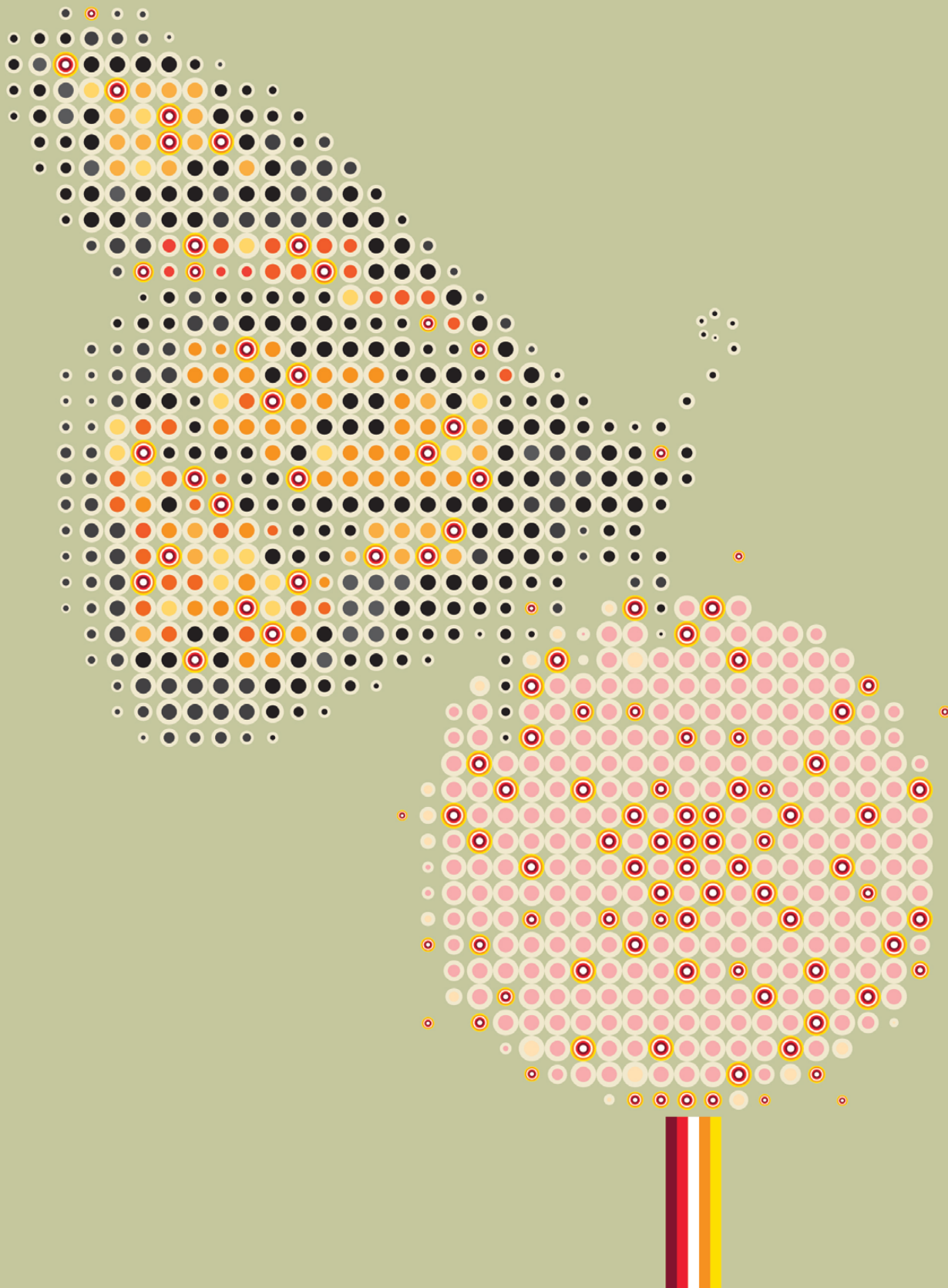




BEA 東亞銀行

(Stock Code 股份代號 : 23)

ENVIRONMENTAL  
SOCIAL AND  
GOVERNANCE REPORT  
2022 環境、社會及管治報告





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## ESG APPROACH AND 2022 PERFORMANCE

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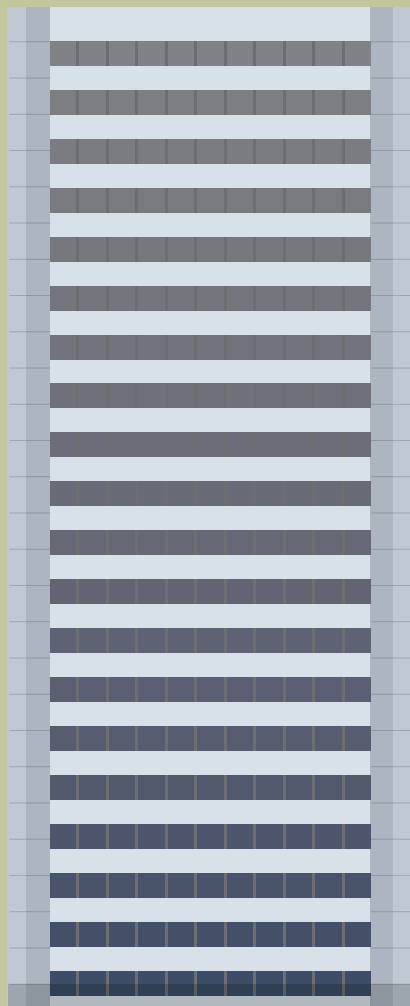


# 2022 ESG HIGHLIGHTS

# BEA AT A GLANCE

# 2022

(as at 31st December, 2022)<sup>1</sup>



**103** Years in business

Worldwide outlets

**~130**



Markets served<sup>2</sup>

**8**



Network coverage in Mainland China

**~40** cities



Total employees

**8,453**

Total consolidated assets

**HK\$ 882.8 billion**  
(US\$113.1 billion)

Operating income

**HK\$ 18.0 billion**

Total capital ratio

**20.1%**

Dividends per share

**HK\$ 0.81**



**HK\$ 12+ million**

donated through

**3** charitable foundations

1. Figures in this 2022 ESG Report may differ slightly from the Group's Annual Report 2022 due to differences in reporting scope.

2. Including Hong Kong, Mainland China, Macau, Taiwan, Malaysia, Singapore, the United Kingdom, and the United States.



# MESSAGE FROM THE EXECUTIVE CHAIRMAN



## Building a low-carbon economy is a shared responsibility, but the banking industry has a clear duty to play a leading role in achieving net-zero targets.

At the end of November 2022, the United Nations Climate Change Conference COP27 concluded that the global transformation to a low-carbon economy will require a parallel transformation of the global financial system, with the support of all stakeholders including governments, central banks, financial institutions and other financial actors.

We at BEA understand the need for urgent action, and we have established an institutional framework to support carbon-reduction targets in the markets that we serve – named the Green and Sustainable Finance (“GSF”) framework. We prioritise projects that support a low-carbon future, and work closely with our clients to enable them to achieve their own climate-change goals.

With a long history of serving Hong Kong, BEA stands behind the Hong Kong Government’s carbon neutrality 2050 pledge. We also recognise that our stakeholders and regulators look to us to address sustainability issues both within and outside our organisation. Our approach begins with robust oversight over environmental, social, and governance (“ESG”) matters.

We have established a Board-level ESG Committee to provide strategic direction for the Bank’s ESG policies and initiatives.

This year, our subsidiary, The Bank of East Asia (China) Limited (“BEA China”) established its own 3-tiered ESG governance structure and Sustainability Section, which gives new impetus to BEA China’s sustainability efforts and ensures alignment with the initiatives of other members of the Group.

In 2022, we developed separate Group-wide net-zero roadmaps for our own operations and for our financed operations, with the latter representing the major portion of the emissions attributable to us. Moving forward, our top priority is to expand our GSF to more of our lending, as we aim to achieve net zero emissions in our financed activities by 2050. We are already firmly on track to achieve our target of net zero in our own operations by 2030.

Our vision is to be the sustainability leader among financial institutions in Greater China and beyond. Our net-zero roadmaps will help us meet the expectations of our stakeholders, but we acknowledge that more needs to be done. In 2022, we conducted a comprehensive stakeholder engagement exercise to investigate the potential impact BEA has on society and the environment, and the degree to which the decision-making of these stakeholders

is influenced by BEA’s management of ESG concerns. The results of this engagement are now being analysed, and will serve as the basis for goal setting across our Group in the coming year.

As part of our sustainability journey, we joined the Partnership for Carbon Accounting Financials (“PCAF”) in 2022, becoming the first bank headquartered in Hong Kong to do so. As a signatory to PCAF, we are committed to enhancing the management and disclosure of data relating to emissions generated indirectly from the financing that we provide to corporate customers.

Also in 2022, for the second consecutive year, BEA has been included in the Hang Seng Sustainability Benchmark Index, placing us in the top 20% of the 500 companies on the Hang Seng Composite Index on the measure of sustainability. Moreover, BEA has also been placed on the Greater Bay Area Sustainability Index, demonstrating the wider recognition that our efforts are generating.

I invite you to peruse this report to learn more about our commitment to a low-carbon future, and I hope that you too feel encouraged to make our shared future more sustainable.

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

Executive Chairman

# MESSAGE FROM THE CO-CHIEF EXECUTIVES



Adrian Li

Brian Li

**2022 was a challenging year for BEA and many of our stakeholders. The difficulties we faced nonetheless provided opportunities to work together and achieve positive changes, not only in the financial industry but in many other areas.**

## Responsible business

Our Bank has in place ESG policies, frameworks, and objectives to guide our growth as a sustainable business. This year, we further developed our Bank-wide scorecard to prioritise two sustainability related goals, namely the reduction in carbon emissions in our business and operations, and the development of GSF.

