wide **Digital Innovation Award** to drive the advancement of AI applications across banking operations
- Launched “**SME online onboarding platform**” to digitize SME account opening and loan applications
- Upgraded the “**Shacom Bank**” mobile application with two-factor authentication (“2FA”), payee management, and FX enhancements
- Enabled seamless switching between “**Shacom Bank**” and “**Shacom Stock**” mobile application
- Introduced **online Silver Bond subscription** via digital banking channels to promote financial inclusion with increased accessibility

Progress

Green and ESG-related investment products offered	Over 115 products on product shelf
ESG fund business volume increased	US\$16.5 million, 68% increase compared to 2024
ESG-related bonds held	HK\$6.6 billion

Remark: The Bank’s progress of KPIs under Business have met their respective milestones in 2025.

OUR APPROACH TO SUSTAINABILITY



At Shanghai Commercial Bank, sustainability is viewed not only as a responsibility but as an integral part of the Bank's operational framework and strategic planning. Supported by a robust governance structure and active oversight from the Board and senior management, the Bank embeds sustainability into its day-to-day operations through comprehensive strategies and pragmatic actions. The Bank also engages proactively with stakeholders and customers to understand their expectations, respond effectively to their needs, and deliver long-term value in support of sustainable growth.

Our Sustainability Vision

"To be a trusted bank that drives sustainability and achieves net zero by integrating our sustainable operations, culture and business in collaboration with our stakeholders and community."

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.



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, ensuring that sustainable value is delivered to shareholders while fostering long-term sustainable growth. During the Reporting Year, the Board employed the following approaches to oversee and guide the management of 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, strategies, 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 Decarbonization Plan and net zero transition-related initiatives</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 training, forums and seminars conducted by professional organizations, 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, Decarbonization 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 another Independent Non-Executive Director, a Non-Executive Director, the Chief Executive, and the Senior management representative, assists the Board in overseeing the Bank's holistic approach in managing climate-related risks and opportunities, steering transition planning, and driving the development and implementation of its sustainability strategy to address climate-related issues. It also advises the Board on sustainability and ESG matters, thereby supporting the Bank's pursuit of sustainable growth. In 2025, the Sustainability Committee met twice to fulfil its mandate.

During the Reporting Year, the Sustainability Committee exercised the following duties:

 <p>Oversee the management of climate-related risks (including risk considerations associated with the net zero transition) and opportunities as well as the development of the Bank's sustainability strategy</p>	 <p>Review and endorse the sustainability strategies and priorities of the Bank, including reporting boundary scoping, materiality assessment result and the Decarbonization Plan, as well as other related recommendations from the Sustainability Working Group</p>
 <p>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</p>	 <p>Review sustainability KPIs, priorities, policies, frameworks and other sustainability-related goals, as well as other related recommendations from the Sustainability Working Group</p>
 <p>Make recommendations to the Board on appropriate standards, priorities and goals for the Bank</p>	 <p>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</p>
 <p>Review and make recommendations to the Board for approval of the Corporate Governance Policy as well as other matters related to sustainability or climate risk</p>	

RISK COMMITTEE

The Risk Committee supports the Board's oversight of bank-wide risks, advising on high-level risk matters, risk management strategies, and the Bank's risk governance framework. During the Reporting Year, the Risk Committee met quarterly and took the following actions to enhance bank-wide risk management, including climate risk management:

 <p>Oversee and review various aspects of risk management in a holistic manner</p>	 <p>Review regularly periodic reports and updates on the risk culture, risk management activities and major risk exposures of the Bank, including climate-related risk</p>
 <p>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</p>	 <p>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</p>
 <p>Review the revision of the Modern Slavery and Human Trafficking Statement of the Bank to ensure its alignment with applicable laws and regulations, including the UK MSA 2015 and the effectiveness of the implementation of the anti-modern slavery and human trafficking mechanism</p>	

SUSTAINABILITY WORKING GROUP

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, encompassing climate-related risks and opportunities, ESG matters and GSB initiatives. Sustainability Working Group's mission is to promote and oversee the implementation of the six pillars: "Environmental", "Social", "Governance", "Strategy", "Customers" and "Climate Risk Management". Each led by designated Pillar Owner assigned by the Chief Executive. Sustainability Working Group met four times during the Reporting Year and was tasked with the following sustainability-related duties and responsibilities:








 <p>Manage climate-related risks and opportunities, and develop the Bank's sustainability strategies, targets, and reporting boundaries.</p>	 <p>Implement the Bank's sustainability strategies in accordance with approved targets, vision, and implementation plans</p>
 <p>Conduct regular stakeholder engagement and gap analysis against regulatory requirements through assessment of material sustainability issues</p>	 <p>Coordinate sustainable banking activities across all relevant units, including divisions, departments, and overseas branches</p>
 <p>Develop implementation plans to execute the Bank's sustainability strategies and targets</p>	 <p>Monitor and review the Bank's GSB-related business performance</p>
 <p>Formulate and review the Bank's sustainability-related policies and practices</p>	 <p>Coordinate the preparation and public disclosure of sustainability-related information</p>
 <p>Periodically review and seek endorsement or approval from the Sustainability Committee or other relevant Board-level committees</p>	 <p>Provide periodic updates to the Sustainability Committee on strategy implementation progress, outcomes, and benchmarking against peer institutions and international best practices</p>
 <p>Undertake other responsibilities as assigned by the Sustainability Committee or the Chief Executive</p>	 <p>Escalate key ESG, GSB, and climate-related risks and opportunities to the Sustainability Committee</p>

SUSTAINABILITY DEPARTMENT

The Sustainability Department serves as the facilitator and secretary to the Sustainability Working Group, supporting the day-to-day implementation of the Bank's sustainability agenda. This includes managing matters related to ESG, GSB, climate-related risks and opportunities and net zero transition-related initiatives.

To ensure effective and efficient operations, the Sustainability Department has developed an Operation Manual that clearly defines roles, responsibilities, lines of accountability, and internal workflows. This framework enhances the Bank's capacity to integrate sustainability considerations across its environmental, social, and economic activities in a structured and responsible manner.

The key operational procedures assigned to the Sustainability Department include the following:

 <p>Prepare the Bank's annual sustainability report</p>	 <p>Review the Sustainability Policy, Sustainability Vision Statement, and other sustainability-related (including ESG and climate-related) and GSB-related guidelines and procedures annually</p>
 <p>Develop and review sustainability KPIs annually and establish the Decarbonization Plan and implementation plans to materialize the KPIs and targets</p>	 <p>Monitor and analyze sustainability-related (including ESG and climate-related) performance and the Bank's sustainability KPIs</p>
 <p>Provide support in planning and organizing GSB-related and sustainability-related training</p>	 <p>Maintain regular communications with key stakeholders and support other GSB-related and sustainability-related tasks</p>
 <p>Facilitate Greentech development of the Bank</p>	

SUSTAINABILITY STRATEGY, POLICY AND TARGET

Our sustainability strategies, policies and targets reflect our unwavering commitment to building a more sustainable future. These are organized under three core themes that serve as the foundation of our sustainability strategies. We continue to dedicate significant resources and efforts toward advancing these themes and achieving our sustainability goals.

CULTURE

“Culture” is instilled for the Bank to uphold the values of integrity, to safeguard our customers and stakeholders, to comply with regulatory and internal requirements, and to build a collegial working environment.

SUSTAINABLE OPERATIONS

“Sustainable Operations” reflects the importance we place on the environmental and social impact of our operations.

BUSINESS

“Business” embodies how we embed sustainability in our business practices, such as promoting GSF and building resilience against climate change without losing sight of the other two themes.

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



Sustainability Strategy

During the Reporting Year, we reviewed the Bank's Sustainability Strategy Framework based on the 2025 double materiality assessment. A compact approach 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 strategies are 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. The policy was reviewed and revised to align with the Bank's sustainability commitments, strengthening the development of the GSB and clarifying expectations for suppliers regarding adherence to the Guideline for MSA. Additionally, the updated policy also ensures that the Bank's strategies are 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 six pillars, namely "Environmental", "Social", "Governance", "Strategy", "Customers", and "Climate Risk Management", we have thoroughly reviewed and revised the sustainability-related goals and relevant KPIs to ensure they align with our latest sustainability strategies, business developments and innovations, meeting our business needs while striving for continuous improvement. The Bank is committed to achieving net-zero emissions in future. The Decarbonization Plan is in place and will be reviewed annually. The performance and progress of our sustainability goals and KPIs in 2025 are further provided under "2025 Performance" of each section and the "Our Performance" section.

In line with our sustainability strategies, policies 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 Supported

Actions



End poverty in all its forms everywhere

- Participate in volunteer services and charitable events, and contribute monetary and in-kind donations to those economically disadvantaged elderly and families in the local community
- Enhance inclusive finance and pension finance to enable financial access for individuals from physically and socio-economically disadvantaged groups



Ensure healthy lives and promote well-being for all at all ages

- Expand medical insurance coverage of maternity and check-up related items to better protect the health of our staff and their dependents
- Organize well-being workshops and sports teams, and introduce “Study Leave” and “Festive Leave” in our leave benefits
- Safeguard employees’ mental well-being by providing counseling and stress management services



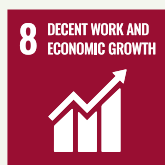
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Launch subsidy schemes and scholarships to support ongoing education of employees
- Organize High Potential Talents Exclusive Development Program to cultivate future leaders through comprehensive training
- Support reskilling and upskilling with sustainability and digital training
- Offer financial sponsorship through the Professional Qualification Subsidy Scheme
- Enhance the Graduate Trainee Program with onboarding and experiential learning



Achieve gender equality and empower all women and girls

- Articulate our commitment to workforce diversity and equal opportunities in the Policy on Equal Opportunities, supported by a process of regular review and effective implementation
- Embrace gender diversity within our workforce, moving towards a ratio of 1:1



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

- Advance Youth Development through strategic university partnerships and scholarships
- Embed human rights and anti-slavery commitments in talent management
- Mandate MSA training on modern slavery, child labor, and forced labor

UNSDGs Supported

Actions



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

- Accelerate digital transformation and utilize 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
- Launch a "Pension Finance" webpage to support a secure and prosperous retirement



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 the Policy on Equal Opportunities to promote diversity and equality in workplace



Ensure sustainable consumption and production patterns

- Adopt digital solutions to eliminate paper usage
- Expand the coverage of recycling bins across premises
- Implement several water conservation measures, such as the installation of water-saving taps to reduce water consumption



Take urgent action to combat climate change and its impacts

- Implement the Decarbonization Plan with targets to strive for net zero
- Undertake comprehensive measures and develop actions to effectively reduce our GHG emissions and energy usage
- Conduct a thorough review and subsequent updates on our Climate Risk Management Framework
- Adopt the Non-listed Company Sustainability Questionnaire (CASG Questionnaire) published by the GSF Cross-Agency Steering Group to understand SMEs customers' strategy and current status in climate risk management



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- 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
- Conduct mandatory anti-corruption related training for all employees

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. During 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 organizations. These engagements have deepened our understanding of risks, enabled us to seize opportunities, and fortified our business resilience, thereby allowing us to navigate the evolving banking landscape more effectively.

In 2025, building on the stakeholder engagement conducted in 2024, we carried out an internal engagement exercise focused on refining the priority of Bank's sustainability topics. The primary objective was to gather insights from stakeholders on their views and expectations regarding sustainability-related matters. Their feedback was instrumental in confirming our material topics within the existing sustainability themes and contributed to the revision of the Bank's materiality matrix. This process ensured that the matrix accurately reflects the Bank's current sustainability priorities and helps shape its strategic focus moving forward. The exercise enhanced the Bank's understanding of how to fulfill its sustainability commitments, address stakeholder needs, and respond more effectively to the evolving 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"> Robust Governance
	Filing of all kinds of reports and public information	Regularly and irregularly	<ul style="list-style-type: none"> Green and Sustainable Banking 	<ul style="list-style-type: none"> Green and Sustainable Banking
	Participation in seminars, workshops, training organized by regulators	Irregularly	<ul style="list-style-type: none"> Inclusive Finance Climate Change Response and Decarbonization 	<ul style="list-style-type: none"> Inclusive Finance Climate Change Response and Decarbonization
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	Regularly	<ul style="list-style-type: none"> Business Ethics 	<ul style="list-style-type: none"> Robust Governance
	Questionnaires and feedback forms	Annually	<ul style="list-style-type: none"> Data Privacy and Cybersecurity 	<ul style="list-style-type: none"> Data Privacy and Cybersecurity

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 Robust Governance 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"> Talent Management and Development Sustainable Supply Chain Robust Governance
	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 serves as a cornerstone in the preparation of the Bank's sustainability disclosures for identifying the sustainability-related topics that are significant to the Bank's annual review of its sustainability targets. In 2025, the Bank continued to apply the principle of double materiality, by evaluating sustainability topics from two dimensions: the impact on the Bank's financial performance and the impact of the Bank's operations on the environment and society. This dual lens enables a more integrated understanding of how financial and sustainability considerations intersect, supporting informed decision-making, developing resilient strategies, and aligning business objectives with the long-term well-being of communities and the environment.

The 2025 double materiality assessment was conducted primarily through an online survey with key internal stakeholders. Participants were encouraged to evaluate each material topic and provide additional insights related to the three themes of the Sustainability Strategy Framework, considering both dimensions of assessment.



Impact Materiality

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



Financial Materiality

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

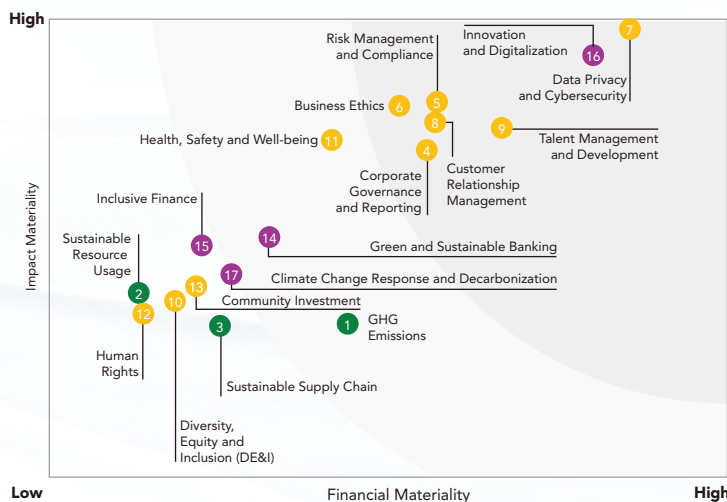
Feedback from our key internal stakeholders was subsequently reviewed, summarized and archived as an internal reference for the Bank to identify areas of improvement. The procedures for our 2025 sustainability stakeholder engagement and materiality assessment are described below.

Steps	Actions
Step 1: Review material topics	<ul style="list-style-type: none"> Reviewed the list of 17 material topics categorized under the three sustainability themes
Step 2: Stakeholder engagement	<ul style="list-style-type: none"> Engaged with stakeholder groups to evaluate and provide insights through an online survey Gathered stakeholders' insights through survey to obtain a comprehensive materiality assessment result
Step 3: Double materiality matrix	<ul style="list-style-type: none"> Prepared double materiality matrix and applied ranking on the material sustainability-related topics
Step 4: Review and Approval	<ul style="list-style-type: none"> 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 integrate, communicate, and monitor its stakeholder engagement and materiality assessment processes. This includes actively managing material topics, aligning related metrics with regulatory requirements and business operations, as well as transparently communicating our approach and performance to stakeholders. Recognizing that topics vary in financial significance, stakeholder interest, and societal relevance, the Bank prioritizes those ranked as highly material, while remaining committed to addressing all identified topics appropriately.

According to the materiality matrix, the Bank identifies the following topics as highly material: Data Privacy and Cybersecurity, Innovation and Digitalization, Talent Management and Development, Risk Management and Compliance, Customer Relationship Management, and Business Ethics.

SCB 2025 Materiality Matrix



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

SUSTAINABLE OPERATIONS



The Bank demonstrates its commitment to sustainability through tangible operational practices and measurable outcomes. Through rigorous environmental footprint management and sustainable procurement, it actively reduces carbon emissions and integrates sustainability principles across all corporate functions, driving responsible practices throughout the value chain.

ENVIRONMENTAL AND CARBON MANAGEMENT



The growing impacts of environmental degradation and climate change are evident across ecosystems, markets, and society. Addressing these challenges requires collective action and cross-regional collaboration to build a more sustainable and resilient future. Notably, Chinese Mainland and Hong Kong have each announced carbon neutrality targets. The HKMA has also launched its Action Agenda and completed the consultation on the new SPM module GS-2 on “Transition Planning”, which set ambitious targets for banks to strive toward net zero while aligning with jurisdictional climate goals. These initiatives reflect regulators’ commitment to establishing Hong Kong as a sustainable finance hub and advancing sustainable development. In response, banks and companies across sectors are developing decarbonization strategies and roadmaps aligned with local, regional, and national climate commitments.