To achieve our ambition of net zero financed emissions by 2050, we have developed a Scope 3 reduction roadmap, which details interim milestones on our path to net zero. Along the way, we plan to establish sector baselines, targets, and specific policies by 2025 and engage our client companies on climate action to accelerate emissions reductions from 2035 onwards.

Separately, we are putting in place guidance to build internal capacity and knowledge of GSF, while updating our list of prohibited lending and our policies covering high carbon-emitting sectors as defined by the Hong Kong Monetary Authority (“HKMA”). An early

achievement is the 178% growth of our Group-wide green loans and bonds in 2022 as compared to 2021.

## Responsible operations

Overcoming the collective challenge of climate change requires cooperation. In alignment with the Hong Kong government’s carbon reduction target, BEA aims to achieve net zero in our Scope 1 and 2 operational emissions by 2030, with reference made to the Science Based Targets initiative. To ensure that we make steady progress, we are closely monitoring the effectiveness of our efforts. At the same time, we will continue to explore opportunities that will enable us to reduce our own emissions and contribute to achieving carbon neutrality by mid-century.

This year, we have restructured our organisation to better reflect our commitment to sustainability by establishing our Sustainability Department and renaming our Human Resources & Corporate Communications Division as the People & Sustainability Division (“PSD”).

## Responsible citizen

In our 100-plus years of operation, our Bank has become deeply connected with the communities we serve. Through the longstanding relationships we have forged with our stakeholders and different non-governmental organisations (“NGOs”), we aim to promote the common good. In 2022,

we refocused our efforts into three flagship community programmes: Beyond Environmental Arts Festival (“BEA Festival”), BEA Upcycles, and BEA Golden Adventures, to support local groups and amplify our positive social impacts.

We are heartened by the achievements of our BEA Volunteer Team and our charitable organisations, namely The Bank of East Asia Charitable Foundation (“BEA Foundation”), The Shanghai Soong Ching Ling Foundation – BEA Charity Fund, and The Shanghai Charity Foundation – BEA Charity Fund. In spite of the challenges of the pandemic, our colleagues stayed true to the spirit of compassion and goodwill, and remained steadfast in performing their role as responsible and caring citizens.

Moving forward, we will continue to explore opportunities to contribute to the sustainable development of the markets we serve. We look forward to working together with our employees, customers, and other stakeholders to build a brighter green future.

## Adrian Li

Co-Chief Executive

## Brian Li

Co-Chief Executive

# ESG HIGHLIGHTS 2022

(as at 31st December, 2022)

## RESPONSIBLE BUSINESS



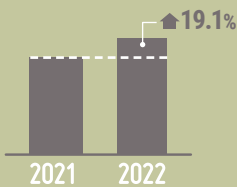
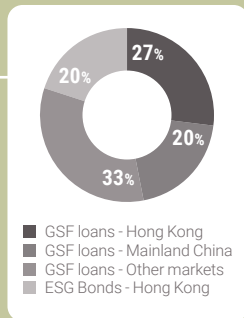
Committed to achieving net zero emissions in our operations by 2030 and in our financed activities by 2050



Enhanced our ESG risk-related infrastructure including the development of the Group's GSF framework, sector policies for property development, energy and power utilities

**HK\$ 55.9 billion** total in GSF loans and ESG bond investment  
+178% year-on-year ("yoy")

**10.9%** of total loans and investment assets



**19.1%** increase in compliments yoy

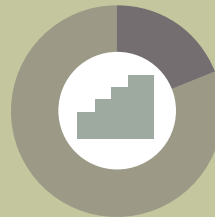


Received a Net Promoter Score ("NPS") of **+35** (23 points higher than 2021)

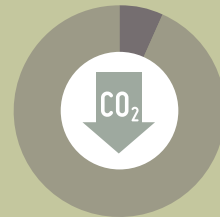
## RESPONSIBLE OPERATIONS

**HK\$ 27.7+ million** invested in training and development

**50+ hours** training per employee (on average)



**↑ 18.9%** increase in internal mobility cases yoy



**↓ 16.5%** reduction in carbon emissions yoy (Scope 1 and 2)<sup>3</sup>

## RESPONSIBLE CITIZEN

**HK\$ 12+ million** cash donations made by the Group

**9,000+ hours** contributed by staff volunteers

3. The decrease in carbon emissions can be attributed mainly to Mainland China's COVID-19 policies, which led BEA China to consume less electricity, fuel, refrigerants, etc.

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Highlights	<b>ESG Performance Summary</b>	ESG Approach and 2022 Performance	
				Responsible Business	Responsible Operations	Responsible Citizen

# ESG PERFORMANCE SUMMARY

We recognise that our continued success as a business will depend on our ability to deliver long-term value to our stakeholders and, to achieve this, we rely heavily on our employees. Our ambitious vision statement has largely been designed to guide and inspire our staff to drive our sustainability performance across our operations.

As we progress along our sustainability journey, we are encountering more complex challenges that require greater expertise and collaboration within our organisation. To bolster the Group’s efforts in climate action, we have developed two Group-wide net zero

roadmaps to guide the decarbonisation of both our own operations and our financed emissions. Meanwhile, we continue to focus on providing our staff with opportunities to grow and build their skills to enhance business resilience across our markets.



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**“We at BEA strive to build and maintain trust with our staff, customers, and other stakeholders through regular engagement as well as open and honest dialogue that supports transparency and understanding of our Corporate and ESG Vision and Goals.”**

**Mr Brian Li**  
Co-Chief Executive, BEA



**BUILDING AN EFFECTIVE ESG APPROACH**

This year, we continued to implement the ESG strategy framework developed in 2021. Our framework is built on three strategic pillars – responsible business, responsible operations, and responsible citizen – each providing clarity in our goal setting and management of sustainability material topics.

In 2022, we refreshed our materiality assessment process, in line with the Global Reporting Initiative’s (“GRI”) guiding principle, to adopt the double

materiality concept, which examines issues that internally impact BEA, as well as external impacts that BEA’s activities have on the environment and society. Our comprehensive materiality assessment involved nearly 500 respondents including employees, strategic partners, wholesale / private / personal banking customers, and NGO partners. Through this process, BEA gained valuable insight into the key aspects of its ESG performance that matter most to our stakeholders, as well as the external impacts of our business on the environment, economy, and society.

**OUR PROGRESS IN 2022**

Pillar	Key goals in 2022	Performance in 2022	Status
<b>RESPONSIBLE BUSINESS</b> 	Develop net-zero roadmaps with targets	Established roadmaps to achieve net zero Scope 1 and 2 and Scope 3 emissions	ACHIEVED
	Measure financed emissions in the Group’s high-carbon emitting sectors	Measured financed emissions in the Group’s energy and power utilities sector portfolios <sup>4</sup>	IN PROGRESS
	Drive GSF growth by increasing GSF loan and ESG bond exposure to 5.5% of total corporate loan and investment assets	Exceeded target – actual performance: 10.9%	ACHIEVED
	Enhance ESG risk-related infrastructure	Implemented several measures and policies including strengthened ESG checklists for corporate lending and debt security investments, sector policies, green/brown sector taxonomy, prohibited lending list, and more <sup>5</sup>	ACHIEVED
	Extend the reach of the peer buddy programme to promote financial literacy and increase digital utilisation among mature customers	Extended programme to 13 branches (compared with 6 in 2021) and increased the digital adoption rate among target customers at participating branches by three percentage points yoy	ACHIEVED
<b>RESPONSIBLE OPERATIONS</b> 	Promote talent engagement by achieving an internal mobility rate of 20% between the end of 2020 and the end of 2022	Achieved an internal mobility rate of 10.5%; however, internal transfer cases increased by 120% since the end of 2020	BEHIND PLAN <sup>6</sup>
	Achieve 19% absolute reduction in Group Scope 1 and 2 emissions by 2023 (based on 2019 baseline)	Exceeded target – actual performance: 29.7% reduction compared with 2019 baseline	ACHIEVED
<b>RESPONSIBLE CITIZEN</b> 	Establish three flagship corporate social responsibility (“CSR”) programmes that are built on social welfare, education, and the environment	Launched BEA Festival; BEA Upcycles; BEA Golden Adventures	ACHIEVED

4. To effectively achieve this goal, BEA has decided to conduct financed emissions screening using a sectorial approach by looking at financial exposure vs. estimated financed emissions of seven high-emitting sectors (property development, construction, transportation, energy, utilities, manufacturing, and metal and mining). In 2022, BEA measured financed emissions in two out of the seven sectors.

5. For more details, please see the ESG Risk Management section of this report.

6. The Bank’s inability to meet its two-year goal to achieve an internal mobility rate of 20% by the end of 2022 can be largely attributed to the increased number of external hires in 2022. Although we did not achieve our target, we are confident in our approach as internal transfers have progressively increased from 66 cases in 2020 to 145 cases in 2022.

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# RESPONSIBLE BUSINESS

## ANSWERING THE CALL ON FINANCED EMISSIONS

In 2022, we conducted a Scope 3 screening exercise, which determined that nearly all of the Group’s emissions can be attributed to financed activities. Recognising the important role we play as a provider of capital in the fight against climate change, we have developed a Scope 3 Net Zero Roadmap to achieve net zero emissions from our financed activities by 2050.

Our business nature provides us with the opportunities to reach out and coordinate with a wide range of industries and, following a deeper exploration of our emission sources in 2022, we determined that corporate lending and bond investment comprise over 90% of our financed emissions.

As such, our next big milestone is to establish sector baselines, targets, and policies for all high-carbon emitting sectors by 2025.

## STRENGTHENING ESG RISK MANAGEMENT

In 2021, HKMA published a report on the potentially significant adverse impacts of climate risks on the banking sector and the need for banks to take early action to manage them. After coming to grips with the potential climate impacts on our lending and investment portfolio, we gained greater clarity on our current position of climate risk exposure in 2021 through HKMA’s climate risk stress test (“CRST”), covering all major operations of the Bank including Hong Kong, Mainland China and international


banking operations. Since then, we have been implementing the Bank’s ESG and climate-risk action plan and it was our goal in 2022 to enhance ESG risk-related infrastructure.

**“BEA made significant strides in the development of its GSF business in 2022. As we continue to develop our framework and implement our roadmap to achieve net zero financed emissions, we will increasingly align our GSF targets with our net zero ambitions.”**

**Mr Adrian Li**  
Co-Chief Executive, BEA

### 3 STRATEGIC PILLARS OF BEA'S SCOPE 3 NET ZERO ROADMAP

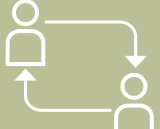
**Pillar 1**



**CLIMATE FINANCING STRATEGY**

The strategy will enable us to align our business activities with our climate goals through sectorial baselining, target setting, sector policy enhancement, and more.


**Pillar 2**



**CUSTOMER TRANSITION PLAN**

The plan will outline the transition activities and enablers to form the basis of portfolio company engagement on climate action to drive real-economy emissions reduction.

**Pillar 3**



**CLIMATE AND ESG DATA**

We will focus on data governance, requirements and sourcing as well as identifying system enhancement and integration opportunities.



In addition to strengthening our ongoing activities, we have further developed our approach with new risk management related initiatives:

**1 | Policy and framework**

- GSF framework
- Enhanced prohibited lending list
- Group policies for high-carbon emitting sectors (starting with the property development, energy, and power utilities sectors)
- Green / brown taxonomy and GSF certification standard

**2 | Assessment and monitoring mechanism**

- Strengthened ESG checklist
- Digitalised credit workflow system
- Enhanced risk metrics
- ESG data repository

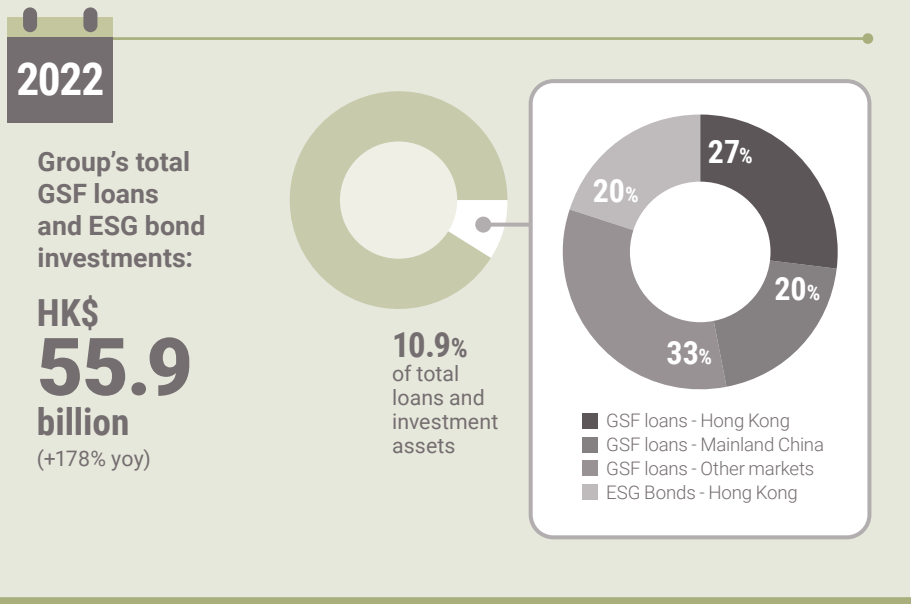
**3 | ESG talent**

- GSF training

**GREEN AND SUSTAINABLE FINANCE**

It is our aim to support customers who are engaged in environmentally and socially responsible businesses and projects. By offering brown-to-green finance solutions, we can help customers in their transition to achieve carbon neutrality, for example, by improving their energy efficiency,

building a sustainable supply chain, or increasing renewable energy use. As part of our GSF strategy, it is important that we leverage our competitive advantage in cross-border business to capture green finance opportunities in the Greater Bay Area and beyond.



BEA won the "Outstanding Award for Green and Sustainable Loan Facilitator (Printing & Communication Industry) – Visionary Sustainability-linked Loan Performance Metrics", organised by the Hong Kong Quality Assurance Agency, which recognises our efforts in promoting GSF in Hong Kong.

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**“Sustainability has become the defining standard for investing. Through targeted expansion of the size and scope of our ESG bond portfolio, BEA is committed to making responsible investing integral to how we manage risk and build portfolios as we help steer our investors towards achieving better long-term, risk-adjusted returns.”**

**Mr Samson Li**  
Deputy Chief Executive & Chief Investment Officer, BEA

### ESG BOND INVESTMENTS

Our Responsible Investment Policy outlines the evolving influence of ESG on investment decision-making and, with a dedicated ESG portfolio in place, the Group is able to monitor the ESG bond market and proactively explore investment opportunities.

The Group’s investment in transition bonds in 2022 is another step forward in diversifying our product portfolio as it will support various initiatives including the conversion of coal-fired power plants to lower carbon emission alternatives and the generation of energy from renewable sources.

### PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS

As a signatory to PCAF, BEA has taken a major step in managing Scope 3 emissions and disclosing related data. PCAF is a collaboration between financial institutions worldwide that enables harmonised assessment and disclosure of carbon emissions associated with financial institutions’ loans and investments. BEA is the first bank headquartered in Hong Kong to become a PCAF signatory, and is committed to supporting local, national, and international climate change goals.

### EMPOWERING OUR RETAIL CUSTOMERS TO CHOOSE GREEN LIVING

With over 30% of our mortgage customers having chosen our Green Mortgage Plan, we launched the Green Mortgage x Deposit Plan in 2022 to further encourage aspiring homeowners in Hong Kong to invest in green living. The new Deposit Plan allows green mortgage customers to earn a preferential interest rate on online time deposits, for a total deposit amount of up to 100% of their mortgage loan amount.

**Hang Seng Corporate Sustainability Index Series Member 2022-2023**

BEA was selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index, 2022-2023 by the Hang Seng Indexes Company Limited.

**Greater Bay Area Business Sustainability Index 2021**  
粵港澳大灣區企業可持續發展指數2021

BEA was chosen as constituent of the Greater Bay Area Business Sustainability Index 2021 and attained an “Achiever” rating.



# RESPONSIBLE OPERATIONS

## POSITIVE FEEDBACK FROM OUR EMPLOYEES

Our employees are fundamental to the success of our business, from both a financial and sustainable perspective. Hence, with an 8,400-plus strong team stationed across various markets, it is crucial that we understand how our colleagues feel about working for us as well as how we can improve our ways of working for them. An impressive 95% of our workforce completed the annual Bank-wide employee survey<sup>7</sup> in 2022, and the feedback was encouraging.



**95%**  
response rate to the employee engagement survey<sup>7</sup>  
(89% in 2021)



**86%**  
of respondents feel positive about current levels of employee engagement



**90%**  
of respondents believe the Bank is dedicated to improving its ESG performance

## INVESTING IN OUR FUTURE

Employee development continued to be a key focus in 2022, and we worked hard to provide our colleagues throughout the Group with the training opportunities they needed to grow professionally and serve our clients as customer needs and expectations continue to evolve. To achieve this, the Bank offered a wide range of internal, external, and tailored job-specific training for our employees. Within the digital banking world, for instance, data literacy is increasingly important to our business operating model as we aim to be more agile, responsive, and customer experience focused. To ensure our employees can readily adapt to a rapidly evolving digital landscape and expand on their existing skillsets, the Bank rolled out the Data

Literacy Empowerment Programme in Hong Kong, upskilling more than 2,000 staff members with data knowledge and training a group of Citizen Data Scientists across various businesses and functions to think, speak and act with data.



**HK\$ 27.7+**  
million  
invested in training and development

**50+**  
hours  
of training (on average) per employee

## CONCENTRATING ON ESG

To achieve our ESG vision, it is essential that our staff feel engaged, equipped, and empowered to support our sustainability initiatives. In 2022, we ramped up our efforts to make BEA a more sustainability conscious and capable organisation by organising:



Mandatory climate change training for all Group staff to explain BEA's net zero commitments and how we will all work together to reach our net zero goals



GSF training that provided insights into the types of GSF products, BEA's own GSF framework and development, and touched upon the risks of greenwashing










Sustainability sharing sessions to discuss in detail topics and emerging trends with industry experts

7. Among 7,076 eligible respondents from BEA HK, BEA China and overseas branches.

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Highlights	<b>ESG Performance Summary</b>	ESG Approach and 2022 Performance	
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**3 STRATEGIC PILLARS OF BEA'S SCOPE 1 AND 2 NET ZERO ROADMAP<sup>8</sup>**

<p><b>Pillar 1</b></p>  <p><b>LOW-ENERGY BUILDING AND ENERGY TRANSITION</b> Establish Sustainable Building Policy, guidelines and deployment plan to implement the prioritised measures</p>	<p><b>Pillar 2</b></p>  <p><b>INSTITUTIONAL CHANGE</b> Provide the right incentives, supports, technology and tooling to enable and drive carbon reduction behaviours across the organisation</p>	<p><b>Pillar 3</b></p>  <p><b>CARBON NEUTRALISATION</b> Establish and implement BEA's Carbon Offsetting Policy and Guidelines, to guide strategies, efforts and investment in carbon offsets during the transition</p>
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ACTION	PROGRESS	TARGET
<p><b>1</b> Conducted a feasibility study to map out a building improvement plan for 2023 to 2029</p> 	<p><b>2022</b></p> <p><b>↓29.7%</b></p> <p>reduction in our operational emissions in 2022 compared with our baseline year of 2019</p>	<p><b>2030</b></p> <p><b>↓46%</b></p> <p>reduction in operational emissions by 2030<sup>9</sup></p>
<p><b>2</b> Installed solar panels on the roof of the BEA Tower in Kwun Tong, Hong Kong, capable of generating around 8,400 kwh of renewable energy annually</p> <p>Solar Panel (top) and water-cool chiller (bottom) at BEA Tower in Kwun Tong</p>  	<p><b>3</b> Completed chiller replacement works and optimisation programmes across our operations</p> 	

**ZEROING IN ON OUR OPERATIONAL EMISSIONS**

Although our greatest contribution to a zero carbon future lies in our financed emissions, it is also our responsibility to significantly reduce emissions from our own operations. We first set a Scope

1 and 2 emissions reduction target in 2020 which has been reviewed and strengthened in 2022 to align with the Science Based Targets initiative ("SBTi"). This upgraded target is part of our newly established Scope 1 and 2 Net Zero Roadmap in line with climate science.