As a Bank with an international network of 50+ offices and branches, we are committed to integrating sustainability into our daily operations and responsibly managing our environmental footprint. 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 optimization initiatives focused on core infrastructure, enhancing staff awareness, and ensuring compliance with relevant environmental laws and regulations. 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.

GHG Emissions and Energy Usage

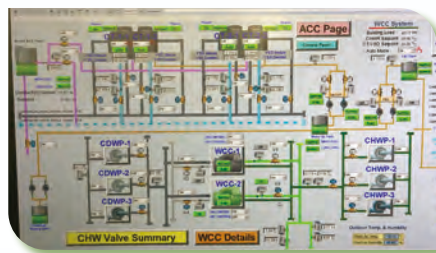
In alignment with the local transition planning roadmap and regulatory expectations, we are striving to achieve net-zero emissions in our own operations. The Bank has established the Decarbonization Plan, under which we will continuously monitor and assess our environmental impact by systematically evaluating GHG emissions and energy consumption. Our analysis has pinpointed that our primary operational emissions (Scope 1 and Scope 2) stem mainly from two sources, emissions from our vehicle fleet and electricity usage respectively.

To better understand and monitor our broader environmental impacts, and to demonstrate our ongoing efforts on enhancing relevant disclosures, we have broadened our assessment scope from operational emissions (Scope 1 and 2) to include value chain emissions (Scope 3) since 2024. We have calculated Scope 3 GHG emissions for Purchased Goods and Services (Category 1), Waste Generated in Operations (Category 5), Business Travel (Category 6), Employee Commuting (Category 7), and Investments (Category 15) for 2025.

To further our commitment to environmental stewardship, we have implemented strategic initiatives to reduce our carbon footprint and optimize 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>Prioritize the use of energy-efficient and energy-saving equipment and appliances, including air conditioning units and light-emitting diode ("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>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>Replace and expand the coverage of recycling bins across our branches in Hong Kong</p>
 <p>Preferably procure packaging materials with 100% recycled pre-consumer polyethylene</p>	 <p>Explore suitable climate solutions via Core Climate Platform</p>	 <p>Enhance premises energy efficiency by relocating office and branch rationalization</p>

We have implemented a BMS in both the SCB Tower and our newly rented office at AIRSIDE to optimize energy consumption. This smart building technology enables real-time monitoring and efficient management of our energy usage, contributing to our overall sustainability goals.



In 2025, we introduced an internal environmental data collection platform that automates the collection of environmental metrics and the calculation of GHG emissions. By centralizing data across all premises, this platform enhances our data accuracy, reporting efficiency and comprehensive analysis capabilities to closely monitor our performance against KPIs.

LED Lighting Replacement

In 2025, we continued expanding our LED lighting upgrade initiative, achieving a notable milestone with the complete LED lighting conversion of five branches. 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 2025, we also replaced all emergency exit signs with LED lighting in our Hong Kong branches and offices, achieving full coverage across our premises.

In line with our implementation timeline, we aim to complete LED lighting upgrades across all remaining branches by 2030. Upon completion, this initiative is expected to deliver significant reductions in GHG emissions, and further enhance operational energy efficiency.

SUSTAINABLE RESOURCE USAGE

OUR APPROACH

Paper Use

As a cornerstone of our environmental strategy, the Bank has implemented paperless initiatives to reduce paper consumption and minimize our environmental footprint. Central to this effort is our "Let's Go Paperless" campaign, which drives digital transformation across operations through comprehensive digitization measures. These include adopting digital workplace solutions to significantly reduce office printing and enabling online communication channels to phase out paper-based processes, such as internal memos, forms, and administrative documentation, accelerating our transition toward a more sustainable and efficient workplace.

Key focus areas of our responsible consumption and digital adoption strategy include but not limited to the following actions:

- Explore internal systems enhancement to enhance operational efficiency
- Establish internal monitoring system to track office paper procurement and consumption
- Prioritize Forest Stewardship Council certified paper to ensure responsible sourcing
- Adopt e-statement and automatically enrol Mandatory Provident Fund e-statement services for employee
- Offer electronic statement service for personal banking customers
- Offer digital business cards and a designated QR code for our employees via eBizCard App
- Offer e-Laisee/e-Gift ("e利是/e禮券") via our "Shacom Pay" mobile application, encouraging customers to adopt paperless gifting

The Bank has been actively exploring enhancements to its internal systems to reduce paper consumption. In 2025, The Bank launched its Document Management System, EFM platform and e-fixed deposit project, significantly reducing paper consumption and enhancing operational efficiency through digital transformation. These initiatives enabled us to save:

- 146,923 sheets of paper, resulting in a reduction of 641.47 kilogram ("kg") in paper weight

Together, these actions enable the Bank to effectively monitor progress and reinforce accountability in achieving its paper reduction goals.

Waste Management and Water Usage

The Bank has adopted a comprehensive waste management strategy focused on resource efficiency, waste reduction and strict compliance with applicable laws and regulations, including Hong Kong's Waste Disposal Ordinance and relevant requirements in all jurisdictions where we operate. Guided by circular economy principles, our approach integrates sustainable practices across operations and enhances employee awareness through targeted training on responsible waste handling. Through systematic monitoring, continuous improvement initiatives, and a commitment to maximizing reuse and recycling, we are steadily reducing our waste footprint year over year.

<p>Hazardous waste</p>	<p>Although the amount of hazardous waste generation is insignificant, the Bank has implemented proper procedures for recycling the Information Technology ("IT") waste and printer cartridges generated.</p> <p>As part of our resource recovery efforts, we partner with organizations like Caritas Computer Workshop to donate used computer equipment.</p>
<p>Non-hazardous waste (primarily consists of domestic waste and paper waste)</p>	<p>In terms of non-hazardous waste, we reduce domestic waste at source by promoting responsible consumption and minimizing unnecessary waste generation. As part of this effort, recycling bins have been placed across selected Hong Kong office sites and local branches, with ongoing plans to progressively expand coverage to more premises.</p>
<p>Paper recycling</p>	<p>Additionally, we prioritize recycling used paper and maximizing its recovery to minimize environmental impact from landfill disposal. To support this effort, dedicated paper recycling bins have been installed across all office premises and selected branches in Hong Kong, facilitating convenient and consistent recycling practices among staff.</p>




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.

The Bank is committed to enhancing water efficiency across its operations through measures such as installing water-saving tap fixtures and replacing all toilet taps and water valves at local premises with efficient alternatives. Additionally, we will maintain continuous monitoring for water leakages in all facilities, enabling swift detection and resolution of issues. This proactive approach optimizes water usage and supports our broader sustainability objectives by reducing environmental impact.

2025 PERFORMANCE

Environmental Targets and Performance

The Bank established environmental targets in 2022 to reduce its GHG emissions and energy consumption by 2025. During the Reporting Year, the Bank made steady progress toward meeting these goals.

Environmental Aspects		Descriptions
Scope 1 and Scope 2 GHG emissions		Our energy consumption amounted to 7,363.47 million kilowatt hours ("MWh"). The total GHG emissions (Scope 1 and Scope 2) amounted to 3,125.39 tons of carbon dioxide equivalent ("tCO ₂ e"), of which Scope 1 GHG emissions accounted for 49.87 tCO ₂ e and Scope 2 GHG emissions accounted for 3,075.52 tCO ₂ e.
Scope 3 GHG emissions		Our Scope 3 GHG emissions include emissions from: <ul style="list-style-type: none"> • Purchased Goods and Services (Category 1), contributing 101.15 tCO₂e; • Waste Generated in Operations (Category 5), contributing 2.09 tCO₂e; • Business Travel (Category 6), contributing 129.32 tCO₂e; • Employee Commuting (Category 7), contributing 549.46 tCO₂e; and • Investments (Category 15), contributing 1,021,345.82 tCO₂e
Paper consumption		We consumed 57.12 tons and recycled 70.38 tons of paper. When compared to 2020, we consumed 57% less paper.
Water consumption		We consumed 3,771.05 cubic meters of water. When compared to 2024, we achieved a 5% reduction through various initiatives to enhance employee's awareness in water-saving.

Environmental Award

In 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.



Our Head Office building, SCB Tower, has been awarded the Final Gold rating under BEAM Plus New Buildings Version 1.1 by the Hong Kong Green Building Council. This certification recognizes the integration of energy-efficient design, an advanced building management system and sustainable construction practices, reflecting the Bank's ongoing commitment to environmental responsibility and sustainable development.



Green Culture Initiatives

The Bank continues to strengthen environmental awareness through sustained 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 behaviors across our operations.

We also actively encouraged our colleagues to participate in the "Green@Community" waste reduction & recycling (綠在區區·減廢回收) initiative, which promotes the culture of engaging in community recycling. Through these community activities, employees contribute to sustainable development through practical actions, helping to divert 20,101 kg of waste from landfills. This effort reinforces our dedication to minimizing waste and fostering a culture of environmental responsibility within the community.

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. Four quarterly meetings were held in 2025 to ensure all members remained well-informed and aligned with the Bank's latest sustainability-related strategies and initiatives.

Save Energy! Poster Design Competition

In 2025, the Bank launched the "Save Energy!" Poster Design Competition. The initiative aims to raise employee awareness of energy efficiency, encourage creative ideas that inspire energy-saving practices in daily operations, and support the Bank's commitment to achieving net-zero emissions from its own operations.

Lunch & Learn Workshop

In 2025, the Bank hosted the "Pounded Flower Bag" Lunch & Learn Workshop, where community instructors, including single mothers, taught colleagues natural plant dyeing techniques. Participants crafted eco-bags paired with personal message cards and small gifts, which were donated to the Hong Kong Lutheran Social Service for distribution to grassroots families in Hong Kong.

This initiative fostered mutual support among participants while promoting sustainable living and community care, reflecting the Bank's commitment to driving positive change through environmental awareness and social responsibility.

As a member of the Business Environment Council in Hong Kong, we strive to advance responsible business practices that effectively maintain a balance between financial, social, and environmental priorities across all sectors. We remain committed to engaging employees through a variety of initiatives and awareness-raising programs to instill behavioral 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.



SUSTAINABLE SUPPLY CHAIN

In alignment with evolving regulatory requirements and growing expectations for supply chain sustainability, the Bank fosters robust relationships with a diverse network of suppliers, including consultants, service providers, vendors, and contractors, and encourages them to uphold shared commitments to responsible and sustainable business practices.

OUR APPROACH

Our Supplier Code of Conduct (“SCoC”) embeds sustainability principles into our procurement processes and supply chain management, with climate-related considerations now more explicitly integrated into supplier risk assessments and performance expectations. The SCoC sets clear standards for ethical business conduct and applies to all individuals and organizations providing products or services to the Bank.

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 2025, 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 prioritizes suppliers with strong environmental credentials, including those with lower environmental footprints and certifications such as green and International Organization for Standardization. In addition to environmental considerations, we emphasize social and governance performance in our supplier selection, including mandatory supplier declaration of compliance with the UK MSA before entering an official partnership with the Bank.

Compliance with the UK MSA 2015

The Bank published an annual Modern Slavery and Human Trafficking Statement, supported by internal guidelines that affirm our zero-tolerance stance towards slavery, servitude, forced or compulsory labor, 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 IT and consultancy service providers, that operate 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 combating slavery and human trafficking, while reinforcing compliance with the MSA requirements. We have 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 Code of Conduct, that demonstrate their commitments to fulfilling the MSA requirements.

The Bank's SCoC and the Modern 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.

2025 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.

In 2025, the SCoC was updated to clarify the roles and responsibilities of relevant parties in approving new engagements or renewals with high-risk third-party suppliers, strengthen the accountability of supplier owners in ensuring ongoing compliance with MSA requirements through robust control mechanisms, and refine the methodology for identifying countries with the highest prevalence of modern slavery by drawing on internationally recognized sources. These enhancements collectively reinforce the Bank's commitment to responsible sourcing, rigorous human rights due diligence and environmental stewardship throughout its supply chain.

CULTURE



The Bank maintains a steadfast commitment to upholding a robust corporate governance framework, designed to safeguard the interests of its shareholders, customers, employees, and other relevant stakeholders. A comprehensive governance structure has been established, underpinned by an integrated risk management framework that places particular emphasis on the prevention and mitigation of financial crime. All staff are expected to adhere to the highest ethical standards, consistently embodying the Bank's Seven Core Values with discipline, integrity, and accountability.

In compliance with regulatory requirements across all jurisdictions in which it operates, the Bank regularly reviews its corporate governance policies and procedures, striving to align them with both international standards and local best practices.

Guided by its Seven Core Values, the Bank is committed to fostering a strong, values-driven corporate culture throughout all areas of its business. It upholds the highest standards of ethical conduct in its business operations and investment activities, and seeks to cultivate a harmonious, inclusive, and safe working environment that supports the professional development and well-being of its employees. Furthermore, we aim to make a positive and sustainable contribution to the communities in which we operate.

The Bank's Seven Core Values



Proactive



Integrity



Teamwork



Leadership



Respect



Professionalism



Accountability

ROBUST GOVERNANCE

OUR APPROACH

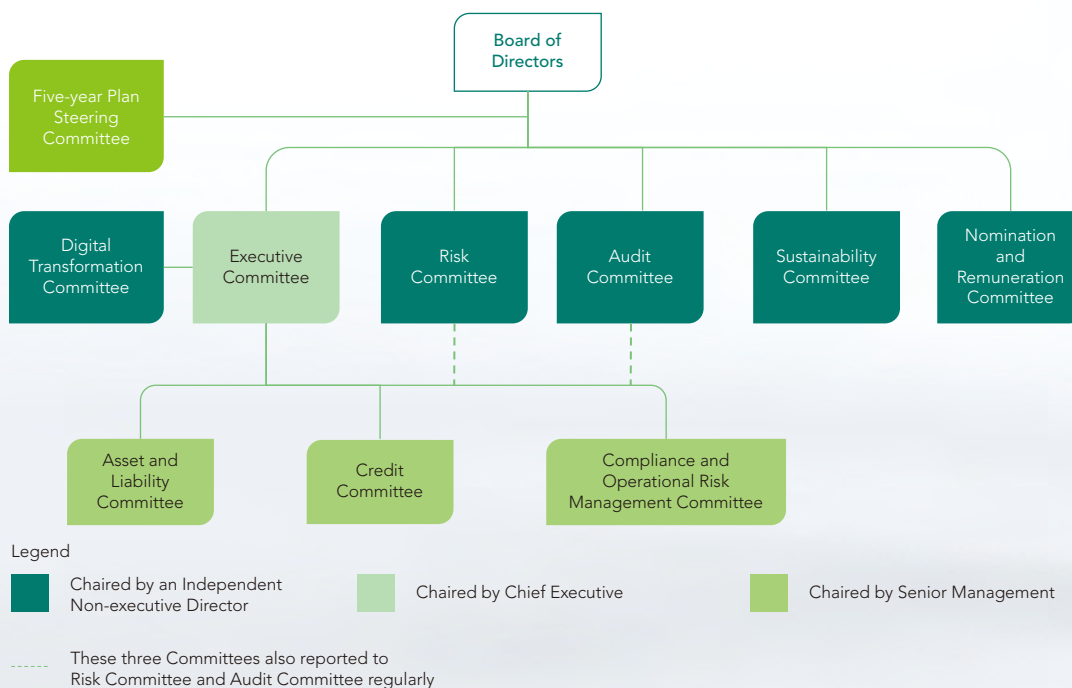
Governance Structure and Reporting

The Bank prioritizes maintaining the highest standards of corporate governance.

Through a robust organizational structure, comprehensive policies, and orderly procedures, we ensure all banking operations comply with the relevant laws, rules and regulations.

The Board collectively bears responsibility for the Bank’s long-term success by setting strategic direction, overseeing the implementation of strategic objectives and goals, as well as supervising operations within a framework of prudent and effective controls, thereby facilitating accurate risk assessment and management. To ensure transparent and consistent implementation of these principles, the Board has adopted 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 its respective functional areas. A Board-level Five-year Plan Steering Committee was formed with its inaugural meeting held on 15 December 2025. 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 outline its authorities, duties, and composition. For further information regarding corporate governance structures and practices, please refer to the “Corporate Governance Report” contained in the 2025 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, emphasizing 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 organized business operations, foster a fair business environment, and offer valuable information to stakeholders. Additionally, the Bank has established a robust organizational 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 and 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 Committees	Dealing with major risks of the Bank and reporting regularly to the Executive Committee, Audit Committee and Risk Committee

Remark: 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 the "Corporate Governance Report" contained in the 2025 Annual Report.

The Bank's risk 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 Defense" risk management model, which clearly defines the roles and responsibilities among the risk owners.