**"In setting a science-based Scope 1 and 2 emissions reduction target, BEA will endeavour to reduce its operational emissions as far as possible before considering carbon offsetting measures."**

**Mr Tong Hon-shing**  
Deputy Chief Executive & Chief Operating Officer, BEA

8. To learn more about our Scope 1 and 2 Net Zero Roadmap, please refer to the Carbon Emissions Reduction section of this report.  
9. Scope 1 and 2 emissions reduction target based on 2019 baseline. Compared to the 32% reduction target set in 2020, BEA must reduce at least 46% of its absolute emissions by 2030 in order to align with the 1.5°C pathway to support net zero.

## PUSHING OUR SUPPLY CHAIN EFFORTS

As a leading provider of banking, financial, and related services, we strive to only work with suppliers whose values are in line with the Group. We are also aware of the positive influence that we can have on our suppliers to conduct their business responsibly, and that is why we work to promote environmentally and socially positive ways of working.

Suppliers of the Group are required to acknowledge compliance with BEA's Supplier Code of Conduct. In 2022, we updated our ESG risk calculator for supplier monitoring and our Guideline for the Procure-to-Pay Process to enhance our management of ESG risks in the supply chain.

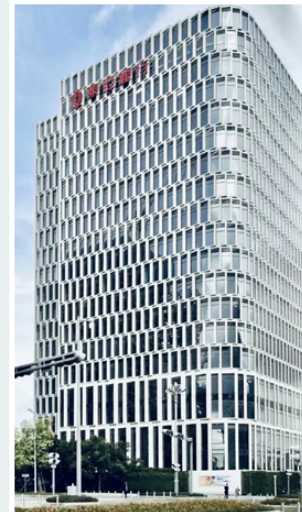
## CLOSING THE BOOK ON UNNECESSARY PAPER CONSUMPTION

Since we evaluated our paper use in Hong Kong and identified significant room for improvement in 2020, paper reduction has been a major area of focus for us. We aim to reduce paper consumption by more than 70% by 2023 and, through the promotion of paper saving and various digitalisation initiatives, we have made considerable progress towards our reduction target. In 2022, we reduced overall consumption by 49%<sup>10</sup> compared with our baseline year of 2020. Going forward, we will continue to drive improvements across our operations to reach our 2023 paper reduction target.

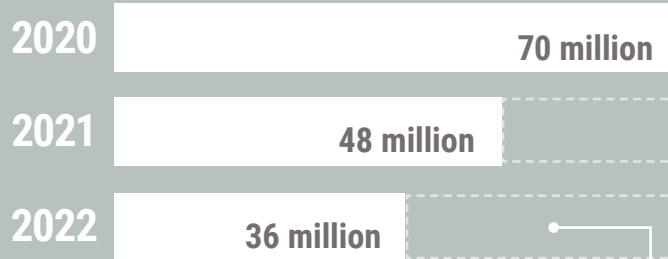
### CASE STUDY

#### BEA CHINA'S EXEMPLARY NEW OFFICE BUILDING

The new BEA Qianhai Building in Mainland China has been built with green and low-carbon technologies according to local and international standards, including the Leadership in Energy and Environmental Design ("LEED") and the WELL Building Standard ("WELL"). The building has been awarded a 3-star rating in the Certificate of Green Building Design Label, a reflection of the Bank's commitment to reducing carbon emissions and improving sustainable resource use across the Group's operations.



### PAPER ORDERED



We achieved **49%** reduction compared with our baseline year of 2020

10. Including copy paper, customer statements, pre-printed forms, and computer reports.

# RESPONSIBLE CITIZEN

BEA looks to create long-term positive impacts with our community projects and charitable partnerships. Through the BEA Foundation and BEA Volunteer Team, we deliver best practice in serving our community in support of under-resourced groups through initiatives around our three focus areas of education, social welfare, and the environment.

## THE BEA FESTIVAL MAKES ITS DEBUT

Over 1,000 people participated in a series of activities organised in July as part of the Bank's first BEA Festival. Organised together with the Hong Kong Youth Arts Foundation ("HKYAF") and sponsored by the BEA Foundation, the BEA Festival was held to raise public awareness of the importance of environmental protection and to promote sustainable

living among young members of society through visual and performing arts. Participants of the BEA Festival in 2022 discovered through a theatrical performance, creative art workshops, and engaging art exhibitions that small

changes to our everyday lives can make a huge difference to our planet. Each year, the BEA Festival will provide a series of engaging activities in the hope of promoting sustainability to the next generation.



BEA staff members donated over 2,200 articles of clothing and other items, which were used by participants in the BEA Festival creative art workshops led by local artists.

Performers in the original theatrical performance "Time4Change" urged audience members to make choices that can help our planet now and for future generations.



Installation artworks co-created by young local artists, BEA volunteers and students were on display during the BEA Festival at the Bank's offices and selected branches.





## FOSTERING A SUSTAINABLE AND DIVERSIFIED SOCIETY

BEA joined hands with St. James' Settlement to launch "BEA Upcycles", a series of upcycling workshops led by people with disabilities who encouraged members of the public to adopt a more environmentally friendly lifestyle. People who attended workshops learned how to create upcycled products using fabrics from recycled materials and cards from paper made from trees that fell during typhoons. In August, an exhibition of upcycled products was held at Cityplaza North.



◀ During BEA Upcycles, members of BEA's Senior Management joined workshop participants to learn how to weave recycled materials into colourful fabrics.

Over 110 BEA volunteers participated in the BEA Upcycles exhibition held in August. Upcycled artwork was displayed at the venue, while other upcycled products were for sale with proceeds going to charity. Around 6,000 members of the public visited the exhibition to discover upcycling and the importance of sustainable living practices.

## BEA VOLUNTEERS PROVIDE A HELPING HAND TO THE ELDERLY

An ongoing aim of our philanthropy is to improve social welfare for our ageing population. Over a decade ago, we saw a need for health systems to focus on people-centred care for those with terminal illnesses, specifically palliative care. In response, the BEA Foundation joined forces with "la Caixa" Banking Foundation and The Salvation Army Hong Kong and Macau Command ("The Salvation Army") to establish the Palliative Care in Residential Care Homes for the Elderly Programme ("Palliative Care Programme"). Since its inception, the programme has helped raise awareness of end-of-life planning and helped drive palliative care policy change in Hong Kong.

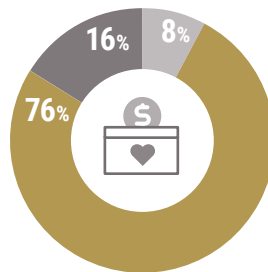


▲ As part of BEA Golden Adventures, BEA volunteers completed various home improvement projects during their visits.



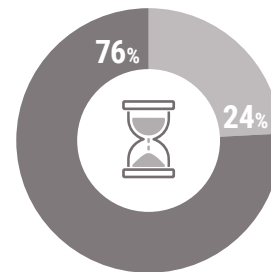
Physical health was a key component of BEA Golden Adventures, and short exercise sessions were arranged with the help of volunteers to keep residents active.

BEA is grateful for the care and compassion shown by its employees who enthusiastically dedicate their time to serve under-resourced members of the community. In 2022, BEA volunteers took part in the BEA Golden Adventures campaign conducting a variety of activities, including home visits and home repairs, as well as exercise sessions for 300 senior citizens across the city.



- Education
- Social welfare
- Environment

HK\$ **12+** million in cash donations made by the Group



- During work hours
- Outside of work hours

**9,000+** hours contributed by staff volunteers

### PHYSICAL AND MENTAL CARE FOR MEDICAL STAFF

BEA China donated HK\$1.2 million (CNY1 million) to The Shanghai Charity Foundation – BEA Charity Fund to support professional medical institutions, such as Huashan Hospital and the Shanghai Children’s Medical Centre, on public health projects. In addition to the “Medical Road Peer Programme” established in 2021, the Mental Health for Medical Professionals Project was launched in 2022, which was designed to help promote the physical and mental wellbeing of medical workers, especially those in the paediatric field, who have been standing on the frontline in the fight against the pandemic for the past few years.



BEA China joined hands with the National Children’s Medical Center and Shanghai Children’s Medical Center at the launch of the new Physical and Mental Care for Medical Workers project.

### A SPOTLIGHT ON EDUCATION

BEA places great emphasis on access to quality education, and implements various educational initiatives in local communities and for our colleagues’ families across the markets we serve.

#### HONG KONG



We continued to operate scholarship programmes in 2022

The Bank of East Asia Scholarship<sup>11</sup>

**27**  
recipients

The BEA University Scholarship for Staff Member Dependents<sup>12</sup>

**10**  
recipients

#### MAINLAND CHINA

For over a decade, the Shanghai Soong Ching Ling Foundation - BEA Charity Fund has continued to improve educational resources in rural areas under the “Firefly Project”. Since the Project’s founding, Firefly Centres equipped with computers and other learning tools have been established in more than 100 schools in 28 provinces, municipalities, and autonomous regions. Firefly Centres are designed to give students of rural schools access to the same learning tools and equipment that students in more developed areas enjoy. In 2022:

**2**  
new Firefly Centres were built

**26**  
Firefly Centres were upgraded<sup>13</sup>

**~1,000**  
Firefly Backpacks were donated<sup>14</sup>

**2,500+**  
students benefited from the Firefly Centres

**~4,700**  
online training hours were provided for nearly 200 teachers and 40 principals



Firefly Centres are equipped with libraries, computers, and other equipment in rural schools.

In recognition of the Firefly Project’s contributions to society, BEA China was awarded the highly coveted “Golden Promise Award – Outstanding Annual Corporate Social Responsibility Programme in the Chinese Financial Industry”.

11. The Bank of East Asia Scholarship is awarded to academically outstanding students studying at selected universities in Hong Kong.  
 12. The BEA University Scholarship for Staff Member Dependents recognises the academic, extracurricular, and philanthropic achievements of our staff members’ children who are pursuing bachelor’s degrees.  
 13. Firefly Centres upgraded and enhancements made to school dormitories, canteens, reading rooms, etc.  
 14. Firefly Backpacks include school supplies and books that help enhance the education of rural students.



# ESG APPROACH AND 2022 PERFORMANCE

# ABOUT THIS REPORT

[GRI 2-2, 2-3, 2-6]

Our 2022 ESG Report is approved by the Board and is prepared in accordance with the following regulations and standards:

- Environmental, Social, and Governance Reporting Guide (“ESG Guide”) contained in Appendix 27 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”),
- GRI Standards 2021, and
- With reference to the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”).

This report provides information that enables our stakeholders to make an informed assessment of how we manage our most significant impacts on society and the environment. Detailed economic information is published in our [Annual Report 2022](#).

We publish our report in two main sections. The 2022 ESG Highlights section (pages 1-15) is provided to inform stakeholders of major developments. How we manage our material ESG topics and our annual performance are presented in the [ESG Approach and 2022 Performance](#) section as well as the [Appendices](#).

## Reporting boundary

The information in this report covers BEA and its major subsidiaries (collectively the “BEA Group” or the “Group”) for the period from 1st January to 31st December, 2022. During the reporting period, there were two significant changes in our scope of business; Blue Cross (Asia-Pacific) Insurance Limited and BEA’s 80% controlling stake in healthcare service provider Blue Care JV (BVI) Holdings Limited was sold to AIA Group Limited. We have changed our reporting boundary respectively for our 2022 ESG Report.

The Bank of East Asia, Limited (“BEA” or the “Bank”)	<a href="http://www.hkbea.com">www.hkbea.com</a>
The Bank of East Asia (China) Limited (“BEA China”)	<a href="http://www.hkbea.com.cn">www.hkbea.com.cn</a>
Bank of East Asia (Trustees) Limited (“BEA Trustees”)	<a href="http://www.hkbea.com">www.hkbea.com</a>
East Asia Securities Company Limited (“East Asia Securities”)	<a href="http://www.easecurities.com.hk">www.easecurities.com.hk</a>
East Asia Futures Limited (“East Asia Futures”)	<a href="http://www.eafutures.com.hk">www.eafutures.com.hk</a>
East Asia Digital Information Services (Guangdong) Limited (“EADIS”)	
BEA Union Investment Management Limited (“BEA Union Investment”)	<a href="http://www.bea-union-investment.com">www.bea-union-investment.com</a>

## We welcome your feedback

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

Feedback on this report: [Sustainability@hkbea.com](mailto:Sustainability@hkbea.com)

Customers and suppliers: [info@hkbea.com](mailto:info@hkbea.com)

Investors: [FD-IR@hkbea.com](mailto:FD-IR@hkbea.com)

Community investment: [CSR@hkbea.com](mailto:CSR@hkbea.com)

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



# ABOUT BEA

[GRI 2-1, 2-2, 2-6, 2-7]

BEA is a leading Hong Kong-based financial services group listed on the Stock Exchange, with total consolidated assets of HK\$882.8 billion (US\$113.1 billion) as of 31st December, 2022.

Worldwide, the Group employs over 8,400 people who serve our customers through approximately 130 outlets. We provide a comprehensive range of wholesale banking, personal

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

## BEA Group

HONG KONG		MAINLAND CHINA		OVERSEAS	
Group members covered by report	Products & services	Group members covered by report	Products & services	Group members covered by report	Products & services
BEA	- Wholesale & personal banking - Wealth management - Treasury services	BEA China	- Wholesale and personal banking	Kuala Lumpur Representative Office	- Liaison services
BEA Trustees	- Mandatory Provident Fund (“MPF”) services	EADIS	- Back-office operations & services (e.g. customer contact centre, data processing, application development, risk & compliance operations)	Singapore Branch	- Wholesale banking
East Asia Securities	- Securities broking			US Branches	
East Asia Futures	- Futures & options broking			UK Branches	- Wholesale & personal banking
BEA Union Investment	- Asset management - Wholesale financial advisory				
MACAU & TAIWAN					
Group members covered by report	Products & services				
Macau Branch	- Wholesale banking				
Taiwan Branch					



# OUR APPROACH TO SUSTAINABILITY

[GRI 2-23, 2-24, 2-25, 3-3]







We use our expertise to facilitate the flow of capital to our customers, with the aim of helping them achieve their goals. It is through diligently meeting society’s evolving financial needs that we create long-term value, retain customers, and develop our business in Greater China and beyond. Our corporate mission integrates our corporate and sustainability vision that guides the Bank’s progress on our key areas of impact.

## Our corporate vision

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

## Our corporate mission

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

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

ESG 2022 Highlights	About This Report	About BEA	<b>Our Approach to Sustainability</b>	Our Sustainability Pillars	Our Performance	Appendices
			Corporate Governance	Our Material ESG Topics		

## Our strategy on a page




We have a vision to be regarded as the sustainability leader among financial institutions in Greater China and beyond. For our Bank this means being responsible in our business, in our operations, and in the community, while making meaningful contributions in the areas we can for our stakeholders.

Supporting our vision is a stakeholder-centric approach to strategy development that has been strengthened in the past year to ensure we address the important sustainability issues now and in the long term. We call these important issues our focus areas and they are grouped under our three sustainability pillars.

Progress towards achieving our vision will see us further integrate sustainability into our ways of working. A three-tier ESG governance structure and a suite of policies relating

to our material topics guide the Group’s strategic approach to sustainability.<sup>15</sup> We evaluate our performance in our focus areas by setting and achieving long-term targets. Achieving these targets requires enhanced interdepartmental collaboration, awareness raising on why sustainability matters to BEA, and capacity building to deliver on our commitments.

We recognise that embedding sustainability in our ways of working takes time. To ensure our people understand that what they do is helping to achieve our vision, we have built ESG goals into our Bank-wide scorecard, linking ESG performance into the annual performance review for all staff, including Senior Management. A summary of key ESG goals and achievements in 2022 is outlined in the [ESG Performance Summary](#) section. Updates on our performance are provided in the ‘2022 Performance’ subsections in each chapter of this report.

Pillar	What it means to BEA
<b>RESPONSIBLE BUSINESS</b> 	To act with integrity, comply with applicable laws and regulations, and set the same standards for our suppliers
	To offer products and services that support small businesses, marginalised groups, and companies or projects that create value for society and the environment
	To consider ESG in our risk management process, and work with others to promote corporate responsibility and sustainability
	To treat all customers fairly and with respect, and provide accessible services for all our customers, while protecting customer data privacy
	To provide high-quality products and ensure customers have full and accurate information to make informed decisions
<b>RESPONSIBLE OPERATIONS</b> 	To invest in people development and training
	To provide a safe, healthy, and inclusive working environment
	To promote equal opportunities to all employees and job applicants
	To encourage open dialogue between Senior Management and staff
	To minimise the environmental footprint of our office buildings and branches, with a particular focus on reducing energy consumption, carbon emissions, paper use, and waste
	To promote eco-conscious behaviour in our employees, customers, and suppliers
<b>RESPONSIBLE CITIZEN</b> 	To leverage our resources to make a positive contribution to the communities in which we operate
	To encourage employees to connect with their communities through volunteering activities

15. Links to relevant publicly available policies are provided throughout the report. A comprehensive list of our ESG-related policies is included in the [Appendices](#).

# CORPORATE GOVERNANCE

[GRI 2-9 2-10, 2-11, 2-12, 2-13, 2-14]

## BOARD STATEMENT

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

In conducting the ESG-related activities, the Board is supported by three key governing bodies, namely ESG Committee, ESG Steering Committee and ESG Work Group. Established in 2020, these governing bodies ensure accountability for ESG performance at BEA extends throughout the Bank’s operating levels and across its markets.