Three Lines of Defense Risk Management Model

First Line of Defense	<ul style="list-style-type: none"> • Frontlines and Business Units 	Responsible for proper identification, assessment, management and reporting of risk exposures on an ongoing basis
Second Line of Defense	<ul style="list-style-type: none"> • Credit Division • Legal and Compliance Division • Risk Management Division 	Responsible for overseeing the Bank's risk-taking activities, undertaking risk assessments and reporting independently
Third Line of Defense	<ul style="list-style-type: none"> • Internal Audit Department 	Responsible for assurance on the effectiveness of the Bank's risk management framework

A regular 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 behaviors, 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 behavior among all staff members. The Code emphasizes 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. In April 2025, the Code was updated to tighten the control over receipt and reporting of personal benefits (including "entertainment") from customers/business partners, which echoes the Bank's persistent requirements of business with integrity and prohibition of bribery and corruption acts.

Whistleblowing Policy

The Whistleblowing Policy lists out confidential whistleblowing channels and investigation procedures in detail, enabling employees and other stakeholders 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 behavior 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 programs 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 behavior will directly influence 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.

2025 PERFORMANCE

In 2025, there were no reported legal cases regarding corrupt practices brought against the Bank or our employees.

We have consistently provided multiple training 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 behavior and integrity, which is critical to the success of the Bank. In 2025, 20 corporate governance-related training were provided to staff.

Anti-corruption Training

We developed an in-house “Integrity” eLearning course for all employees, including those in the Chinese Mainland and overseas branches, drawing on banking-related cases documented in the Corruption Prevention Advisory Service. The course aims to enhance ethical awareness and reinforce a culture of integrity.

During the Reporting Year, the Bank arranged Independent Commission Against Corruption (“ICAC”) Corruption Prevention Training for all employees including 2025 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. Representative participated in the Webinar on “Introduction of Banking Industry Integrity Charter”, organized by ICAC.

In July 2025, the directors received a training material regarding Alert about Diamond Trade-Based Money Laundering Scheme published by the Fraud and Money Laundering Intelligence Taskforce for enhanced knowledge on the emerging financial crime risks associated with trade-based money laundering.

DATA PRIVACY AND CYBERSECURITY

The rapid development of digital technology, coupled with the increasing frequency of data breaches and cyberattacks, highlights 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 recognizes technology risk as a key risk. In the face of constantly evolving challenges, the Bank actively strengthens information system protection, identifies and mitigates potential technological risks, prioritizes the security and protection of sensitive information, and safeguards the interests of the Bank and its 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 Ordinance of Hong Kong. To ensure compliance, we have established comprehensive security policies and standardized 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 authorized personnel who undergo regular training to ensure proficient handling. In addition, our digital infrastructure's security is continuously improved through secure data storage facilities, the incorporation of security measures in data storage devices, and the utilization 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.

In 2025, the Bank enhanced online banking security in line with the HKMA's "e-Banking Security ABC" initiative, introducing in-app authentication with a higher security level, the option to disable high-risk online banking functions, and an improved "Suspicious Account Alert" mechanism that proactively helps customers better protect their accounts fostering a safer online banking experience.

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 program 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.

We regularly send out Information Security Awareness Reminders to employees, outlining key data protection practices and safe digital habits to enhance awareness of cybersecurity and information security.

2025 PERFORMANCE

In 2025, 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. 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 minimize the risk of data leakage from our employees to scammers. We have announced the full implementation of Money Safe, which took effect from 1 December 2025. Following a successful pilot phase launched in April 2025, the scheme has now been formally extended to encompass all individual customers. This initiative provides all individual customers with an enhanced layer of protection against fraud-related losses. Money Safe is actively promoted to elderly customers as an effective tool to enhance account protection and reduce susceptibility to financial scams. Looking ahead, our Bank remains committed to safeguarding our customers' rights and interests, actively cooperating with the HKMA and the Hong Kong Police Force on anti-fraud initiatives, and expanding public outreach to disseminate anti-fraud knowledge. By doing so, our Bank aims to contribute to the establishment of a stronger societal safety net.

CUSTOMER RELATIONSHIP MANAGEMENT

The Bank is committed to delivering personalized excellence, placing customers at the center 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. In 2025, the Handbook on Code of Banking Practice was revised to reflect updated supervisory expectations from the HKMA, with enhancements to roles and responsibilities across business units and risk departments, and the addition of new appendices including a list of Relevant Parties, and Frequently Asked questions (FAQs) issued by the Hong Kong Association of Banks. We delivered a fraud prevention seminar for the elderly to enhance their awareness of financial scams and support the protection of vulnerable populations. Meanwhile, we conducted regular workshops led by our business department/team heads, which emphasize the significance of customer relationship management and provide our frontline 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.

Pension Finance

In support of sustainable retirement planning, the Bank has officially launched a dedicated "Pension Finance" webpage to provide customers with customized exclusive solutions covering four core sections of a retirement financial plan for a secure and prosperous retirement. This initiative reflects our commitment to enhancing financial wellness and supporting long-term social sustainability.

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 minimize 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.

2025 PERFORMANCE

During the Reporting Year, no fair banking and sales practices violations were observed. A total of 62 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 2 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.

Recognition for Excellence in Fraud Prevention and Anti-Money Laundering Initiatives

In 2025, the Bank received three awards from the Police Force in recognition of its efforts to combat financial crime.

The “Outstanding Bank Employee Award” commended the frontline employee who identified suspicious activity when a customer attempted a large cash withdrawal with an unknown individual and promptly alerted authorities, leading to an arrest and customer loss prevention. The “Outstanding Anti-Money Laundering Performance Award” acknowledged the Bank’s enhanced monitoring of high-risk accounts and effective intelligence sharing with law enforcement. While the “Anti-Fraud Awareness and Education Award” recognized the Bank’s multi-channel public education campaigns which strengthened fraud awareness among customers, employees, and the broader community.



TALENT MANAGEMENT AND DEVELOPMENT

The Bank recognizes 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 labor and ensure adherence to internal policies, as well as applicable laws and regulations. Should there be any suspicion of child or forced labor, we are prepared to take immediate and necessary actions to prevent any violations of both our internal policies and external regulations.

In alignment with 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 talent. Additionally, to further enhance our talent attraction efforts, the Bank has launched a win-win referral scheme to broaden sourcing channels, encourage referrals of high-caliber talent, and reward successful referrals with cash awards. The Bank also recognizes the significance of talent retention and staff contributions by granting long service awards. To align with industry best practices and support the Bank's talent-management strategy, the Corporate Title was revamped in October 2025.

To give our employees more time to celebrate with family and friends during the holiday season, the Bank has expanded its flexible working arrangements by permitting full-time staff to leave early on designated public holidays during specified festive months. To promote a more flexible and comfortable workplace environment, the Bank updated the Staff Dress Code to allow non-uniformed staff to adopt casual attire on designated days. In addition, the Bank provides a Team Building Fund to subsidize team-building activities that foster cohesiveness, collaboration, and effective communication.

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 2025, the Bank approved a total of 200 applications under its Professional Qualification Subsidy Scheme, providing financial support amounting to approximately HK\$800,000.

In addition, we have further developed and implemented a structured development program 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 Talents Exclusive Development Program is designed to identify and groom outstanding and capable employees who demonstrate potential and dedication to become leaders at a higher level. Through this program, participants will be equipped with the problem-solving skills to tackle challenges when placed in a leadership position. The 18-month program 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.

In 2025, the Bank enhanced its Graduate Trainee Program with a series of structured initiatives aimed at fostering integration, professional growth, and alignment with organizational objectives. The program commenced with a Graduate Trainee Welcome Gathering, providing new hires the opportunity to connect with executives and senior management and establish open channels of communication. Complementing this, an Outdoor Experiential Learning session was conducted to develop essential soft skills such as collaboration, communication, problem-solving, and decision making through team-based activities. Additionally, a visit to Cyberport was organized to cultivate a digital mindset and expose trainees to emerging trends in Fintech and Regtech. Together, these components were designed to deliver a holistic onboarding and development experience, equipping graduate trainees to succeed in their roles and contribute meaningfully to the Bank's long-term success.



To align our employees' actions with the Bank's dedication to sustainability, we emphasize continuous communication and engagement. These initiatives are designed to raise awareness and deepen understanding of our sustainability objectives, going beyond incorporating these objectives into employees' performance metrics. This includes industry-specific training, such as arranging for our Graduate Trainees to attend the "ESG Series: Sustainable Banking and Finance" program, organized by the Chinese University of Hong Kong, to strengthen their GSF capabilities.

Moreover, providing a Pipeline Development Program 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 analyzes training hours and conducts regular performance evaluations which help us to gauge employees' expectations, career aspirations, and professional development needs.

Diversity, Equity and Inclusion

Emphasizing 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 the Policy on Equal Opportunities, which was reviewed during the Reporting Year. All staff members are required to comply with the policy and contribute to maintaining a respectful, inclusive workplace free from discrimination, harassment, vilification, and victimization on the grounds of sex, marital status, pregnancy, breastfeeding status, disability, family status, race, and sexual orientation, fostering mutual respect and equitable treatment for all.

In 2025, the Bank developed and rolled out a mandatory e-learning course titled "Equal Opportunities in the Workplace" to all employees to promote equality, prevent discrimination, and foster an inclusive workplace culture in alignment with Hong Kong's anti-discrimination laws. Additionally, the Bank engaged a representative from the Equal Opportunities Commission to deliver a seminar titled "Preventing Discrimination and Harassment in the Workplace" to staff, fostering a respectful and inclusive environment across the Bank.

Human Rights

We uphold the inherent dignity and equity of all individuals, a principle that underpins our commitment to safeguarding human rights and eradicating modern slavery. Our talent management philosophy reflects this commitment and aligns 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.

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 labor, and forced labor. This dedication plays a crucial role in promoting a respectful and fair working environment for all employees.

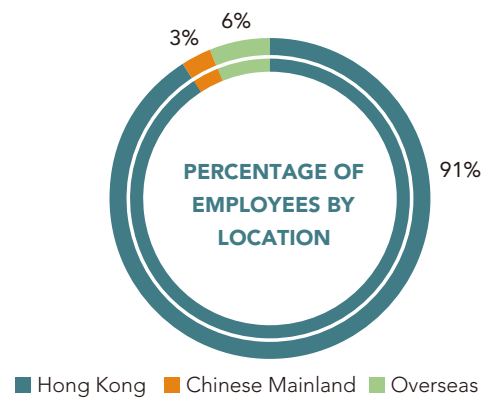
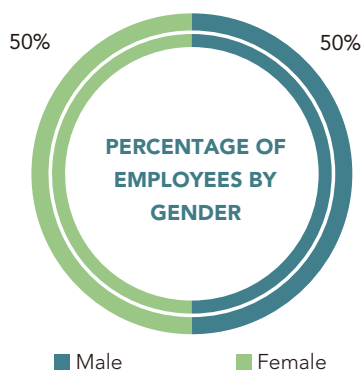
In 2025, the Bank conducted e-learning training on the MSA, covering an overview of the MSA, its relevance to the Bank, indicators of modern slavery, and the Bank's policies and procedures for addressing modern slavery in supply chains, including due diligence practices and the Modern Slavery and Human Trafficking Statement.

2025 PERFORMANCE

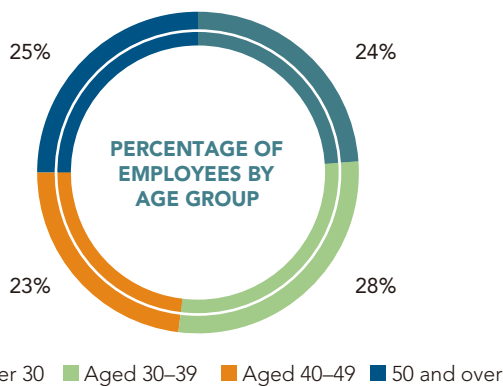
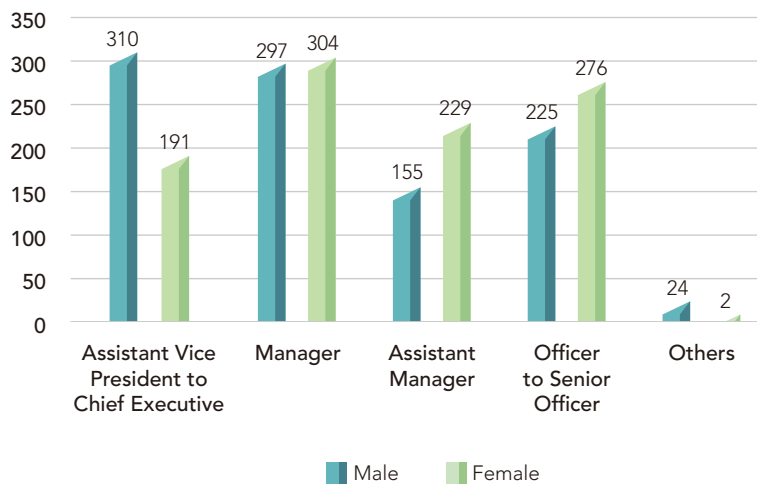
Workforce Distribution

As at 31 December 2025, the Bank has a total of 2,013 employees. The breakdown information of employees is shown below:

BREAKDOWN OF EMPLOYEES BY GENDER AND LOCATION



BREAKDOWN OF EMPLOYEES BY CORPORATE TITLE, GENDER AND AGE GROUP



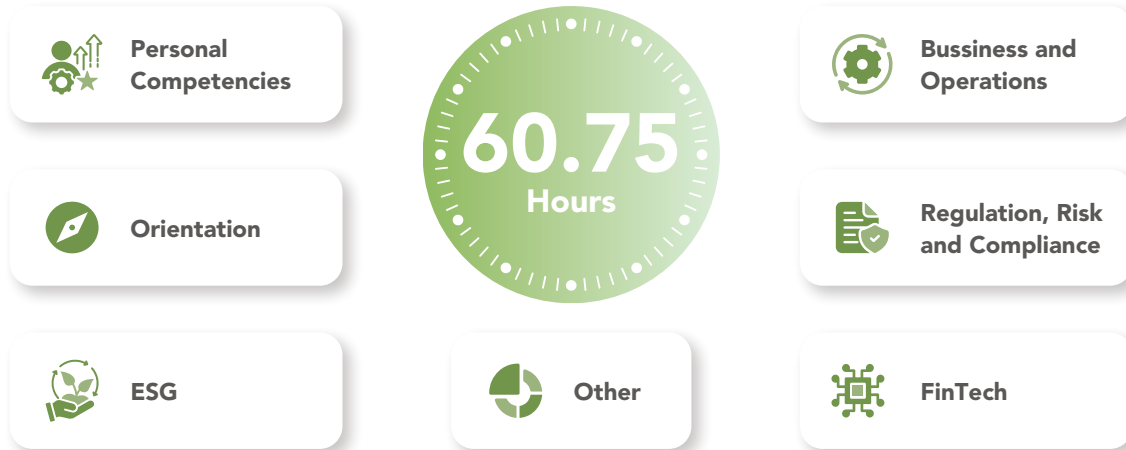
Talent Management

The Bank is proud to highlight its achievements in 2025, particularly in fostering an inclusive workplace and advancing sustainable practices, as recognized at the CTgoodjobs Best HR Awards 2025. The Bank received three distinguished accolades: “Employer of the Year”, “Best ESG Award” and “Best Graduate and Management Trainee Program Award”.

This recognition reflects the Bank’s integrated approach to people development, ESG leadership, and talent nurturing, acknowledging its position as a forward-looking employer of choice in Hong Kong’s banking sector.

Training and Development

In 2025, we conducted an average of 60.75 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.

For instance, an education video was provided to all staff with highlights on SCB's green finance 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

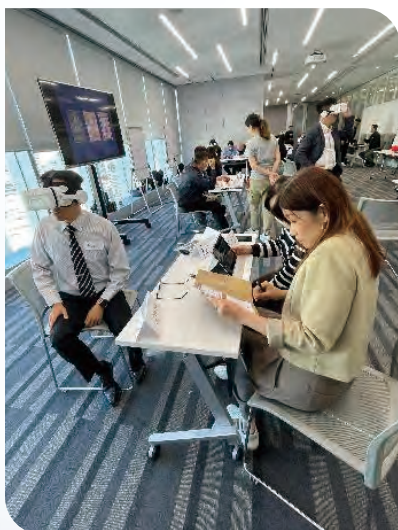
The focus of training has gradually shifted towards Generative AI, furthering our expertise in FinTech and digital transformation. During the Reporting Year, the Bank expanded its training curriculum with new courses spanning a broad spectrum of subjects. Employees have participated in digital culture-related training, 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.

Cross Border Talent Exchange Program

The Bank organized the Cross Border Talent Exchange Program this year to foster cross-border collaboration between The Shanghai Commercial & Savings Bank (“SCSB”) and our bank. Two talents from different divisions were selected from each bank to join the three-month exchange program, gaining valuable cross-border exposure and experience.