## Supporting aspects of ESG governance

- **The Audit Committee** reviews related policies (under the Corporate Governance Framework) annually after the ESG Committee's endorsement, or as required, and makes recommendations to the Board. The Audit Committee also reviews arrangements employees of the Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. This is to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions.
- **The Remuneration Committee** is responsible for the approval, review, and assessment, on an annual basis, of the adequacy of any relevant statement which sets out the Bank's culture and behavioural standards and for ensuring that such statement is translated into policies and procedures.
- **The Risk Committee** meetings are held on a quarterly basis at minimum, or as required. During meetings, the Risk Committee reviews risk management-related issues of the Group, including ESG and climate-related risk management strategies, risk appetite, risk governance, risk management framework, risk management policies, and risk profiles. Significant risk management-related issues are reported directly to the Board by the Risk Committee.
- **General Manager and Group Head of People & Sustainability Division ("GM and Group Head of PSD")** supervises BEA's ESG initiatives, and reports directly to the Senior Management. The GM and Group Head of PSD is also Chair of the ESG Work Group and a Director of the BEA Foundation. The following units report directly to the GM and Group Head of PSD:
  - **Corporate Communications Department** is responsible for executing and coordinating the CSR initiatives of the Bank and the BEA Foundation. The Department is also responsible for communicating sustainability-related information internally and externally.
  - **Human Resources Department** manages the Culture and Staff Engagement Team and the Staff Sports & Recreation Club ("SSRC").
  - **Sustainability Department** is dedicated to ensuring that BEA is operating in line with ESG-related requirements under the Hong Kong Listing Rules and keeping abreast of relevant sustainability developments and engaging internally to help the formulation and implementation of ESG goals. The Sustainability Department is responsible for driving the implementation of BEA's net zero roadmaps including monitoring of emissions reductions together with other relevant units of the Group. The Department is also responsible for the development and production of the annual ESG report.
  - **Training and Development Department** works closely with the Sustainability Department to ensure staff members are well equipped with the ESG knowledge necessary to support BEA's sustainability journey. The Training and Development Department helps to line up external partners and internal subject matter experts to provide specific ESG training sessions.
- **Cross-function work streams** support ongoing ESG efforts such as reporting and disclosure, and drive achievement of specific ESG goals.
- **The BEA Foundation, the Shanghai Soong Ching Ling Foundation – BEA Charity Fund, and the Shanghai Charity Foundation – BEA Charity Fund** support the Group's major community investment initiatives in Hong Kong and Mainland China.
- **BEA Volunteer Team Committee** comprises active members of the BEA Volunteer Team, which consists of staff members appointed by the heads of the Bank's divisions and other Group members based in Hong Kong.

## ESG GOVERNANCE AT BEA CHINA

The China Banking and Insurance Regulatory Commission (“CBIRC”) issued the Green Finance Guidelines for the Banking and Insurance Industries, which specified two new requirements on ESG governance:

REQUIREMENTS	BEA CHINA’S PRACTICES
The Board of Directors assumes the primary responsibility for green finance and designates a specialised committee to oversee green finance.	BEA China’s Board of Directors is responsible for integrating sustainability into BEA China’s development strategy and oversees the implementation of sustainability policies. The Board has appointed the Strategy Committee to oversee BEA China’s sustainability performance and GSF development.
A senior executive is designated to supervise green finance development, including relevant policies, neutrality roadmap, carbon emissions control, and more.	BEA China has appointed the Deputy Chief Executive to serve as the chief responsible person with primary responsibility for sustainability-related matters.



In addition to the three main governing bodies, a Sustainability Section supervised by the General Manager of Corporate Communications and Sustainability serves to coordinate the activities of BEA China’s ESG Working Group and ESG Steering Committee.

GM and Group Head of PSD attends BEA China’s ESG Steering Committee meetings, while Head of Sustainability Department attends BEA China’s ESG Working Group meetings, to ensure communication and coordination.

## GUIDING POLICIES

- [Anti-Bribery and Corruption Statement](#)
- [Corporate Governance Policy \(internal\)](#)
- [Community Investment Guidelines \(internal\)](#)
- [Environmental Policy](#)
- [Green and Sustainable Finance framework \(“GSF framework”\)<sup>16</sup> \(internal\)](#)
- [Group Responsible Investment Policy \(internal\)](#)
- [Human Rights Policy](#)
- [Slavery and Human Trafficking Statement](#)
- [Statement on Anti-Money Laundering and Counter-Financing of Terrorism \(“AML/CFT”\)](#)
- [Supplier Code of Conduct](#)
- [Sustainability Policy](#)
- [Whistleblowing Policy](#)

A list of external references relating to our ESG related policies is available in the [Appendices](#).

16. The GSF framework, previously referred to as Green & Sustainability-linked Lending Policy, has been further developed to facilitate the identification and classification of financing of green and sustainable activities.

# OUR MATERIAL ESG TOPICS

[GRI 2-29, 3-1, 3-2]

We conduct a comprehensive materiality assessment every five years, or in response to significant changes in our operating environment. We also conduct targeted annual pulse checks through ongoing stakeholder engagement. As part of our updated materiality assessment process, we increased our focus on the external impacts of our business on the environment, economy, and society. This was done in line with the updated materiality assessment framework as detailed in the new GRI Standards 2021. Our stakeholder engagement approach was also modified to ensure that we gain deeper insights into how the identified material topics contribute to our external impacts.

In 2022, we began our most recent materiality assessment utilising the updated concept of double-materiality from the GRI Standards 2021, which supported BEA in reflecting on the impacts of sustainability on the organisation, and our most significant impacts on the economy, environment, and people. We engaged ELEVATE, a leading sustainability consultancy to conduct an independent external review of potentially material topics and to conduct interviews with both our internal and external stakeholders. To supplement the interviews, an online survey was also conducted to open the stakeholder engagement process to include a wider range of stakeholder feedback. Garnering a range of feedback from our diverse stakeholders helps BEA to better identify the issues which are most impactful to them and change their perception of the Bank. For instance, issues such as financial literacy, which may not significantly affect our operations, are highly material for our customers and how the Bank manages and promotes this issue would shift the public perception of BEA and affect our reputation in the market.

Taking the results from the combined stakeholder engagement exercises helped to prioritise and validate the topics that BEA should focus on. The outputs of this process were discussed and approved by the ESG Committee. By layering the results

of the current stakeholder engagement process into recent materiality assessments we aim to capture a more dynamic view of what is material to the Group and our industry. Going forward we will continue to build on this approach by engaging additional stakeholder groups.

Determining what matters:

## 1. Identification

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

## 2. Prioritisation

- Engagement with internal and external stakeholders through daily operations and targeted outreach to determine the impacts of our operations on people, the economy, and the environment, and the likelihood that ESG issues may impact our Bank.
- Development of a materiality matrix and determination of a threshold for materiality.

## 3. Validation

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

## 4. Evaluation

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



## Stakeholder engagement

We value regular, honest, and open dialogue with our stakeholders. We undertook a comprehensive mapping of our stakeholders, and we revisit this each year to ensure it remains relevant. In 2022, we conducted our first-ever extensive stakeholder engagement exercise that spans all customer types. By arranging interview sessions as part of our enhanced engagement strategy, we gathered qualitative feedback from internal and external stakeholders to determine their views

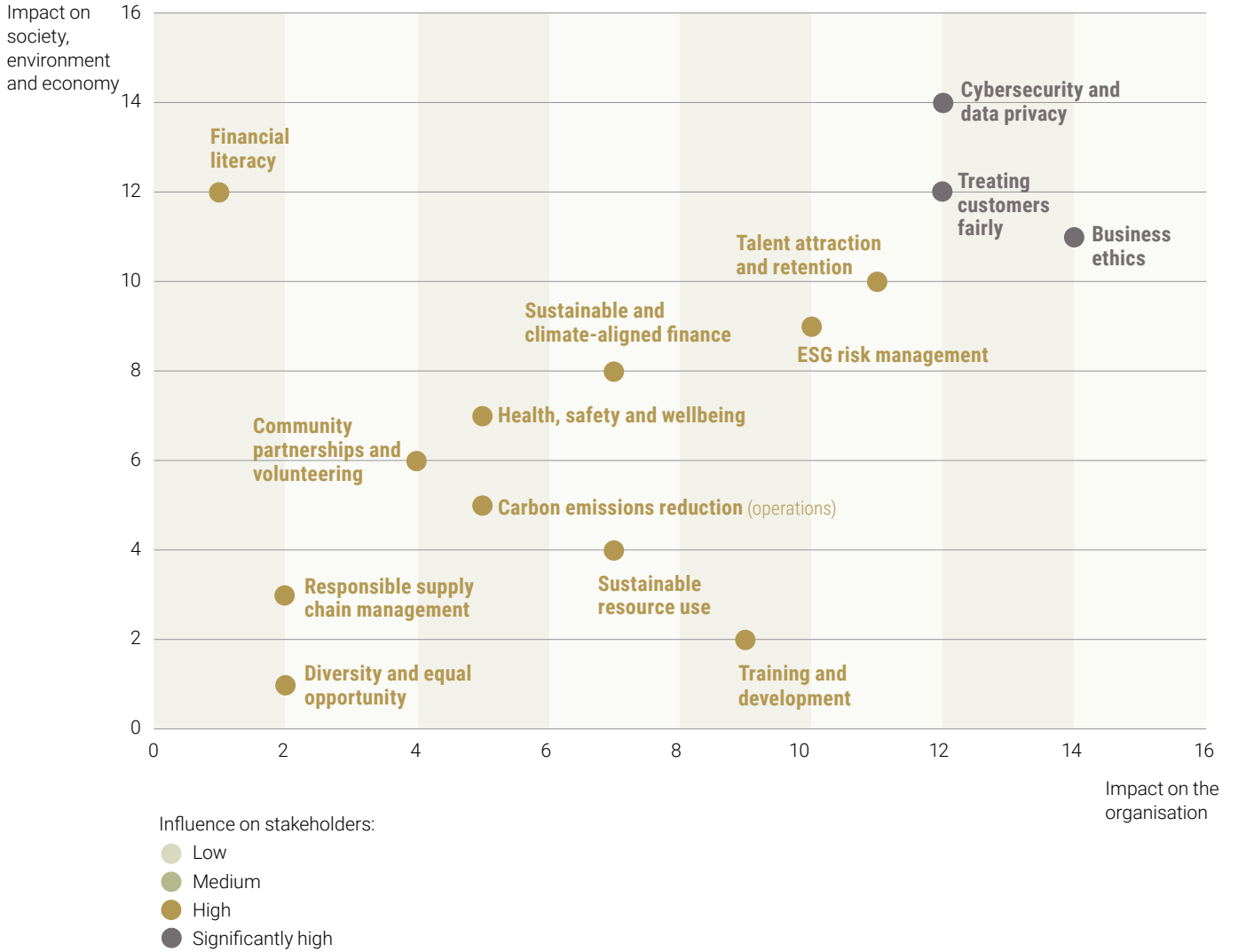
on the impacts of ESG issues and how BEA’s management of each issue would affect their perception of the Bank.