Professional and Leadership Development in Credit Risk and Customer Service

In 2025, the Bank reinforced its commitment to building a robust credit culture by enhancing the professional competence of its credit risk management practitioners. In partnership with the Hong Kong Institute of Bankers, the Bank launched an exclusive ECF– Credit Risk Management (“CRM”) Enabler Scheme, enrolling 237 practitioners. In parallel, the Bank implemented systematic development programs to equip employees with the skills and knowledge needed to succeed in the financial services sector. These include leadership initiatives such as Managing Gen Z at Work, Rules of Influence, and the MotiVRanger workshop. Service Excellence Video series promote a customer-centric service culture through real-life success stories. Additionally, the Unleash Your Sales Charisma program was introduced to strengthen customer relationships, equipping practitioners with the questioning skills needed to identify customer needs and deliver appropriate solutions. Collectively, these efforts propel responsible risk management, professional excellence, and high-quality customer engagement.



HEALTH, SAFETY AND WELL-BEING

OUR APPROACH

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 programs 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 programs to support employees' physical, mental, and emotional needs. 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.

The Bank offers an Employee Assistance Program ("EAP"), providing a 24-hour counseling and consultation hotline to support employees and their immediate family members with work, family, social, and other personal challenges encountered in daily life. In 2025, the EAP covered work-life consultation services, covering registered Chinese medicine, nutrition, and physiotherapy consultations.

Workplace Hygiene

Regular cleaning protocols are implemented to maintain the workplace hygiene and a safe working environment.

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 training reflect our proactive approach to maintaining a secure and responsive work environment.

Occupational Health and Safety ("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 addressing 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 minimize 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 the physical, mental, and emotional wellness of our employees, empowering them to thrive both personally and professionally.

To foster health and wellness among our staff, we have consistently organized a diverse range of activities aimed at enhancing their overall well-being. Our ongoing initiatives include health and wellness lunch & learn and staff caring activities such as massage and on-site vaccination sessions. Additionally, the Bank offers an internal staff incentive program that allows employees to earn rewards by participating in various internal/external activities or demonstrating exemplary behavior. These rewards can also be redeemed for a variety of selected products via our physical and online marketplace.

In 2025, we further enhanced employee benefits by implementing several new measures. To encourage continuous learning and support professional development, the Bank introduces Study Leave to facilitate staff to pursue their professional qualifications and enhance job-related knowledge and skills. To further promote a healthy work-life balance, we have also sponsored team-building activities, and held trial fencing classes and dance classes.

2025 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 requirements for performing annual inspections of the necessary OHS actions.

Organized OHS training and activities include the following examples:

Office Massage

The Bank partnered with the Hong Kong Society for the Blind to offer free office massage services, providing head, shoulder and neck relaxation sessions delivered by professional visually impaired therapists. The program was held across multiple offices, with around 140 employees participating, supporting both staff wellbeing and inclusive social engagement.

Influenza Vaccination Outreach Service

The Bank offered a complimentary seasonal influenza vaccination outreach service for employees. A medical team was stationed on-site to provide convenient and accessible flu vaccinations, supporting employee health and well-being as part of the Bank's commitment to a safe and healthy workplace.

Occupational Safety & Health Talk

The Bank organized two OSH talks, "Acupressure for Office Workers: A Natural Approach to Wellness" and "Stretch Your Way to Health: Office-Based Preventive Exercises," in collaboration with Vital Employee Service Consultancy to support employee health and wellbeing.

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:



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 prioritized employee well-being and launched a variety of engaging activities to foster a positive work environment and boost overall job satisfaction. Recognizing a content and healthy workforce is essential in driving productivity and retention, these initiatives aimed to promote both personal development and team cohesion.

Little Bliss in SCB 2025

To foster a culture of appreciation, the Bank launched “Little Bliss”, an initiative that encourages staff to recognize proactive behaviors among colleagues and convey gratitude. With around 160 participants, the program successfully infused the workplace with positive energy.

SCB Singing Competition

As part of its 75th anniversary celebrations, the Bank revived the SCB Singing Competition after a 30-year hiatus to recognize employee talent and strengthen cross-departmental connections. Open to individuals and groups, aspiring staff talents were given the stage to shine. Winners received cash prizes and trophies, with top performers invited to represent the Bank at internal and external events.



SCB Summer Treat

The Bank launched the “SCB Summer Treat” initiative, deploying ice cream carts to key office locations, and distributing ice cream vouchers to staff across branches and offices. The event aimed to support employee well-being, engage senior management and general staff mingling, and foster a positive workplace environment.



In addition, the Bank organized 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.

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

75th Anniversary

On the occasion of our 75th anniversary, the Bank launched a series of activities to strengthen staff engagement and deepen employees' affinity with our core values aiming to foster unity and create a more inclusive workplace.

全城起動•傳承75

A series of wellness and staff engagement activities were organized to build momentum for the Bank's 75th anniversary, including yoga sessions, wine tasting workshops, dragon boat training, eco-visits and team-building events, to foster teamwork, strengthen employee connections, and promote physical and mental well-being.

75th Anniversary Logo Design Competition

The Bank organized a bank-wide logo design competition to mark its 75th anniversary. All employees were invited to submit original designs that reflect the Bank's heritage and future vision. Entries were evaluated based on thematic relevance, creativity, visual appeal, and versatility. The winning design will be selected through an internal review process and featured across the Bank's anniversary communications and events, reinforcing employee engagement and institutional pride.



"From Shanghai to Hong Kong, Connecting the World" Exhibition

The month-long "From Shanghai to Hong Kong, Connecting the World" Exhibition was recorded as the largest event hosted on premise since inception with attendance of over 1,200 guests, featuring a curated journey connecting our past through tracing our roots to SCSB founded by Mr. CHEN Kwang-pu in 1915, making finance accessible to everyone and establishing a banking philosophy rooted in inclusion, innovation and service, and since our incorporation in Hong Kong in 1950, we have expanded our geographical presence to where we are 75 years later. The exhibition also took a glimpse into the future of banking through an interactive AI display.



COMMUNITY INVESTMENT

Established in Hong Kong for 75 years, Shanghai Commercial Bank has remained steadfast in the founding principles of Mr. Chen Kwang-pu, "To serve society, to support industry, to promote international trade." Beyond delivering comprehensive banking solutions to customers, the Bank is committed to advancing corporate social responsibility through diverse initiatives that support all social strata and collectively build a more sustainable future for all.

OUR APPROACH

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, in-kind donations, and volunteer hours to various charitable organizations and educational institutions, as well as participation in environmental and social advocacy programs. In addition, we strive to improve the 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 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 programs and corresponding achievements, please refer to the "2025 Performance" section below.

2025 PERFORMANCE

During the Reporting Year, the Bank contributed a monetary donation of approximately HK\$14.84 million to our NGO partners and actively engaged in 34 CSR events focused on environmental conservation, youth development, and community care. Looking ahead, we will remain steadfast in our commitment to promoting growth and ensuring the long-term prosperity of all stakeholders.

ENVIRONMENT

THE WORLD WIDE FUND FOR NATURE (“WWF”) EARTH HOUR 2025

Environmental conservation requires collective action, and we reaffirm our commitment by supporting the WWF Earth Hour campaign. On 22 March 2025, in line with the global initiative, the Bank switched off non-essential lighting from 8:30 pm to 9:30 pm at selected branches, as a symbolic gesture to raise awareness on climate change and promote sustainable living. Staff were encouraged to participate actively, demonstrating our shared responsibility towards protecting the planet.

WWF SPONSORSHIP AND ECO TOURS

Being a Gold Member of WWF’s Corporate Membership Program, the Bank has continued to sponsor and organize eco tours for our staff and their families, covering both terrestrial and marine ecosystems to enhance awareness and appreciation of environmental protection.

In May 2025, we guided participants through diverse wetland habitats in Mai Po Nature Reserve, including mangroves, reed beds, fishponds, and freshwater marshes, with exclusive access to the Hoi Ha Wan Ramsar Site’s core zone. Elevated boardwalks and bird hides facilitated intimate observation of mangrove species and intertidal wildlife.

In June 2025, we expanded our eco tour experience to Hoi Ha Wan Marine Park, Hong Kong’s first coastal park, where participants visited the city’s only water-based marine research center. The glass-bottom boat experience enabled direct observation of coral reefs and marine biodiversity, reinforcing the importance of marine life protection and sustainable fisheries. Together, these initiatives demonstrated Hong Kong’s ecological richness and our commitment to promoting ocean and wetland conservation awareness.



YOUTH DEVELOPMENT

SCHOLARSHIP TO UNIVERSITIES

In 2025, the Bank has continued our scholarship commitment of approximately HK\$1.7 million to 12 local universities and tertiary institutions in supporting education to empower future generations in Hong Kong.

COMMUNITY CARE

STANDING TOGETHER: SUPPORT THOSE AFFECTED BY THE FIRE

In response to the tragic fire at Wang Fuk Court, the Bank took immediate measures to support the affected community through financial and in-kind assistance.

To provide urgent relief, the Bank donated around HK\$5 million and coordinated donations from all staff members and their families, channeling these funds and supplies to appropriate relief organizations to support emergency resettlement and rehabilitation for affected households, assisting impacted families and district residents through this difficult time. Staff donations were also collected through the Bank's Hai Kwang Club account. Consolidated contributions were donated to organizations such as the Hong Kong Red Cross.

In addition, we partnered with Hong Kong Housing Society in donating essential electrical appliances to enable the provision of over 90 temporary housing units at Trackside Villas, in support of Wang Fuk Court residents who have been affected.

To support affected customers, the Bank has implemented a series of measures, including:

- A 24-hour hotline (2290 3855) was established to provide assistance;
- Providing a six-month deferred repayment grace period (including principal and interest) for mortgages, personal loans, credit cards, and other loan products, with penalty interest and handling fees waived;
- Providing flexible support, including assisting customers to withdraw cash, prioritizing and expediting reissuance of banking documents; and
- Extending operating hours and deploying additional staff at the Tai Po Branch.

COMMUNITY CARE

ANTI-FRAUD SEMINAR TO SENIORS

In 2025, we organized a series of anti-fraud education community workshops in partnership with local NGOs to raise awareness of common scams, demonstrate safe digital banking practices, and promote the use of protective measures such as the Money Safe service. Various sessions were held to empower seniors to recognize suspicious activity, safeguard their assets, and build confidence in using modern financial services.



FESTIVE CARE FOR SENIORS

The Bank's volunteer team visited elderly residents during the Dragon Boat and Mid-Autumn festivals, delivering care packages and festive greetings in collaboration with The Methodist Church Yang Chen Social Service Centre. These visits provided companionship to isolated seniors and reinforced the Bank's commitment to building an inclusive and caring community.



COMMUNITY CARE

SENIOR CITIZEN HOME SAFETY ASSOCIATION ("SCHSA") ELDERLY VISIT AND DELIVERY OF PERSONAL EMERGENCY LINK ("PEL") DEVICES

In 2025, the Bank supported the "Caring for Elderly, Delivering Peace of Mind" community visitation and fundraising campaign organized by the Senior Citizen Home Safety Association. Through this partnership, the Bank helped facilitate compassionate home visits to over elderly households, including elderly couples and those living alone. The initiative not only delivered essential care packages and emotional support, but also raised awareness of emergency assistance services such as the "One-Line Safe" (Care-on-Call) system. By engaging staff volunteers and contributing financial resources, the Bank reaffirmed its commitment to addressing social isolation among older adults and promoting inclusive, age-friendly communities in line with its ESG principles.



COMMUNITY CARE

SHANGHAI COMMERCIAL • POK OI CYCLE FOR MILLIONS

For the eighth consecutive year, the Bank served as the title sponsor of the “Shanghai Commercial Pok Oi Cycle for Millions”, Hong Kong’s largest charity cycling event, supporting the construction of the Pok Oi Hospital Tuen Mun Lam Tei Nursing and Residential Care Home for the Elderly. In March 2025, we brought together participants for a meaningful ride across iconic routes including the Stonecutters Bridge and Nam Wan Tunnel, while promoting a culture of work-life balance, low carbon lifestyle and community engagement.



COMMUNITY CARE

HONG KONG ISLAND & KOWLOON HUNDRED MILLION WALK

The Bank actively contributed to the community through its participation in the “Hong Kong Island & Kowloon Hundred Million Walk” organized by the Hong Kong Community Chest on 19 January 2025. Over 200 employees and their families participated, walking from Hong Kong Stadium to the Hong Kong Country Park Visitor Centre, promoting team spirit and public welfare awareness. Staff and the Bank collectively donated HK\$120,000, directly supporting those in need in society. The Bank also supported various initiatives by the Community Chest, including Dress Casual Day, Flag Day, and Skip Lunch Day. These activities not only supported essential services but also promoted environmental sustainability and health awareness, creating significant social value and contributing to a more inclusive and sustainable community.



BUSINESS

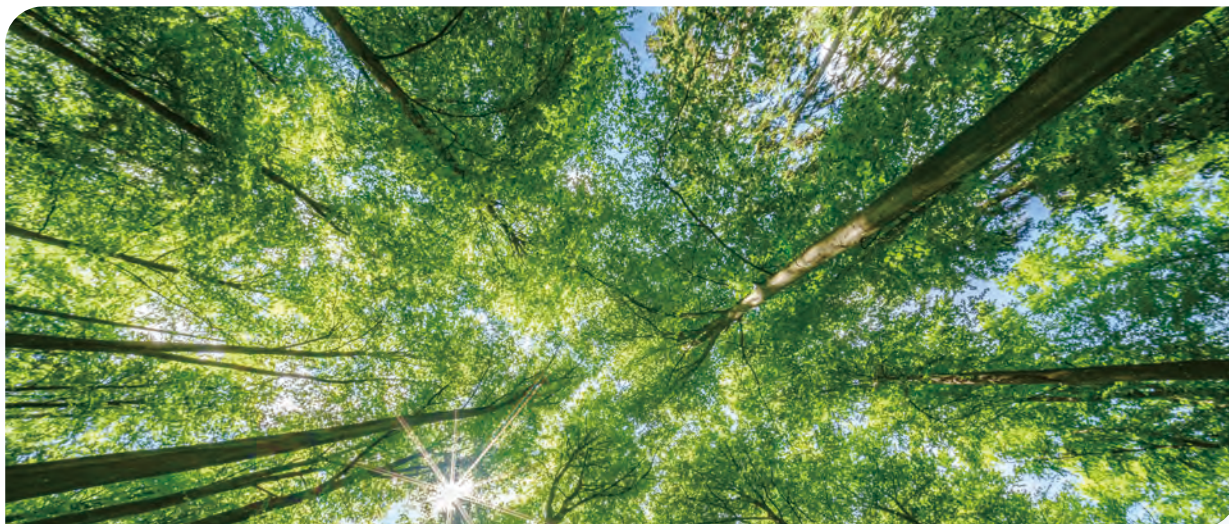


The Bank's long-term success is rooted in its commitment to embedding sustainability into every facet of its business model and strategy. The Bank has intensified its efforts in GSB development while prioritizing digital transformation and innovation across its financial services.

By continuously innovating our offerings and enhancing access to financial products, the Bank aims to promote financial inclusivity, harness cutting-edge technology to seize new market opportunities, and deliver exceptional experiences to customers and stakeholders alike. Equally critical is the effective management of a broad spectrum of risks, particularly climate-related risks, which provides a solid foundation for resilient business growth and secure operations. By integrating sustainability considerations and proactively addressing emerging risks, the Bank is well positioned to drive positive change and support the evolving needs of its customers during the transition to a low-carbon economy.

Looking ahead, the Bank is poised for sustainable growth by advancing GSB initiatives, expanding inclusive finance to broader populations including SMEs, and accelerating innovation and digital transformation across its operations, all while strengthening resilience to climate change and advancing its decarbonization commitments.

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 fulfill their responsibilities by integrating ESG considerations into banking and investment practices. Meeting these evolving market expectations requires banks to position themselves adeptly amid the backdrop of market's transition to sustainability by proactively implementing GSF initiatives.

OUR APPROACH

The regulatory landscape for GSF in Hong Kong experienced notable development in 2025, driven by HKMA's Hong Kong Taxonomy for Sustainable Finance, its consultation on transition planning, and a clear direction from the Chief Executive of HKSAR Government's 2025 Policy Address. Aligning with these developments, we sharpened our strategic focus, moving beyond compliance to capitalize on emerging opportunities proactively within GSB and transition financing.

Advancing Responsible Lending

The Bank has strengthened its responsible lending practices through enhanced governance, updated policy, and a refined strategic direction. To support sustainable and transition finance, the Bank plans to establish a dedicated governance body to evaluate the classification of financial instruments and counterparties based on climate and ESG risk ratings.

Robust exclusion criteria have been incorporated into the Bank's Credit Risk Policy, prohibiting exposure to entities involved in violations of International Covenants or Common Values. This reinforcement aligns the Bank's credit decisions with global sustainability standards and supports the mitigation of reputational and environmental risks associated with irresponsible financing.

Additionally, the Bank established the Business Strategy on Carbon-Intensive Sectors in 2025, committing to discontinue new financing for coal-related projects in key regions from 2030 onward, supporting the global transition to net zero.