An overview of the topics that are relevant for each stakeholder group is provided in the [Appendices](#) of this report. The views of our key stakeholders shown below, and others including our strategic partners and public sector bodies directly inform our sustainability strategy, help us to identify and manage our ESG impacts, and shape our ESG reporting.

STAKEHOLDER	ENGAGEMENT CHANNELS
<b>Customers</b> We listen to our customers to understand their needs and respond with services and products that offer service excellence while managing relevant sustainability topics that matter to them.	Customer feedback channels
	Customer events
	Sustainability communications via the Bank’s website and social media
<b>Shareholders</b> Our shareholders expect good returns on their investment in our Group, and they are keen to know what we are doing to ensure our business is future fit.	Annual General Meetings
	Corporate communications
	Communications with ESG rating agencies and ESG indices representatives
<b>Regulators</b> We seek input from our regulators and share our developments and challenges with them to ensure that we are addressing the risks and seizing opportunities in our major markets.	Participation in industry events
	Communications with regulator representatives
	Responding to information requests
<b>Employees</b> Our employees are key to the growth of the Bank Group. We maintain frequent open communication to understand their needs and how BEA and its people can grow together.	Bank-wide and division town halls
	Focus groups
	Employee surveys
	Staff e-Newsletters
<b>Society</b> With an established presence in Hong Kong and Mainland China for more than a century, we have forged strong ties with the local community. We engage through our foundations and local NGOs to contribute where it matters.	Sustainability communications via BEA’s intranet
	BEA Foundation programmes
	Staff volunteering
	Meetings with NGOs



### Relative priority of ESG topics



# OUR SUSTAINABILITY PILLARS

[GRI 3-2]



# RESPONSIBLE BUSINESS

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

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

## BUSINESS ETHICS

[Aspect B7] [GRI 2-15, 2-17, 2-25, 2-26, 2-27, 201, 205, 207, 419]

## Why it matters

Over the past decade, there has been an overall improvement in public trust in our industry, however financial services remain one of the least trusted sectors among the public.<sup>17</sup> Continuing to build trust must be a key objective of those operating in our industry. We are aware of how much individuals and businesses rely on us, and the expectations of our regulators and therefore know how important it is that we create and distribute value responsibly. We understand that demonstrating prudence and responsible distribution of value is crucial to building and maintaining trust in the financial services sector. Individuals and businesses depend on us to act ethically, responsibly, and with their interests at heart in supporting economic development.

## Management approach

The Group maintains the highest standards of business conduct, including a zero-tolerance position on bribery and corruption, and a commitment to addressing major business ethics risks. We have an established and robust governance structure, led by the Board of Directors with a strong

independent element. Supporting the Board, an experienced Senior Management team ensures activities and processes at the Bank are conducted with integrity and in compliance with all applicable legal and regulatory requirements. The Group's requirements are stipulated in the Bank's suite of Board-approved policies, which have been developed with reference to relevant legislation.<sup>18</sup> Our staff members are expected to act ethically, upholding the utmost levels of professionalism and integrity.

The Bank has put in place a Directors' Code of Conduct and a Policy on Conflicts of Interest to provide guidance to Directors in managing ethical issues including the handling of conflict of interests and fair dealing. Directors are obliged to avoid any activities which could lead to situations of actual or potential conflicts of interest and disclose to the Reporting Officer prior to the materialisation of those activities. Directors are also required to declare any material interest in any transaction, agreement, or contract that is significant to the Bank's business.

## Programmes and initiatives

The Group implements diverse programmes and initiatives across the business to ensure that our strategies and policies are implemented in a manner which more effectively achieves our objectives. These programmes and initiatives ensure our compliance with regulatory standards, inculcate our culture of ethical behaviour in all employees, strengthen understanding of our business ethic strategies and policies, and support our continuous improvement and monitoring of our approach. To better channel our efforts, we develop programmes and initiatives with specific focus areas in mind.

### Anti-corruption and anti-fraud

The Group stands firmly against all forms of bribery and corruption with steadfast conviction. We implement stringent measures to ensure all employees are well versed in, and adhere to, our expectations for ethical behaviour. Employees are expected to adhere to the Bank's anti-bribery and corruption policies and rules in relation to the Prevention of Bribery Ordinance. Furthermore, employees are required to review and

17. 2022 Edleman Trust Barometer

18. Links to publicly available policies are available on page 94 of this report

19. Internal policy document

ANTI-CORRUPTION MEASURES	
<b>Conflict of Interest Policy</b>	Employees are required to avoid any actual or potential conflict of interest situations or the perception of such conflicts.
<b>Conduct When Obtaining Business</b>	Employees are prohibited from offering any bribe or advantage as defined in the Prevention of Bribery Ordinance, in order to influence decisions of others, whether directly or indirectly.
<b>Personal Benefits</b>	Employees are prohibited from soliciting, accepting, or retaining personal benefits from other employees, customers, or suppliers of the Bank. Guidelines outline when personal benefits can be accepted under specified circumstances.
<b>Whistleblowing Policy</b>	Our Whistleblowing Policy and Procedure is in place to ensure that employees can report concerns in confidence and without the fear of personal repercussions. A <a href="#">Whistleblowing Policy</a> for external parties, is available via BEA's homepage.

provide signature acknowledgement of their understanding and agreement with our Code of Conduct<sup>19</sup> on an annual basis. Refresher training is periodically arranged to ensure all Group employees, including part time employees, are well aware of our zero-tolerance stance on fraud, money laundering, and corruption. For transparency, the Bank also publishes its [Anti-Bribery and Corruption Statement](#) on our website for general public access.

Expectations of standards of behaviour are clearly communicated to all staff members through the Group's anti-corruption policies and Code of Conduct. The Code is available to all relevant persons via BEA's intranet and clearly stipulates acceptable behaviour for those who represent the Group. All directors, agents, contractors, suppliers, associated persons are also expected to act in compliance with our applicable policies, laws, rules and regulations related to anti-bribery and corruption in the execution of their duties for or on behalf of BEA. The Bank reserves the right to terminate any business relationship that violates BEA's zero-tolerance policy against bribery and corruption, in accordance with our Group Policy on Anti-Bribery and Corruption.

We utilise a holistic risk management mechanism which covers our anti-fraud capabilities including prevention, detection, investigation, and corrective actions to enhance our fraud resilience and cultivate an anti-fraud mindset throughout our organisation. BEA's subsidiaries and joint ventures have similar policies that are in line with the Bank's stipulations and values.

**Anti-money laundering and counter-financing of terrorism**

As a responsible financial institution, BEA is steadfast in its commitment to opposing any illicit financial activities. Our robust AML/CFT efforts work to cultivate a culture of constant vigilance and continuous improvement in our AML/CFT policies, procedures, and controls to adequately mitigate the nature and level of money laundering/terrorist financing risks assumed by the BEA Group.

The Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism ("Group AML Policy") covers tax evasion risk and sanction risk and provides governing principles and minimum standards on meeting the customer due diligence and record-keeping requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. All Group members must comply with the Group AML Policy to the extent permitted by local laws. Group AML/CFT policies take precedence over all other considerations. Relevant guidelines relating to AML/CFT are developed by the Bank to provide detailed guidance and assist Group members in understanding, implementing, and complying with the Group AML Policy.

In keeping abreast with any changes to the legal or regulatory landscape, the Group AML Policy and other such relevant guidelines are kept under regular review. The Group AML Policy and guidelines are made available to all employees via the BEA intranet. The Bank also publishes its [Statement on Anti-Money Laundering and Counter-Financing of Terrorism](#) and makes the Statement available for general public access via the Bank's corporate website.

To keep our internal awareness high and maintain our culture of vigilance, regular training on AML/CFT including international sanctions compliance and tax evasion is covered in the AML/CFT related training materials of relevant Group members. The Compliance Division (“COMD”) works closely with key stakeholders and relevant Group Members to update our AML/CFT and anti-bribery related training materials in keeping with the latest market information.

Matters of potential non-compliance are handled through our Compliance Risk Management Manual, which stipulates that individual departments and relevant business units of the Group are required to report regulatory compliance related matters, non-compliance, potential non-compliance incidents, and irregularities to COMD. Moreover, the Bank regularly reviews and enhances the effectiveness of the Group AML Policy, Anti-Bribery and Corruption (“AB&C”), and whistleblowing mechanisms.

**Risk management and internal audit**

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

The Group’s COMD is responsible for overseeing and mitigating the compliance risks of the Group. COMD is also responsible for reviewing regulatory requirements, reporting to Senior Management, and delivering compliance advice to affected business units to ensure adherence. For each branch, the status of compliance reviews is tracked and reported monthly to Branch Management Team and COMD.

The Compliance Review Department includes ESG topics in the planning and scoping of compliance reviews, where appropriate. In conducting compliance reviews, the Compliance Review Department will assess the effectiveness of the control design and implementation to ensure compliance with relevant regulatory requirements. A compliance review report will be issued to control owners with findings and agreed actions for follow up.

**BUSINESS ETHICS POLICIES (internal)**

- Code of Conduct
- Conflict of Interest Policy
- Directors’ Code of Conduct and Policy on Conflicts of Interests
- Disciplinary Guidelines and Procedure
- Guideline on Cost Control Mechanism
- Guideline on Information Classification and Handling
- Guideline for Procure-to-Pay Process
- [Supplier Code of Conduct](#)
- Third Party Risk Management Guideline
- Whistleblowing Policy and Procedure

The Internal Audit Division (“IAD”) is responsible for the independent assessment of the Group’s risk management framework and internal control processes to determine the effectiveness of its design and operating effectiveness, reporting findings directly to the Group’s Audit Committee. In carrying out this review and assessment of the key operations of our Bank Group, IAD adopts a risk-based audit approach, with our regular audits covering ethical standards within a three-year cycle, such as Conflicts of Interests, Code of Conduct, Grievances and Whistleblowing, Anti-Bribery and Corruption, and AML/CFT.