Enhancing Oversight of GSF Products

The Bank has strengthened governance and oversight of GSF products through the introduction of key frameworks and guidelines. The GSF Classification Guideline sets out criteria for identifying eligible “Green” and “Environmentally Sustainable” economic activities, supporting the issuance and management of green bonds and loans, as well as sustainability-linked instruments.

The Bank is also developing an internal framework to establish a comprehensive governance structure for sustainable finance initiatives. This framework will define the methodology for identifying and labeling sustainable economic activities and financing, ensuring consistency, transparency, and alignment with international standards.

Expanding Green Customer Base

To bolster our sustainable finance capabilities and enhance data-driven decision-making, the Bank kicked off two pivotal Greentech initiatives in 2025 aimed at strengthening environmental risk assessment and customer engagement. We are developing an in-house financed emissions calculation tool that automates emissions reporting and integrates GICS industry standards, thereby enhancing both regulatory disclosure and internal climate risk monitoring. Complementing this, we are rolling out a comprehensive ESG and Climate Risk Questionnaire to systematically capture and assess ESG- and climate-related information and risks from customers. Together, these tools facilitate the Bank to strategically expand its green customer portfolio by identifying customers’ transition needs and offering tailored sustainable financial solutions.

Leveraging Strategic Partnership

To remain at the forefront of market development in GSF within the region, we collaborate closely with our strategic partners, the Bank of Shanghai in Chinese Mainland and SCSB in Taiwan. Together, we organize 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.

Internal Green Capabilities

The Bank continued to build its internal GSF capacity through bank-wide training programs aligned with emerging global trends, including carbon markets, climate risk integration and green finance innovation. These initiatives supported staff in achieving both the Core and Professional Level under the HKMA’s ECF for GSF, reinforcing our commitment to the ongoing professional development of professionals in the GSB field.

In 2025, the Bank launched the SCB AI Assistant, a bank-wide internal AI platform designed to support staff in day-to-day work across functions. The platform includes a dedicated ESG knowledge module, which integrates a standardized ESG glossary, key climate and ESG-related regulatory requirements and relevant international standards. This enhancement strengthens employees to efficiently access accurate, up-to-date ESG guidance efficiently, promoting informed decision-making and consistent application of sustainability principles in daily operations, and alignment with our sustainability commitments.

By Business	GSB-related Initiatives	Objectives
Investment Product	<ul style="list-style-type: none"> Adopting an ESG Model to categorize ESG funds Adopting due diligence questionnaire for ESG Funds to enhance product due diligence procedures 	<ul style="list-style-type: none"> To provide customers with investment options aligned with sustainability principles through ESG funds
Treasury	<ul style="list-style-type: none"> Adopting a strategy of replenishing our treasury product portfolio Evaluating the bond issuance purpose and ensuring alignment with internal ESG criteria and net zero transition principles 	<ul style="list-style-type: none"> To achieve target level of high-quality ESG issues within our portfolio To avoid investments in controversial business activities or issuances that violate internal norms and standards
Corporate Banking	<ul style="list-style-type: none"> Actively engaging in ESG-related lending 	<ul style="list-style-type: none"> To support the development of green industries and innovative technologies consistent with a low-carbon transition The Bank integrates environmental and sustainability considerations into financial decision-making processes to promote sustainable financing practices
Retail Banking	<ul style="list-style-type: none"> Supporting the growing shift in consumer preferences towards sustainability Providing internal sales education 	<ul style="list-style-type: none"> To incorporate sustainability considerations into products and services, reflecting evolving customer demand To ensure our sales adequate capacity to introduce ESG investment opportunities

2025 PERFORMANCE

These strategic approaches enhanced our capability to deliver professional and tailored GSF solutions to our customers. We strive to proactively identify and pursue opportunities in GSF, ensuring that our offerings are tailored to meet the unique needs and preferences of each customer. We were recognized at the TVB ESG Awards 2025 with the “Greater Bay Area ESG Excellence Enterprise Award”.



As at the end of 2025, the Bank offered over 115 green and ESG-related investment products on product shelf.

- Participated in ESG-related syndicated lending;
- Engaged in green-related bilateral lending;
- ESG fund business volume increased US\$16.5 million, achieving 68% increase compared to 2024;
- Invested HK\$6.6 billion in ESG-related bond;
- Promotion offer of subscription fee of ESG Fund as low as 0% was provided.

Throughout 2025, the Bank has actively advanced GSF initiatives. We have introduced a range of programs aimed at empowering and educating our customers, thereby fostering greater awareness and understanding of ESG investment.

INCLUSIVE FINANCE

Integrating sustainable practices into the finance and banking industry requires institutions to go beyond ESG considerations. It also entails embedding inclusive finance across all business functions to support local businesses and SMEs in meeting their financing needs and fostering growth, in alignment with regulatory priorities and national financial inclusion agendas. As a community bank, we recognize that inclusive finance is central to evolving toward a modern, responsive business model that serves the diverse needs of all segments of society. Through the strategic application of innovative financial technologies and continuous enhancement of service delivery, we aim to advance financial inclusion for underserved and vulnerable populations while actively supporting the creation of local economic opportunities.

OUR APPROACH

The Bank supports financial inclusion by promoting access to essential banking services for SMEs, retail customers, and other underserved segments of society, enabling them to meet every day financial needs, conduct legitimate business fund transfers, and participate meaningfully in the financial system and broader economy.

We consistently prioritize SMEs growth by providing tailored solutions that meet their immediate needs and support their long-term objectives:

In the short run

- The Bank's infrastructure and channels are designed to deliver timely and comprehensive banking services. This includes participation in the HKSAR Government's SME Financing Guarantee Scheme and engagement with sectors such as green-related industries, start-ups and technology, healthcare, import and export, and wholesale and retail trade.
- The Bank supports SMEs and corporate customers in improving operational efficiency, reducing costs, and enhancing market competitiveness through innovative digital banking services. Notably, the Bank continued to enhance and expand its SME online onboarding platform, enabling more SMEs to access essential banking services quickly.

In the long run

In supporting corporate customers, the Bank focuses on enhancing financial access for SMEs, particularly those facing operational or resource constraints. To achieve this, we have:

- Continued to enhance its corporate and SME banking solutions, including Internet Banking platforms and the “Shacom Business” mobile application, by integrating the latest available features to improve the user experience for SME and corporate customers.
- Actively supported and participated in the key regulatory initiatives, including:
 - ✓ Participation in the HKMA’s CDI, which enables a shift from manual report retrieval to programmatic data enquiry. This integration supports automation in collecting business data, streamlining the loan application and credit assessment processes.
 - ✓ Integration of the IADS into SME loan applications. IADS provides access to machine-readable account transaction data from other banks for SMEs, facilitating more automated credit assessments, ongoing credit reviews, and monitoring. This enhances both operational efficiency and risk management.

In today’s fast-moving business environment, timely access to financing is critical for enterprise growth, yet traditional loan application processes often involve burdensome documentation. The Bank addresses this challenge with a digital financing solution that allows corporate and SME customers to submit loan applications entirely online. With the applicant’s consent, the system instantly retrieves interbank data via the IADS framework, including account status, balances, and up to 180 days of transaction history from multiple banks, to generate a digital Credit Insights Report. This consolidated view replaces physical bank statements, streamlining credit underwriting and accelerating loan approval. In addition, the IADS integration supports enhanced financial visibility for SMEs through a Customer Insights Report, which aggregates real-time multi-bank transaction data into a single interface. Available through our corporate mobile application, customers can access this report, including cash flow analysis, transaction analysis and balance analysis. This feature helps businesses reduce administrative overhead, monitor their financial position more effectively, and make informed decisions to support sustainable growth. The same functionality is also available to retail customers through our retail mobile banking app.

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:

- Designed our branches with barrier-free design concepts, including ramps and meeting rooms to support customers with special needs;
- Installed voice-navigation ATMs at various branches to support visually impaired customers;
- Waived a range of service charges, including check issuance fees for senior citizens;
- Provided priority counters at our branches for senior citizen customers;
- Optimized font size and introduced e-statement on our mobile banking apps to better serve a wider community of customers;
- Introduced e-Statement feature on the “Shacom Bank” mobile application for customers to conveniently access and view their most recent electronic statements; and
- Offered a concessionary merchant discount rate of approximately 40% discount in Faster Payment System (“FPS”) to all charities registered under section 88 of the Inland Revenue Ordinance.

2025 PERFORMANCE

During the Reporting Year, the Bank promoted inclusive finance and support SMEs through initiatives that streamlined online account opening for SMEs and corporate customers. By remaining at the forefront of inclusive finance and driving sustainable growth, the Bank implemented, several key initiatives, including:

- Pioneering the use of IADS to support SMEs, in collaboration with stakeholders such as the HKMA, the banking industry, and SME associations
- Continuously enhancing our digital content ecosystem by refreshing product and service webpages and strategically leveraging social media channels, particularly our WeChat official account, to deliver timely financial insights, promote digital literacy, and strengthen customer engagement through targeted value-added content
- Attracting SMEs and corporate customers to utilize online account opening and loan services via promotional offers

The Bank participated as a featured speaker at the HKMA's Data Summit, showcasing its practical application of the IADS, CDI and CargoX to support SMEs. By leveraging real-time account and transactional data across banks, as well as digital trade and logistics data, the Bank demonstrated how data-driven insights can enhance credit assessment and streamline financing solutions, and how we integrated trade data to serve Go Global and Trade SMEs. In particular, we showcased three use cases:

- (1) Cross-border credit report validated via the blockchain-based Data Validation Platform to facilitate account opening and trade financing for Go Global SME;
- (2) Utilization of real-time freight data, including cargo location and transportation status, to verify delivery of goods for the bank's pre-payment, thereby safeguarding the interest of both buyer and seller, and mitigating cross-border trade transaction dispute risk;
- (3) Consolidation of real-time freight and interbank transaction data to analyze trade cycles, predict cash flow trends, expedite financing disbursement time.

These initiatives reinforce the Bank's commitment to building a resilient and innovative cross-border trade ecosystem, supporting sustainable growth for smaller businesses. In 2025, the Bank was honored with the "Outstanding SME Banking Service" award at The Standard Hong Kong SME Awards for the eighth consecutive year. Additionally, it received the "Best SME Banking Service – Gold Award" from the Hong Kong Federation of Small & Medium Enterprises for the fifth consecutive year. These accolades reflect the Bank's enduring commitment to delivering innovative, responsive and digitally enabled financial solutions that support the resilience and growth of SMEs in Hong Kong.

INNOVATION AND DIGITALIZATION

OUR APPROACH

Innovation and technology are pivotal in advancing the Bank's strategic vision and driving sustainable growth. Building on our Five-Year Plan on FinTech Adoption, the Bank has deepened its digital transformation journey, delivering tangible service enhancements through greater convenience, robust security, improved operational efficiency, reduced environmental impact via paperless processes, and expanded accessibility across diverse customer segments.

With the successful implementation of the Five-Year Plan of the FinTech Adoption, the key projects launched have delivered significant enhancements to customer experience and operation efficiency, leading to increased customer protection and promoted environmental sustainability for a barrier-free online banking experience.

To ensure effective execution of the Bank's digital strategy and the consistent delivery of personalized, secure, and trustworthy financial services, the Bank established the Digital Transformation Committee in 2021. Chaired by an Independent Non-executive Director, this cross-functional committee convenes on a monthly basis to provide strategic oversight of the Bank's digital transformation agenda and FinTech-related initiatives. The Digital Transformation Committee also exercises governance over the Digital Transformation Division, which is responsible for:

- Deliberating investment decisions related to digital transformation;
- Encouraging a digital culture across the Bank, involves offering relevant training programs 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 with an enhanced "Shacom Bank" mobile application and an upgraded online banking platform to deliver a more convenient and seamless digital banking experience;
- Participating in HKMA's Payment Connect initiative to enable fee-free small-value cross-border RMB transfers between Hong Kong and Chinese Mainland via the "Shacom Bank" mobile application;
- Enabling top-up service via FPS for the e-CNY wallet to enhance the convenience and accessibility of e-CNY transactions; and
- 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.

Looking ahead to 2026, we will remain steadfast in our commitment to our digital platforms through innovative digitalization initiatives to meet our customers' ever-changing needs. We will introduce a range of exciting new features and upgrades across our alternative data ecosystem, AI-powered relationship model, and tokenized solutions. These enhancements include real-time cargo data-enabled working capital, an AI Knowledge Hub for relationship managers, a co-branded tokenized Visa card, and a data-matching engine that cross-references alternative data (e.g., IADS, CDI) with SME subsidy schemes to automatically notify new customers of relevant funding. By delivering these capabilities, we aim to elevate customer experience, accelerate SME credit approvals, enhance risk management capabilities, and empower both our corporate and retail customers to grow their finances more effectively.

2025 PERFORMANCE

In 2025, the Bank organized the Digital Innovation Award for the third consecutive year as a key initiative to drive its digital transformation. The competition attracted participation from cross-functional teams, who proposed practical applications of artificial intelligence in banking operations. Submissions addressed key priorities including revenue growth, operational efficiency, cost optimization, risk management, fraud prevention and customer experience enhancement. The top two teams will represent the Bank in the Tri-Bank AI Competition.

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. These efforts ensure an accessible and enjoyable user experience. Our commitment to digital banking is exemplified by the following initiatives:

Innovative Banking Solutions for SMEs

To enhance efficiency and capitalize on opportunities for SMEs, our latest innovation "SME online onboarding platform", offers an online platform for account opening and loan application. This platform streamlines processes, enabling SMEs to easily apply for accounts and loans, and receive quick approvals.

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

Digital Transformation in Personal Banking

In line with our commitment to delivering comprehensive and seamless digital banking experiences, we enhanced the functionality of our "Shacom Bank" mobile application with a series of new features rolled out in June 2025. These upgrades empower existing customers to manage their financial affairs more efficiently and securely, including performing high-risk transactions with 2FA, adding or updating registered payees, modifying residential and contact addresses, conducting foreign currency exchange with extended trading hours, applying for life insurance online, and seamlessly switching between the "Shacom Bank" and "Shacom Stock" mobile application.

Online Subscription for Silver Bonds

To support financial inclusion and meet evolving customer expectations, the Bank offers Silver Bond subscriptions through multiple channels to enhance accessibility and service flexibility. In response to growing demand for digital solutions, we have integrated this functionality into our online banking platform, enabling customers to subscribe to bond products securely and efficiently, thereby providing a seamless, inclusive, and user-centric experience.

Our commitment in innovation, digital transformation, and unwavering support for SMEs have been recognized through prestigious industry awards. In 2025, the Bank received the following external accolades for its dedication to SMEs and digital innovation:

- Excellence in SME Banking Services Award – Hong Kong Economic Journal (8th consecutive year)
- 2025 Best SME’s Partner Gold Award – The Hong Kong General Chamber of Small and Medium Business (15th consecutive year; Gold Award for the 5th consecutive year)
- Digital Transformation of the Year – Hong Kong – Asian Banking & Finance Retail Banking Awards 2025
- SME Digital Innovation of the Year – Hong Kong – Asian Banking & Finance Retail Banking Awards 2025
- API – Banking category – the Hong Kong Business Technology Excellence Awards 2025



These awards recognize the Bank’s sustained investment in technology-driven solutions that enhance customer experience, streamline operations, and empower SMEs through innovative digital platforms. 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.

The Bank remains committed to advancing its digital platforms, continuous innovation, and digitalization initiatives. We will introduce a range of new features and upgrades to the “Shacom Bank” mobile application, including a streamlined electronic identity verification process, a comprehensive suite of online wealth management services and products, and expand self-service capabilities. These enhancements are designed to further elevate the customer experience and empower users to take greater control of their financial well-being.

CLIMATE CHANGE RESPONSE AND DECARBONIZATION

Climate change poses significant risks to economic and financial stability, amplifying the likelihood and severity of extreme weather events such as flooding. These physical impacts, coupled with the potential devaluation of assets in carbon-intensive sectors, underscore the need for effective climate risk management. In response, the Bank has adopted a Business Strategy towards Carbon-Intensive Sectors, committing to phase out financing for coal mining and expansion in key regions from 2030 onward.

Regulators globally are placing greater emphasis on managing climate-related risks and transition planning, as reflected in local initiatives such as the HKMA's expectations and its Action Agenda, which calls for enhanced transparency on climate-related risks and opportunities. In light of these developments, effective climate risk management has become essential for corporates. We fully recognize the imperative and are committed to taking proactive measures, including allocating adequate resources and developing strategic plans to manage and mitigate climate-related risks.

OUR APPROACH

The Bank is committed to actively reducing its operational carbon footprint, and facilitating the transition to a low-carbon economy at the societal level. We adopt a proactive approach to climate change by integrating climate-related risk considerations into our sustainability framework, ensuring these risks are embedded across all aspects of our sustainability strategies.

The Climate Risk Management Framework serves as the overarching guidance for the Bank to assess physical and transition climate-related risks under various climate scenarios. Reviewed and approved by the Sustainability Committee, the framework undergoes annual review to ensure ongoing relevance and effectiveness. To manage and mitigate climate-related risks, the Bank rigorously adheres to this framework and implements comprehensive measures encompassing governance, scenario analysis, and result monitoring, thereby supporting the long-term resilience and sustainability of the business. We remain actively engaged with regulators, such as the HKMA, to monitor emerging industry trends, and implement appropriate measures to address climate-related challenges.

For further details on our approach and assessment progress, please refer to the "Risk Management" of the "Climate-related Disclosure" section.

2025 PERFORMANCE

In 2025, the Bank remained on track with its climate change response and decarbonization initiatives. We conducted a comprehensive review and update of our Climate Risk Management Framework, and developed the Decarbonization Plan to align with the Bank's sustainability commitments, strategies and regulatory expectations as described above. Our operational practices and investments are aligned with our pledge to strive to achieve net zero, aligning with jurisdictions' climate goals. Additionally, we integrated the results of the climate assessment metrics, including the Climate Risk Stress Test ("CRST") and exposure monitoring into the relevant risk appetite statement. We also maintained ongoing communication with the HKMA regarding our climate-related risk management and assessment efforts, including updates on the CRST exercise and the adoption of the newly launched regulatory platform. In 2025, the Bank allocated dedicated budgets to support the implementation of its decarbonization plan, reinforcing our commitment to net-zero strategy.

The Bank also enhanced staff capabilities in GSF by aligning with the HKMA's ECF – GSF, supporting staff to achieve Core Level certification and progress toward the Professional Level. Three sustainability – related training sessions were delivered to employees in 2025 to strengthen internal expertise and support the Bank's long – term environmental goals.

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

CLIMATE-RELATED DISCLOSURE

The Bank recognizes its critical role in supporting industries and sectors in their efforts to address climate change and strengthen climate resilience. In line with this commitment, we have disclosed our climate-related initiatives in accordance with the TCFD Recommendations for five consecutive years, starting with the Sustainability Report 2021.

In response to evolving regulatory and stakeholder expectations, the Bank prepares its climate-related disclosures with reference to Part D of the ESG Reporting Code. Building on this foundation, we are further enhancing our reporting framework by referencing to the IFRS S2 Climate-related Disclosures, which provides a globally consistent baseline for reporting on climate-related risks and opportunities.

To support this enhanced approach, we have developed a dedicated disclosure plan and a corresponding data collection plan to ensure timely, accurate, and comprehensive reporting. By drawing on these references, particularly across the core areas of governance, strategy, risk management, and metrics and targets, the Bank continues to improve the decision-usefulness, comparability, and transparency of its disclosures.

GOVERNANCE

As outlined in our Sustainability Policy, the Bank has established a robust sustainability governance structure to effectively address and monitor the impacts of the Bank's business activities on the environment and society, including climate-related matters. In addition, our Climate Risk Management Framework has further set out specific roles and responsibilities in managing climate-related risks. Climate risk considerations have also been incorporated into staff performance evaluation and reward management, as outlined in our Remuneration Policy.

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 long-term value to shareholders and foster sustainable growth
- Review and approve the Climate Risk Appetite Statement, CRST, scope of sustainability disclosure, and Decarbonization 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 the Decarbonization 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, 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
- Review the Decarbonization Plan for transition planning involving multiple department contributions

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, the three lines of defense 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 Report.

STRATEGY

The Bank proactively identifies key climate-related topics or goals, including those related to climate change response and GSF, through regular materiality assessments and stakeholder engagement. In this process, we consider internal factors such as the Bank's strengths and weaknesses, as well as external factors including the environment and the Bank's operating locations. Based on these assessments, the Bank sets climate-related targets and relevant KPIs across different time horizons, reviewing them periodically to monitor the progress.

To support the identification of climate-related risks and opportunities, as well as the implementation of the climate-related strategy, the Bank has developed and adopted an appropriate climate risk appetite in phases, initially starting with qualitative principles. This approach ensures that the Bank's investments, product and service offerings are aligned with its overall climate strategy and corporate values. Through this process, major climate-related risks are assessed and climate-related opportunities are identified, ensuring consistent alignment with the Bank's overall climate strategy and values.

Climate-related Risk Identification

- **Transition Risks** relate to the process of adjustment towards a low-carbon economy

Risk Drivers	Policies and regulations
Risk Description	<ul style="list-style-type: none"> • Losses occur when borrowers fail to meet financial obligations due to increased operational costs from carbon pricing and emissions regulations. • Large-scale fossil fuel extraction may become uneconomical due to policy changes or raw material market pressure, reducing debt repayment capacity. • Market volatility driven by climate policies or environmental events can impact the Bank's on- and off-balance-sheet activities. • Enhanced reporting obligations raise operational risk due to complex data collection and verification processes, raising the risk of misreporting. • Legal risks arise if the Bank fails to meet stakeholder expectations on climate and sustainability, leading to litigation and reputation risk. • Legal risks from climate-related litigation, including disruptions, unenforceable contracts, judgments, sanctions, and reputational damage stemming from non-compliance. • Compliance risks involve potential sanctions or reputational harm from non-compliance.

Potential Financial Impact

- Regulatory shifts may raise borrower costs, affecting their ability to repay, increasing their default risk.
- Devaluation of carbon-sensitive assets could heighten a corporate's propensity to default.
- Utilizing fossil fuel reserves as collateral may reduce credit risk mitigation due to devaluation.
- Risks include deteriorating asset quality and higher capital requirements for borrowers.
- Asset valuation may change abruptly in response to new climate regulations.
- Transition events, such as the shift to renewable energy, can devalue assets in high-carbon industries, and unanticipated regulatory changes could exacerbate liquidity issues.
- New regulations can trigger operating costs and compliance expenses.
- Climate-related litigation risk may arise as stakeholders demand accountability.
- Climate-related litigation may increase as stakeholders demand accountability for environmental impacts.
- Regulatory scrutiny and expectations regarding the climate management efforts are likely to intensify, increasing compliance risks.
- Legal disputes may arise over contract breaches due to climate events, impacting the Bank's financial stability.
- Non-compliance with evolving climate regulations can lead to financial penalties and reputational damage.

Time Horizon⁴

Short-term to long-term

**Climate Risk Transmitting
to Traditional Risk Types**

- ✓ Credit Risk
- ✓ Market Risk
- ✓ Operational Risk
- ✓ Reputation Risk
- ✓ Legal Risk and Compliance Risk

Note:

⁴ For the purpose of climate-related risk and opportunity assessment, the Bank applies the following time horizons, which are aligned with the long-term nature of climate change and the Bank's strategic and capital planning cycle: Short-term: Less than 1 year; Medium-term: 1 to 5 years; Long-term: More than 5 years.

Risk Drivers	Technology development
Risk Description	<ul style="list-style-type: none"> • Advancements in renewable energy may render existing business models obsolete, undermining borrowers' long-term creditworthiness and revenues in impacted sectors. • Technological transitions may devalue fossil assets, weakening debt servicing capacity and elevating default risk. • Decarbonization policies drive low-carbon technology transition, resulting in higher direct costs and execution challenges for banking operations.
Potential Financial Impact	<ul style="list-style-type: none"> • Technological innovations may disrupt borrower operations and depreciate carbon-sensitive assets, raising financial instability, credit deterioration, and default risk. • Utilizing fossil fuel reserves as collateral may reduce credit risk mitigation due to devaluation. • Investment in Renewable Energy Technology such as large solar PV and batteries may require substantial capital, thereby reducing short-term liquidity buffers.
Time Horizon⁴	Short-term to long-term
Climate Risk Transmitting to Traditional Risk Types	<ul style="list-style-type: none"> ✓ Credit Risk ✓ Operational Risk

Risk Drivers	Market
Risk Description	<ul style="list-style-type: none"> • Investor divestment from high-risk sectors reduces, driven by shifting market preferences and growing environmental awareness, may reduce profitability and amplify bank credit risks. • Market adjustments could make fossil fuel extraction unviable, increasing default risk. • Abrupt negative price adjustments may arise if market valuations overlook climate risks, leading to losses from changes in asset and liability values, and volatility in interest rates, exchange rates, and commodity prices. • Shifting market preferences towards climate-friendly and sustainable products may reduce the Bank's access to funding sources and increase financing costs. • The Bank risks losing competitiveness if it fails to respond to evolving market conditions, neglects customer preferences, or does not comply with increasingly stringent regulations. • Changing market conditions and consumer preferences for climate-friendly products will heighten expectations for corporate responsibility in addressing climate change.
Potential Financial Impact	<ul style="list-style-type: none"> • Market adjustments may disrupt borrower operations and depreciate carbon assets, increasing financial and credit risk. • Utilizing fossil fuel reserves as collateral may reduce credit risk mitigation due to devaluation. • Investment portfolios might suffer losses without diversification into climate-resilient industries. • Market price volatility could affect the Bank's positions in equity, commodities and other financial assets. • Asset valuation may change abruptly in response to new climate regulations. • Transition events can devalue assets in carbon-intensive industries, and unanticipated regulatory changes could exacerbate liquidity issues, potentially triggering credit drawdowns or even a bank run under severe conditions. • Inability to adapt to market conditions may lower competitiveness and market share. • Failing to consider environmental issues in business development may harm commercial relationships.
Time Horizon⁴	Short-term to long-term
Climate Risk Transmitting to Traditional Risk Types	<ul style="list-style-type: none"> ✓ Credit Risk ✓ Market Risk ✓ Liquidity Risk ✓ Strategic Risk ✓ Reputation Risk

Risk Drivers	Reputation
Risk Description	<ul style="list-style-type: none"> • Negative reputation can harm employee morale, affecting talent attraction and retention. • Growing public concern highlights the Bank's responsibility in addressing climate change. Failing to integrate environmental considerations could damage relationships. • Reputational damage can arise from failure to meet stakeholder expectations or regulatory requirements.
Potential Financial Impact	<ul style="list-style-type: none"> • Decreased production capacity due to poor employee attraction and retention. • Failure to align with sustainability can cause lost opportunities and reduced investor confidence. • Public backlash over environmental impacts may lead to boycotts or divestment. • Poor climate governance can drive stakeholder disengagement, hindering growth. • Ineffective climate change responses could lead to negative media coverage, affecting customer trust and brand reputation.
Time Horizon⁴	Short-term to long-term
Climate Risk Transmitting to Traditional Risk Types	<ul style="list-style-type: none"> ✓ Operational Risk ✓ Strategic Risk ✓ Reputation Risk

- Physical Risks arise from changes in weather and climate that impact the economy, including acute and chronic impacts of climate change

Risk Drivers	Acute
Risk Description	<ul style="list-style-type: none"> • Acute climate events (e.g., cyclones, floods, wildfires) can damage assets and raise insurance risks, leading to reduced coverage in high-risk areas, higher premiums, increase operational and capital costs, and decreased liquidity of properties. • Market volatility driven by climate policies or environmental events can impact the Bank's on and off balance sheet activities. • Certain operational branches may fall under high-risk areas for acute risk (including coastal floods, urban flooding, tropical cyclones and tsunamis), potentially resulting in property damage, loss of value, or loss of life. • Some branches may face high wildfire risk, leading to increased water usage, property damage, and heightened wildfire potential due to heat waves and drought.

Potential Financial Impact

- Borrowers in climate risk sensitive industries may face reduced profitability and asset depreciation due to extreme climate events, affecting supply chains and production costs.
- Natural disasters can damage real estate collateral, lowering recovery values and increasing credit losses.
- Severe weather can disrupt commodity supply chains, causing price spikes and market instability.
- Physical risks may trigger spikes in withdrawal demands, stressing liquidity situation.
- Extreme weather events can disrupt cash flow, necessitating emergency loans and affecting operational continuity.
- The Bank may need to increase liquidity buffers to manage unexpected climate-related demands, impacting profitability.
- Severe weather may damage the Bank's physical assets, leading to value loss.
- Facility repairs from climate damage may strain financial resources.
- Increased insurance premiums may exert pressure on operating costs.
- Extreme weather can cause power outages and IT failures, disrupting services.
- Negative workforce impacts, including safety risks and absenteeism, may raise costs.
- Operational disruptions may lead to regulatory breaches and non-compliance penalties.
- Climate-related supply chain delays can increase operational expenses
- Some branches may face elevated asset loss risk, and increased water usage, along with potential water scarcity.

Time Horizon⁴



Short-term to long-term

**Climate Risk Transmitting
to Traditional Risk Types**

- ✓ Credit Risk
- ✓ Market Risk
- ✓ Liquidity Risk
- ✓ Operational Risk

Risk Drivers	Chronic
Risk Description	<ul style="list-style-type: none"> • The impacts on labor, capital and agriculture productivity, requires significant investment and adaptation from companies, households and governments. • Rising sea levels and coastal erosion may require office relocation or the construction of sea defenses. • Heavy rain events and tropical cyclones may cause temporary branch shutdowns. • The drought risk in some areas where branches operate further heightens wildfire potential, causing damage to assets and risking lives.
Potential Financial Impact	<ul style="list-style-type: none"> • Borrowers in climate risk sensitive industries, such as agriculture, may face reduced profitability and asset depreciation due to chronic extreme climate events, affecting supply chains and production costs. • Sea level rise may damage coastal assets and lead to higher relocation expenses. • Increased costs and insurance premiums may apply to assets in high-risk locations. • Extreme weather may cause temporary business suspensions which reduce revenue. • Some branches face asset loss risk, rising water costs, and potential water scarcity.
Time Horizon⁴	Medium-term to long-term
Climate Risk Transmitting to Traditional Risk Types	<ul style="list-style-type: none"> ✓ Credit Risk ✓ Operational Risk

Climate-related Opportunity Identification

Climate-related Opportunities	Sustainable and Green Operations 	Green and Sustainable Finance 
Strategic Focus	We strive to achieve net zero, aligning with the jurisdictions' climate goals. This will be accomplished through the implementation of sustainable operations, the establishment of GHG emissions reduction targets and the Decarbonization 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.	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 capitalize on opportunities arising from climate change through GSF. In addition, we partnered with external professional organizations 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.
Time Horizon⁴	Short-term to long-term	Short-term to long-term
Potential Financial Impact	<ul style="list-style-type: none"> – Reduced operating costs over time through improved energy and resource efficiency. – Strengthened resilience of operations and facilities to physical climate risks. – Enhanced reputation and alignment with regulatory and stakeholder expectations. 	<ul style="list-style-type: none"> – Revenue growth from expanded GSF product offerings, including loans and investment products aligned with low-carbon and climate-resilient activities. – Enhanced portfolio quality and resilience by prioritizing customers and sectors with stronger transition and adaptation plans. – Strengthened customer relationships through supporting their transition and resilience needs.

As an institution committed to proactively responding to climate change, the Bank incorporates climate-related strategic goals into its business and lending policies where appropriate.

In addition to embedding climate considerations into 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 strengthening its climate change capabilities through staff upskilling and reskilling, talent recruitment, and consultation with external experts.

Furthermore, recognizing that effective monitoring and assessment of climate-related risks require reliable data, we are continuously enhancing our data collection processes and systems to support the implementation of our climate strategy and better assist SMEs in their green transition. Additionally, to assess the Bank's potential vulnerability in profitability and capital adequacy under challenging business conditions resulting from climate change, we have applied climate scenario analysis and stress tests across various climate scenarios, as further discussed in the "Risk Management" section below.

We recognize that responding to climate change and enhancing resilience are key priorities for local regulators, as demonstrated by 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. To ensure alignment with regulatory expectations, we conduct annual reviews of our climate strategies, relevant policies, frameworks and KPIs. We also maintain open communication with regulators to facilitate effective climate-related risk management and promptly address any concerns.

In 2025, the Bank continued to advance its climate strategy through targeted investment and lending, with a growing share of assets aligned to climate-related opportunities. During the Reporting Year, the Bank's green-related proprietary investments in bonds increased from a 2021 base of HK\$3.1 billion to HK\$6.6 billion, representing approximately 9.78% of the overall proprietary bond portfolio. Total green-related lending, including both syndicated lending and bilateral lending, reached approximately HK\$3.9 billion (5.67% of total loans). These positions reflect financing and investment deployed towards climate-related risks and opportunities and are expected, over time, to shift the Bank's asset mix towards lower-carbon, more climate-resilient activities.

Looking ahead, we aim to further advance green and sustainable banking by setting targets to increase the share of invested counterparties that commit to the Science Based Targets initiative or adopt net-zero targets. Additionally, we have formulated Business Strategy towards Carbon-Intensive Sectors, with the objective of gradually reducing or phasing out exposures to high-emitting sectors, such as coal mining.

In response to the HKSAR 2025 Policy Address, we have opened an account on HKEx's Core Climate platform, enabling the Bank to source suitable climate solutions and thereby support its net-zero operational emissions goal.

RISK MANAGEMENT

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

First Line of Defense	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 Defense	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 Defense	The Bank's Internal Audit Department conducts independent and effective internal audits to ensure the effectiveness of the Bank's climate-related risk management.

To better understand the potential impact of climate risks on our business, the Bank conducts climate-focused scenario analysis to identify, classify, and quantify how climate-related risks may translate into traditional banking risks, such as credit risk, liquidity risk, and interest rate risk. We also reference the HKMA's CRST methodology to identify high-emitting industries, assess our climate risk exposures, and evaluate potential impacts on our CAR.

During the Reporting Year, the Bank further refined its internal climate risk scenario analysis and stress testing methodologies, building on insights from previous CRST submissions to the HKMA. Enhancements included expanding the transmission pathways from macroeconomic and climate-related factors to credit risk-related impacts on customers. These enhancements demonstrate the Bank's ongoing commitment to strengthening climate risk management and aligning with evolving regulatory expectations. Overall, based on the results of the updated assessment, the most severe long-term impact of both transition risk and physical risk on the Bank's CAR is considered to remain manageable at less than 1%.

Transition risk analysis

Transition risks refer to potential financial impacts on sectors or borrowers resulting from the shift to a low-carbon economy, including new climate policies, regulatory measures, technological advancements, and changes 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 2025 transition risk scenario analysis is based on the representative climate scenarios developed by the Network of Central Banks and Supervisors for Greening the Financial System (“NGFS”) as shown below. The analysis employed the NGFS “Disorderly”, “Orderly” and “Hot House World” scenarios.

	Dimension		Scenario
Disorderly	The “Disorderly” scenario explores higher transition risks due to policies being delayed or divergent across countries and sectors. For example, (shadow) carbon prices are typically higher for a given temperature outcome.	Delayed Transition	“Delayed Transition” assumes no additional climate policies are implemented until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited.
Orderly	The “Orderly” scenario assumes climate policies are introduced early and become gradually more stringent.	Below 2°C	“Below 2°C” gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
Hot House World	The “Hot House World” scenario assumes that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming.	Current Policies	“Current Policies” assumes that only currently implemented policies are preserved, leading to high physical risk.

The transition risk analysis focuses on the following 7 Carbon Sensitive Sectors Categories which tend to be affected the most by transition policies:



During the Reporting year:

- Loans and advances to Carbon Sensitive Sectors Categories amounted to approximately HK\$11 billion, representing 16.0% of the Bank's total loan portfolio. Property Development constitute the major carbon-sensitive exposures, at approximately HK\$7.5 billion.
- Bond investment portfolio to Carbon Sensitive Sectors Categories amounted to approximately HK\$7 billion, representing 10.3% of the Bank's total bond portfolio. Bonds issued by the Property Development sector accounted for the largest share of these carbon-sensitive exposures, at approximately HK\$3.2 billion.

The Bank conducted a transition risk assessment across 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 period from 2030 to 2060, at five-year intervals. Under the transition risk analysis conducted in 2025, the projected impact on the Bank's CAR is manageable.

Physical risk analysis

Physical risks arise from climate- and weather-related events, including shifts in climate patterns that lead to rising sea levels and temperatures. In line with HKMA guidance, the Bank conducted an assessment to evaluate the impact of physical risks on its operations, identifying and quantifying asset classes that are more vulnerable to extreme weather events and long-term climate change. These include loans and advances secured by properties, property investment, and operational losses arising from extreme climate events (for example, tropical cyclones and floods) affecting the Bank's main business sites.

The physical risk analysis considers the impacts of extreme weather events in Hong Kong, including rising temperatures, sea levels and the increased intensity of tropical cyclones, and is based on the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathway ("RCP") 8.5 scenario.

As at 31 December 2025, the Bank held loans with a total value of HK\$50.0 billion (representing 73% of total loans and advances to customers) that are property-collateralized. In addition, the assessment of climate-related physical hazards also covered the Bank's self-owned property, including the SCB Tower, to evaluate potential impacts on its operations and asset values.

The quantification of physical risks involved assessing the value of affected physical properties, anticipated disruptions to business operations, the impact on expected credit loss for loans and advances secured by properties and evaluating the overall impact on the Bank's CAR.

Monitoring

Based on the climate-related risks analysis of portfolio data, the Bank has determined that the overall impact on the CAR is low and insignificant, indicating that no immediate risk mitigation actions are required. Nevertheless, the Bank will continue to monitor climate-related risks regularly in accordance with the guidelines set forth in the Climate Risk Management Framework.

To facilitate management oversight, climate-related risk exposures are reported periodically to the Board-level and management-level committees, to ensure alignment with established risk appetite and limits. The climate risk monitoring process covers both quantitative and qualitative metrics on a portfolio basis, with exposure percentages tracked against pre-set limits as part of the Bank's sustainability KPIs.

In addition, the Bank periodically conducts climate-related scenario analysis and stress testing to assess its resilience to climate change under different transition and physical risk scenarios. Key findings from these exercises, along with any material changes in climate-related risk drivers, external statutory policies or regulatory expectations, are incorporated into the risk reporting framework and promptly escalated to the Board and management-level committees.

Furthermore, the Bank is undertaking various initiatives to address climate change. As part of these efforts, the Bank is in the process of deploying the Physical Risk Assessment Platform to enhance the comprehensiveness of its physical risk assessments. This platform, which is capable of analyzing climate-related risks such as flooding, tropical cyclone and other risk factors by geographical locations within Hong Kong, will be incorporated into the Bank's climate risk stress testing approach to further strengthen climate risk-related analysis. Additionally, the platform will be used as an auxiliary tool to support credit assessment 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 sustainability-related risks. To this end, we have set specific targets to capitalize on climate-related opportunities across different business units:



Corporate Banking

- Increase funding and support to green industries
- Increase green asset exposure by participating in Green, Social and Sustainability ("GSS")-related syndicated loans
- Consider limiting our loan offerings to brown industries



Retail Banking

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



Treasury Investment

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

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

Operational GHG Emissions

Scope	Unit	2025	2024	2023
Scope 1	tCO ₂ e	49.87	76.67	95.22
Scope 2	tCO ₂ e	3,075.52	3,267.25	3,347.72
Total Scope 1 and Scope 2	tCO ₂ e	3,125.39	3,343.92	3,442.94

Corporate Value Chain GHG Emissions

Scope 3 Category	Unit	2025
Category 1: Purchased Goods and Services ⁵	tCO ₂ e	101.15
Category 5: Waste Generated in Operations ⁶	tCO ₂ e	2.09
Category 6: Business Travel ⁷	tCO ₂ e	129.32
Category 7: Employee Commuting ⁸	tCO ₂ e	549.46
Category 15: Investments ⁹	tCO ₂ e	1,021,345.82
– Business Loans	tCO ₂ e	635,333.28
– Commercial Real Estate	tCO ₂ e	27,679.31
– Listed Equity and Corporate Bonds	tCO ₂ e	178,079.59
– Sovereign Debt	tCO ₂ e	180,253.64

To effectively monitor the impact of climate-related risks on the Bank's lending portfolios over various time horizons, and to support the systematic reduction of its environmental footprint, the Bank has conducted regular assessments of the capital-related impacts associated with relevant portfolios as a key metric. Limits have also been set on loans and advances to the Carbon Sensitive Sectors Categories, as well as on bond portfolios linked to these sectors. Additionally, the Bank will continue to enhance customer evaluation processes during onboarding, loan application, and routine customer reviews by utilizing specialized climate toolkits to improve these assessments.

Note:

- ⁵ Scope 3 GHG emissions Category 1 – Purchased goods and Services covers freshwater processing and paper procured and paid for by the Bank.
- ⁶ Scope 3 GHG emissions Category 5 – Waste Generated in Operations covers paper waste disposal at landfill (excluding recycled paper) and wastewater treatment arising from water consumption paid for by the Bank.
- ⁷ Scope 3 GHG emissions Category 6 – Business Travel covers cross-boundary business trips paid for by the Bank.
- ⁸ Scope 3 GHG emissions Category 7 – Employee Commuting covers emissions induced by employees (i.e. staff employed at the end of each financial year) when commuting to and from work.
- ⁹ Scope 3 GHG emissions Category 15 – Investments covers "Business Loans", "Commercial Real Estate", "Listed Equity and Corporate Bonds", and "Sovereign Debt" only, and was calculated in accordance with the Partnership for Carbon Accounting Financials ("PCAF") methodology. We will continue to expand our financed emissions disclosure to better reflect the Bank's performance. Regarding financed emissions from high-emitting sectors within the business loan portfolio, the Bank had no exposure to the power sector during the reporting period. Exposure to the oil and gas sector was limited to a single loan, accounting for 2.18 tCO₂e in financed emissions, while 109 loans in the construction sector contributed a total of 63,832.24 tCO₂e. Financed emissions associated with commercial real estate loans are detailed in the "Corporate Value Chain GHG Emissions" table above.

OUR PERFORMANCE

ECONOMIC PERFORMANCE

Category	Unit	2025	2024
Direct economic value generated and distributed			
Revenue	HKD million	6,589.7	5,985.3
Operating costs		807.9	617.4
Employee compensation and benefits		1,378.0	1,224.8
Payment to providers of capital		177.0	184.6
Payments to government in Hong Kong		450.3	417.7
Payments to government in Chinese Mainland		29.6	51.9
Payments to government in Overseas		22.6	212.7
Economic value retained		3,709.5	3,262.6
Total financial donations to charitable organizations	14.8	13.6	

ENVIRONMENTAL PERFORMANCE

HKEx KPI	Indicator	Unit	2025	2024
Energy				
KPI A2.1	Total direct and indirect energy consumption by type			
	Total energy consumption	MWh	7,363.47	7,496.09
	Total electricity consumption	MWh	7,047.22	7,104.49
	Total heating purchased for consumption	MWh	121.27	100.85
	Total cooling purchased for consumption	MWh	–	–
	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	MWh	194.98	290.75
	Total fuel consumption from renewable sources	MWh	–	–
KPI A2.1	Overall energy intensity of the Group			
	By Gross Floor Area ("GFA")	MWh/m ²	0.14	0.15
Water				
KPI A2.2	Water consumption			
	Total consumption of municipal fresh water	m ³	3,771.05	3,968.37
	Water intensity			
	Per square meter of GFA	m ³ /m ²	0.07	0.08

HKE _x KPI	Indicator	Unit	2025	2024
Air emissions				
KPI A1.1	Emissions from gaseous fuel consumption			
	Nitrogen Oxides ("NO _x ")	kg	0.37	0.38
	Sulphur Oxides ("SO _x ")	kg	0.002	0.002
	Emissions from vehicles			
	NO _x	kg	16.37	25.51
	SO _x	kg	0.57	0.85
	Particulate matter ("PM")	kg	1.52	2.29
Carbon emissions				
KPI D28(a), (b)	Total operational GHG emissions in Hong Kong			
	Scope 1 emissions	tCO ₂ e	36.56	57.57
	Scope 2 emissions	tCO ₂ e	2,747.76	2,930.12
	Scope 1 & 2 emissions	tCO ₂ e	2,784.31	2,987.69
	Scope 1 & 2 GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.06	0.07
KPI D28(a), (b)	Total operational GHG emissions in Chinese Mainland			
	Scope 1 emissions	tCO ₂ e	13.31	18.97
	Scope 2 emissions	tCO ₂ e	140.96	161.92
	Scope 1 & 2 emissions	tCO ₂ e	154.27	180.89
	Scope 1 & 2 GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.06	0.07
KPI D28(a), (b)	Total operational GHG emissions from Overseas			
	Scope 1 emissions	tCO ₂ e	0.00	0.13
	Scope 2 emissions	tCO ₂ e	186.80	175.21
	Scope 1 & 2 emissions	tCO ₂ e	186.80	175.34
	Scope 1 & 2 GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.05	0.04
KPI D28(a), (b)	Total operational GHG emissions of Shanghai Commercial Bank			
	Scope 1 emissions	tCO ₂ e	49.87	76.67
	Scope 2 emissions	tCO ₂ e	3,075.52	3,267.25
	Scope 1 & 2 emissions	tCO ₂ e	3,125.39	3,343.92
	Scope 1 & 2 GHG emissions intensity per unit of GFA	tCO ₂ e/m ²	0.06	0.06

Remark: Data may not equal to actual figures due to rounding of numbers in calculation.

HKEx KPI	Indicator	Unit	2025	2024
Total corporate value chain GHG emissions of Shanghai Commercial Bank				
KPI D28(c)	Scope 3 emissions	tCO ₂ e	1,022,127.84	250
	Category 1: Purchased Goods and Services	tCO ₂ e	101.15	124
	Category 5: Waste Generated in Operations	tCO ₂ e	2.09	3
	Category 6: Business Travel	tCO ₂ e	129.32	123
	Category 7: Employee Commuting	tCO ₂ e	549.46	–
	Category 15: Investments ¹⁰	tCO ₂ e	1,021,345.82	–
Hazardous waste				
KPI A1.3	IT waste	tons	1.08	1.39
	Printer cartridge	tons	0.18	0.34
	Hazardous waste	tons	1.26	1.73
	Hazardous waste intensity	kg per full-time employee per year	0.63	0.87
Non-hazardous waste				
KPI A1.3	General waste	tons	87.28	100.12
	Paper	tons	57.12	69.92
	Non-hazardous waste	tons	144.40	170.04
	Non-hazardous waste intensity	kg per full-time employee per year	71.84	85.27
Recycled materials				
KPI A1.3, A1.4	IT waste	tons	1.08	1.39
	Printer cartridge	tons	0.18	0.34
	Plastic	tons	0.50	0.32
	Metal	tons	0.33	0.22
	Paper	tons	70.38	95.44

Note:

¹⁰ Scope 3 GHG emissions Category 15 – Investments covers “Business Loans”, “Commercial Real Estate”, “Listed Equity and Corporate Bonds”, and “Sovereign Debt” only. We will continue to expand our financed emissions disclosure to better reflect the Bank’s performance.

WORKFORCE DATA

Employees by gender and age

HKEx KPI	Location	Total	Male	Female	2025			
					<30	30–39	40–49	≥50
KPI B1.1	Overall	2,013	1,011	1,002	470	565	469	509
	Hong Kong	1,826	928	898	448	503	408	467
	Chinese Mainland	68	25	43	5	31	29	3
	Overseas	119	58	61	17	31	32	39

HKEx KPI	Location	Total	Male	Female	2024			
					<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
	Chinese Mainland	70	27	43	6	35	26	3
	Overseas	117	54	63	21	27	31	38

Employees by contract type

HKEx KPI	Location	Permanent Contract	2025		
			Fixed Term/ Temporary Contract	Full Time	Part Time
KPI B1.1	Hong Kong	1,798	28	1,823	3
	Chinese Mainland	68	0	68	0
	Overseas	117	2	119	0

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

Employees by corporate title

HKEx KPI	Gender	2025				
		Assistant Vice President to Chief Executive	Manager	Assistant Manager	Officer to Senior Officer	Others
KPI B1.1	Male	310	297	155	225	24
	Female	191	304	229	276	2

Remark: the Corporate Title was revamped in 2025

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

Turnover and turnover rate by location, gender and age

HKEx KPI	Location/Gender/Age	2025		2024	
		Number	Rate (%)	Number	Rate (%)
KPI B1.2	Overall	358	17.8	383	19.2
	Hong Kong	341	18.7	365	20.2
	Chinese Mainland	3	4.4	1	1.4
	Overseas	14	11.8	17	14.5
	Male	205	20.3	205	20.5
	Female	153	15.3	178	17.8
	<30	149	31.7	187	36.7
	30-39	77	13.6	79	14.9
	40-49	37	7.9	41	9.2
	≥50	95	18.7	76	14.8

TRAINING AND DEVELOPMENT

Training by gender and corporate title

HKEx KPI	Category	2025		2024	
		Average Training Hours	Percentage of Employees Trained (%)	Average Training Hours	Percentage of Employees Trained (%)
KPI B3.1	Male	58.0	99	63.1	92
KPI B3.2	Female	59.5	100	71.2	97
	Assistant Vice President to Chief Executive	61.7	99	67.8	97
	Manager	58.9	99	70.5	97
	Assistant Manager Officer to Senior Officer	54.8	99	68.2	98
	Others	58.6	99	65.5	95
		0	0	0	0

Remark: the Corporate Title was revamped in 2025

HEALTH AND SAFETY

Workplace injuries and fatalities

HKEx KPI	Category	2025	2024	2023
KPI B2.1	No. of work-related fatalities Overall	Total 0	Total 0	Total 0
KPI B2.2	Lost days due to work related injury Overall	Total 266	Total 41	Total 30.5
	Hong Kong	266	41	30.5
	Chinese Mainland	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	2025	2024
KPI B6.2	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	1	0
	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0	0
	Total number of substantiated complaints regarding standards, refund or compensation requests, and bank policy or practices	2	6
KPI B7.1	Confirmed incidents of corruption and action taken	0	0

SUPPLIERS

Suppliers by geographic location

HKEx KPI	Location	2025		2024	
		Number	Percentage (%)	Number	Percentage (%)
KPI B5.1	Europe	64	9	55	9
	Hong Kong	299	41	241	39
	Chinese Mainland	25	3	6	1
	Asia and Australia	12	2	11	2
	North America	322	45	308	49

COMMUNITY CONTRIBUTIONS

Charitable donations and volunteering

HKEx KPI	Category	Unit	2025	2024
KPI B8.2	Charitable donations by category	HKD'000	14,840	13,603
	Environment	HKD'000	410	359
	Youth Development	HKD'000	1,700	1,926
	Community Care	HKD'000	11,980	10,232
	Others	HKD'000	750	1,086
KPI B8.2	Volunteering hours	Hours	3,455	3,118

APPENDICES

AWARDS AND RECOGNITIONS

Award in 2025	Awarding body
API – Banking category – the Hong Kong Business Technology Excellence Awards 2025	Hong Kong Business Magazine
Asian Banking & Finance Retail Banking Awards 2025 Digital Transformation of the Year – Hong Kong	Asian Banking & Finance
Asian Banking & Finance Retail Banking Awards 2025 SME Digital Innovation of the Year – Hong Kong	Asian Banking & Finance
Anti-Money Laundering Excellence Award	Hong Kong Police Force
2025 Best SME's Partner Gold Award	The Hong Kong General Chamber of Small and Medium Business
Best HR Awards 2025 – Best ESG Award	CTgoodjobs
Best HR Awards 2025 – Employer of the Year	CTgoodjobs
Best HR Awards 2025 – Best Graduate and Management Trainee Programme	CTgoodjobs
Corporate Brand Awards of Excellence 2025 Excellence in SME Banking Services Award	Hong Kong Economic Journal
Effective Publicity and Education Award	Hong Kong Police Force
ESG Leading Enterprise Award	The Hong Kong General Chamber of Small and Medium Business
HKET Wealth Management Awards 2025 Best SME Banking Service Award	Hong Kong Economic Times
Privacy-Friendly Awards 2025 Gold Award	Office of the Privacy Commissioner for Personal Data
Spotlight Award	Hong Kong Police Force
Wastewi\$e Certificate	Hong Kong Green Organization Certification
TVB ESG Awards 2025 Greater Bay Area ESG Excellence Enterprise Award	Television Broadcasts Limited

MEMBERSHIPS

Membership in 2025	Organization
Gold Member	Green Council
Corporate Membership Programme 2024/25 – Gold Member	The World Wide Fund for Nature – Hong Kong
Hong Kong Community Volunteers Corporate Membership	Agency For Volunteer Service

GLOSSARY

Term	Definition
Action Agenda	Sustainable Finance Action Agenda
AML	Anti-Money Laundering
AI	Artificial Intelligence
ATMs	Automated Teller Machines
BMS	Building Management System
CAR	Capital Adequacy Ratio
CDI	Commercial Data Interchange
CFT	Counter-Terrorist Financing
Code	Code of Conduct
CRM	Credit Risk Management
CRST	Climate Risk Stress Test
CSR	Corporate Social Responsibility
DE&I	Diversity, Equity and Inclusion
EAP	Employee Assistance Program
ECF	Enhanced Competency Framework
EFM	Electronic Forms Management
ESG	Environmental, Social and Governance
FPS	Faster Payment System
GFA	Gross Floor Area
GHG	Greenhouse Gas
GICS	Global Industry Classification Standard
GSB	Green and Sustainable Banking
GSF	Green and Sustainable Finance
GSS	Green, Social and Sustainability
HKEx	The Stock Exchange of Hong Kong Limited
HKGOC	Hong Kong Green Organization Certification
HKMA	Hong Kong Monetary Authority
HKSAR	Hong Kong Special Administration Region
IADS	Interbank Account Data Sharing
ICAC	Independent Commission Against Corruption
IFRS	International Financial Reporting Standards

Term	Definition
ISSB	International Sustainability Standards Board
IPCC	Intergovernmental Panel on Climate Change
IT	Information Technology
kg	Kilogram
LED	Light-emitting Diode
KPIs	Key Performance Indicators
Listing Rules	Rules Governing the Listing of Securities
MSA	Modern Slavery Act
MWh	Million kilowatt hours
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NGO	Non-governmental Organization
NO _x	Nitrogen Oxides
OHS	Occupational Health and Safety
PCAF	Partnership for Carbon Accounting Financials
PEL	Personal Emergency Link
PM	Particulate Matter
RCP	Representative Concentration Pathway
SCoC	Supplier Code of Conduct
SCB	Shanghai Commercial Bank
SCHSA	Senior Citizen Home Safety Association
SCSB	Shanghai Commercial & Savings Bank
SMEs	Small and Medium-Sized Enterprises
SO _x	Sulphur Oxides
SPM	Supervisory Policy Manual
TCFD	Task Force on Climate-related Financial Disclosures
tCO _{2e}	Tons of carbon dioxide equivalent
The Bank	Shanghai Commercial Bank
The Board	The Board of Directors
The Report	The Sustainability Report
The Reporting Year	Financial year of 2025 from 1 January to 31 December 2025
UNSDGs	United Nations Sustainable Development Goals
WWF	The World Wide Fund for Nature
2FA	Two-factor Authentication

CONTENT INDEX

ESG Reporting Guide

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part B: 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, prioritize 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. 	<p>Board Statement on Sustainability Sustainability Governance Robust Governance</p> <ul style="list-style-type: none"> – Governance Structure and Reporting – Risk Management and Compliance
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>	<p>About This Report Sustainability Strategy, Policy and Target Stakeholder Engagement & Materiality Assessment</p>
Reporting Boundary	<p>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.</p>	<p>About This Report Sustainability Strategy, Policy and Target Stakeholder Engagement & Materiality Assessment</p>

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

A. Environmental

Aspect 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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

2025 Highlights and Progress Update

– Sustainable Operations Highlights

Environmental and Carbon Management

A1.1

The types of emissions and respective emissions data.

Environmental and Carbon Management

– GHG Emissions and Energy Usage

Our Performance

– Environmental Performance

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

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

A1.5

Description of emission target(s) set and steps taken to achieve them.

2025 Highlights and Progress Update

– Sustainable Operations Highlights

Environmental and Carbon Management

– GHG Emissions and Energy Usage

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.

2025 Highlights and Progress Update

– Sustainable Operations Highlights

Environmental and Carbon Management

Sustainable Resource Usage

**Subject Areas Aspect,
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Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

A. Environmental

Aspect A2: Use of Resources

Subject Areas Aspect, General Disclosures and KPIs	Description	Heading(s) and/or explanations
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	2025 Highlights and Progress Update – Sustainable Operations Highlights Environmental and Carbon Management
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 – 2025 Performance Our Performance – Environmental Performance
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental and Carbon Management – 2025 Performance Our Performance – Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2025 Highlights and Progress Update – Sustainable Operations Highlights Environmental and Carbon Management – GHG Emissions and Energy Usage – 2025 Performance
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.	Sustainable Resource Usage – Waste Management and Water Usage
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 Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

A. Environmental

Aspect A3: The Environment and Natural Resources

General Disclosure	Description	Heading(s) and/or explanations
	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2025 Highlights and Progress Update – Sustainable Operations Highlights Environmental and Carbon Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2025 Highlights and Progress Update – Sustainable Operations Highlights Environmental and Carbon Management – GHG Emissions and Energy Usage Sustainable Resource Usage

B. Social

Aspect B1: Employment

General Disclosure	Description	Heading(s) and/or explanations
	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 – Diversity, Equity and Inclusion – Human Rights Health, Safety and Well-being – Employee Well-being

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

B. Social

Aspect 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 – 2025 Performance Our Performance – Workforce Data
B1.2	Employee turnover rate by gender, age group and geographical region.	Our Performance – Workforce Data

Aspect 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 – 2025 Performance
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
B2.2	Lost days due to work injury.	Our Performance – Health and Safety
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 – 2025 Performance

Aspect 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 – 2025 Performance
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our Performance – Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Our Performance – Training and Development

**Subject Areas Aspect,
General Disclosures
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Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

B. Social

Aspect 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 Talent Management and Development – Talent Attraction and Retention – Human Rights
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management and Development – Talent Attraction and Retention
B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management and Development – Talent Attraction and Retention

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	Our Performance – Suppliers
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
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
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

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

B. Social

Aspect B6: Product Responsibility

Subject Areas Aspect, General Disclosures and KPIs	Description	Heading(s) and/or explanations
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Data Privacy and Cybersecurity Customer Relationship Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product recalls are not material to the Bank's operations
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Relationship Management – Complaint Handling Procedures – 2025 Performance Our Performance – Social Data
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights are not material to the Bank's operations
B6.4	Description of quality assurance process and recall procedures.	Customer Relationship Management – Product and Service Improvement – Selling Practices
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Privacy and Cybersecurity

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part C: "Comply or explain" Provisions

B. Social

Aspect 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
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.	2025 Highlights and Progress Update – Culture Highlights Robust Governance – 2025 Performance Our Performance – Social Data
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Robust Governance – Risk Management and Compliance – Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Robust Governance – 2025 Performance

Aspect 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
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	2025 Highlights and Progress Update – Culture Highlights Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	2025 Highlights and Progress Update – Culture Highlights Community Investment Our Performance – Community Contributions

This year, SCB commenced the preparation of its climate related disclosures with reference to the Part D of the ESG Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange, which reflects the IFRS S2 Climate-related Disclosures published by the International Sustainability Standards Board closely and incorporates the recommendations of the TCFD.

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part D: Climate-related Disclosures

(I) Governance

19	(a)	<p>An issuer shall disclose information about: the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</p> <p>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</p>	<p>Sustainability Governance Climate-related Disclosure – Governance</p> <p>Sustainability Governance Climate-related Disclosure – Governance</p> <p>Sustainability Governance Climate-related Disclosure – Governance</p> <p>Sustainability Governance Climate-related Disclosure – Governance</p>
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**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part D: Climate-related Disclosures

(I) Governance

- | | | |
|------|---|---|
| (b) | management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: | Sustainability Governance
Climate-related Disclosure
– Governance |
| (i) | whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and | Sustainability Governance
Climate-related Disclosure
– Governance |
| (ii) | whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | Sustainability Governance
Climate-related Disclosure
– Governance |

(II) Strategy

Climate-related risks and opportunities

20

- | | | |
|-----|---|--|
| (a) | describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: | Climate-related Disclosure
– Strategy |
| (b) | explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; | Climate-related Disclosure
– Strategy |
| (c) | specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and | Climate-related Disclosure
– Strategy |

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part D: Climate-related Disclosures

- | | | |
|-----|--|--|
| (d) | explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. | Climate-related Disclosure
– Strategy |
|-----|--|--|

(II) Strategy

Business model and value chain

- | | | |
|-----|---|--|
| 21 | An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: | |
| (a) | a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and | Climate-related Disclosure
– Strategy |
| (b) | a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | Climate-related Disclosure
– Strategy |

Strategy and decision-making

- | | | |
|-----|---|--|
| 22 | An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: | |
| (a) | information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: | Climate-related Disclosure
– Governance
– Strategy |
| | (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; | Climate-related Disclosure
– Governance
– Strategy |

**Subject Areas Aspect,
General Disclosures
and KPIs**
Description
Heading(s) and/or explanations
Part D: Climate-related Disclosures
(II) Strategy

- | | | |
|-------|--|---|
| (ii) | current and anticipated adaptation and mitigation efforts (whether direct or indirect); | Climate-related Disclosure
– Strategy
– Risk Management |
| (iii) | any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and | Environmental and Carbon Management |
| (iv) | how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and | Environmental and Carbon Management |
| (b) | information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | Talent Management and Development
Climate-related Disclosure |

- | | | |
|----|--|---|
| 23 | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | 2025 Highlights and Progress Update
– Sustainable Operations Highlights
Climate Change Response and Decarbonization
– 2025 Performance |
|----|--|---|

Financial position, financial performance and cash flows – Current financial effect

- | | | |
|-----|--|--|
| 24 | An issuer shall disclose qualitative and quantitative information about: | The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices. |
| (a) | how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and | |
| (b) | the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. | |

**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part D: Climate-related Disclosures

(II) Strategy

Financial position, financial performance and cash flows – Anticipated financial effect

25	The issuer shall provide qualitative and quantitative disclosures about:	
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Climate-related Disclosure – Strategy
	(i) its investment and disposal plans; and	Climate-related Disclosure – Strategy
	(ii) its planned sources of funding to implement its strategy; and	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate-related Disclosure – Risk Management

Climate resilience

26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
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**Subject Areas Aspect,
General Disclosures
and KPIs**

Description

Heading(s) and/or explanations

Part D: Climate-related Disclosures

(II) Strategy

(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Climate-related Disclosure – Risk Management
(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Climate-related Disclosure – Risk Management
(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Climate-related Disclosure – Risk Management
(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Climate-related Disclosure – Risk Management
(b)	how and when the climate-related scenario analysis was carried out, including:	Climate-related Disclosure – Risk Management
(i)	information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	Climate-related Disclosure – Risk Management

**Subject Areas Aspect,
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Part D: Climate-related Disclosures

(II) Strategy

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| (ii) | the key assumptions the issuer made in the analysis; and | The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices. |
| (iii) | the reporting period in which the climate-related scenario analysis was carried out. | Climate-related Disclosure – Risk Management |

(III) Risk Management

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| (a) | An issuer shall disclose information about:
the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: | Climate-related Disclosure – Risk Management |
| (i) | the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); | Climate-related Disclosure – Risk Management |
| (ii) | whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; | Climate-related Disclosure – Risk Management |
| (iii) | how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); | The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices. |
| (iv) | whether and how the issuer prioritises climate-related risks relative to other types of risks; | Climate-related Disclosure – Risk Management |
| (v) | how the issuer monitors climate-related risks; and | Climate-related Disclosure – Risk Management |
| (vi) | whether and how the issuer has changed the processes it uses compared with the previous reporting period; | Climate-related Disclosure – Risk Management |

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(III) Risk Management

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| (b) | the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and | The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices. |
| (c) | the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | Climate-related Disclosure
– Risk Management |

(IV) Metrics and Targets

Greenhouse gas emissions

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An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:

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| (a) | Scope 1 greenhouse gas emissions; | Climate-related Disclosure
– Metrics and Targets |
| (b) | Scope 2 greenhouse gas emissions; and | Climate-related Disclosure
– Metrics and Targets |
| (c) | Scope 3 greenhouse gas emissions. | Climate-related Disclosure
– Metrics and Targets |

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| (a) | An issuer shall:
measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; | The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices. |
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Part D: Climate-related Disclosures

(IV) Metrics and Targets

Greenhouse gas emissions

(b)	disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	Our Performance – Environmental Performance
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Our Performance – Environmental Performance

Climate-related transition risks

30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate-related Disclosure – Risk Management
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Climate-related physical risks

31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate-related Disclosure – Risk Management
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Description

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Part D: Climate-related Disclosures

(IV) Metrics and Targets

Climate-related opportunities

32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Green and Sustainable Banking – 2025 Performance Climate-related Disclosure – Strategy
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Capital deployment

33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Green and Sustainable Banking – 2025 Performance
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Internal carbon prices

34	<p>An issuer shall disclose:</p> <p>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;</p> <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
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Remuneration

35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate-related Disclosure – Governance
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(IV) Metrics and Targets

Industry-based metrics

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An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.

The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.

Climate-related targets

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An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:

(a) the metric used to set the target;

Sustainable Resource Usage
– Environmental Targets and Performance
Climate Change Response and Decarbonization
Climate-related Disclosure
– Metrics and Targets

(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);

Environmental and Carbon Management
– Environmental Targets and Performance
Climate Change Response and Decarbonization
Climate-related Disclosure
– Metrics and Targets

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Part D: Climate-related Disclosures

(IV) Metrics and Targets

(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets
(d)	the period over which the target applies;	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets
(e)	the base period from which progress is measured;	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets
(f)	milestones or interim targets (if any);	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization – 2025 Performance
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets

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(IV) Metrics and Targets

(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization
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	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
(a)	whether the target and the methodology for setting the target has been validated by a third party;	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
(b)	the issuer's processes for reviewing the target;	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets
(c)	the metrics used to monitor progress towards reaching the target; and	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets

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(IV) Metrics and Targets

	(d)	any revisions to the target and an explanation for those revisions.	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
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39		An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets
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40		For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a)	which greenhouse gases are covered by the target;	The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.
	(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	Sustainable Resource Usage – Environmental Targets and Performance Climate Change Response and Decarbonization Climate-related Disclosure – Metrics and Targets

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(IV) Metrics and Targets

- (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;
- (d) whether the target was derived using a sectoral decarbonisation approach; and
- (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:
- (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;
 - (ii) which third-party scheme(s) will verify or certify the carbon credits;
 - (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and
 - (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).

The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.

Applicability of cross-industry metrics and industry-based metrics

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In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).

The Bank acknowledges the importance of this disclosure and is currently in the process of developing the necessary measures to enhance our management and disclosure practices.