Details of our ESG risk management approach are available on page 32 of this report. A description of the governance bodies responsible for ESG management at the Group can be found in the [Corporate Governance](#) section of this report. Detailed information relating to corporate governance is available in our [Annual Report 2022](#).

**Tax Risk Management and Strategy**

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

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

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

### REGTECH SOLUTIONS FOR EFFECTIVE COMPLIANCE OVERSIGHT

COMD has proactively sought wider adoption of Regtech solutions throughout 2022 to achieve more effective compliance oversight in our daily operations.

Key achievements:

- 1 Enrichment of digital footprint data enabling a broader scope of data utilisation to enhance the Bank’s services and operations
- 2 Revamp of network analytics to achieve pro-active detection of mule accounts
- 3 Deployment of analytics tools to optimise scenario threshold monitoring and alert generation, thereby improving Key Performance Index analysis
- 4 Ongoing enhancements to the Bank’s Transaction Monitoring System to provide more comprehensive coverage of automated alert generation aggregation and a centralised handling platform
- 5 Implementation of Benchmark and Sandbox Tests to enable ongoing testing to provide independent validation on the effectiveness and efficiency of sanctions screening systems for both customer and transaction screening

### SETTING A ZERO-TOLERANCE TONE FROM THE TOP

Specific training material on AML/CFT is prepared by COMD and provided to the Board with refresher training annually as a means of providing relevant updates regarding the latest AML/CFT and anti-corruption requirements, developments, and our regulators’ expectations. In recent years this has been expanded to include AB&C.

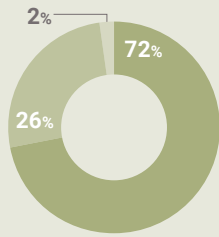
In late 2022, COMD launched new training materials on AB&C including a new training video which was circulated to all relevant Group members. The training covers corruption pitfalls and prevention tips.

### 2022 PERFORMANCE

**86%** of our operating income comes from our primary markets **Hong Kong and Mainland China**

**~60%** of our operating income comes from our **Hong Kong** operations

Economic value generated:	<b>HK\$ 19,411 million</b>
Employee compensation and benefits:	<b>HK\$ 5,491 million</b>
Payments to providers of capital:	<b>HK\$ 2,888 million</b>
Operating costs:	<b>HK\$ 2,844 million</b>



Cash donations to charitable organisations:

**HK\$ 12+ million**

- Hong Kong
- Mainland China
- Other markets

**100%** of Directors reviewed AML/CFT and anti-bribery and corruption training materials

**100%** employees successfully completed the Code of Conduct training, which covers integrity, anti-bribery, and corruption

### Outlook

COMD and IAD will continue to assess the effectiveness of the control mechanism for ethical business conduct. Addressing AML/CFT and AB&C issues, the Group will maintain the utmost vigilant culture with enhanced training and due diligence for all our employees.

**ESG RISK MANAGEMENT**  
[Aspect A4] [GRI 201] [TCFD]

**Why it matters**

The climate emergency is at the forefront of government agendas worldwide. There is growing urgency for immediate climate action in building resilience and mitigating potential negative impacts of climate change. Businesses and industries are making the transition to a low-carbon economy, and in so doing, generating strong potential disruptors to current business models. Moreover, the possibility of future government climate policies, such as carbon taxes and caps poses regulatory and financial risks to our Group’s lending and investment business. We have also identified the physical impacts of climate change as having a significant potential effect on the Group. The loss or damage of the Bank’s properties or assets, as well as those of our customers holding mortgages or commercial loans with the Bank could result in financial losses or credit risk.

Integrating ESG criteria into the Group’s services and lending practices prepares the Bank for government policy response and mitigates such risks. In this quick changing landscape, businesses that are slow to respond to stakeholder expectations, whether regulatory or from customers, could suffer reputational damage, loss of business, and subsequently fall behind their peers.

Conversely, careful management of ESG risks could bring about opportunities for sustainable growth. Demand for sustainable and climate-aligned finance has created




opportunities for close collaboration with our customers in paving the way towards a sustainable future which is less vulnerable to transition and physical risks.

**Management approach**

The Group Chief Risk Officer (“GCRO”) sits on the ESG Steering Committee and is tasked with managing and reporting on ESG risks. In the Risk Management Division (“RMD”), an internal taskforce chaired by the GCRO and composed of individuals with expertise in different risk types drives and executes ESG risk management related initiatives. The taskforce has updated the 3-year ESG and climate risk action plan to align with HKMA’s 2-year plan for embedding climate risk in banking supervision and to support the Bank Group’s net zero strategy. The building blocks of our tools in ESG and climate risk management are listed in the table below.

Central to ESG risk management is the assessment, mitigation and disclosure of climate-related risks. In 2021, our internal taskforce took part in the HKMA’s pilot CRST, which was then reviewed by the Board to strengthen our risk management infrastructure and integrate identified ESG risks, including climate risk, into our risk management framework. To monitor and identify adverse changes, if any, since the pilot CRST, a high-level health check exercise was performed in 2022.

Well-established guidance documents are in place to steer the Group’s business activities and internal processes. These include the Board-approved qualitative and quantitative Risk Appetite Statements (“RAS”) for ESG and climate risk as well as the Credit Committee-approved Green and Sustainable Finance Framework, which facilitates the growth of BEA’s green lending, sustainability-linked lending and investment portfolios.

<b>POLICY AND FRAMEWORK</b> 	<b>ASSESSMENT AND MONITORING MECHANISM</b> 	<b>ESG TALENTS</b> 
<ul style="list-style-type: none"> <li>GSF framework, including sector policies, green and brown taxonomy and prohibited transaction list</li> </ul>	<ul style="list-style-type: none"> <li>ESG checklist in credit assessment</li> <li>RAS</li> <li>Key risk metrics</li> <li>ESG data in digitalised format for analytics, management information reporting and disclosures</li> <li>CRST</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building in ESG</li> <li>Internal risk culture and awareness of ESG risk and sustainability</li> </ul>



The GSF framework includes an ESG checklist which covers assessment of the ESG risk of borrowers to ensure that ESG risks including climate-related risks are properly identified, categorised and carefully managed. An ESG risk assessment is required for non-retail lending and debt investments exceeding HK\$50 million. Justification must be properly documented with supporting information if uncertainties arise. An ESG risk rating is assigned to each customer after the assessment. In the event that the Bank has identified a customer’s ESG and climate risks and there is no clear roadmap or timeline by the customer to undertake any action to mitigate said identified risks, or there has been major slippage in the execution of the mitigation plan, we would classify the customer as high risk. For high-risk customers, the related credit application must at least be approved by our Credit Risk Management Department Approval Centre (for business activities in Hong Kong and

our branches in Macau, Taiwan, and overseas) or BEA China Approval Centre (for BEA China), which has the discretion to seek higher level approval if deemed appropriate as part of our ESG risk escalation process.

Through stakeholder engagement with investors and strategic partners among others, we enhanced our risk management infrastructure by considering their diverse viewpoints, expectations, and suggested best practices in managing ESG and climate risks. Making reference to collective guidance from the EU Taxonomy for Sustainable Activities, Green Bond Endorsed Projects Catalogue, and the HKMA CRST, BEA has classified seven industries as high carbon-emitting sectors, or “brown sectors” and developed a list of the most commonly recognised “green sectors” to enable relevant business units to better identify GSF borrowers and opportunities. Both industry sector lists have been reviewed and approved by the Credit Committee in 2022.

### FIVE KEY COMPONENTS IN THE GSF FRAMEWORK

<p><b>1</b></p> <p><b>List of sector categories based on sustainability</b> (Green, Transition-to-Green, and Brown sectors)</p>	<p><b>2</b></p> <p><b>List of external reviewers</b></p>	<p><b>3</b></p> <p><b>Sector Policies</b> (for 7 high carbon-emitting sectors)</p>
	<p><b>4</b></p> <p><b>List of prohibited lending</b></p>	<p><b>5</b></p> <p><b>ESG Checklist</b></p>

These ESG mechanisms provide BEA with a consistent methodology and associated procedures to evaluate potential environmental and social impacts of the projects we finance, enabling our financing activities to create positive sustainable value. Training on GSF framework has been provided to internal stakeholders including business units.

As part of our GSF framework, all non-retail lending and debt investments with exposure of more than HK\$50 million are subject to mandatory ESG screening. These assessments are particularly stringent for customers engaged in high carbon-emitting industries as defined in the GSF framework with reference to HKMA, such as property development, energy, utilities, transportation, construction, metals and mining, and manufacturing. As with stakeholder and regulatory expectations, this ESG checklist is regularly reviewed and enhanced in line with the ever-evolving ESG risk landscape. Potential ESG impacts, including our exposure and risk mitigation, are evaluated and material adversities are submitted to the Bank’s Credit Committee for deliberation before credit is approved.



## TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### Governance

The Bank believes in strong governance and accountability, and our practices in managing our approach to green and sustainable finance are no different. The Board works closely with our Senior Management team to ensure that we evaluate industry trends and adopt best practices within the evolving sustainability landscape. BEA's robust sustainability governance framework enables the Bank to ensure accountability for ESG performance throughout our operations and across markets. At the core of this commitment is our 3-tiered ESG governance structure which bolsters our holistic approach to sustainability, beginning from our Board-level strategies and risk management and extending through to the Bank's select department heads for implementation.<sup>20</sup>

BEA's Board of Directors has established a Board-level ESG Committee to oversee the Bank Group's ESG strategy, monitor progress against ESG commitments and goals, and assess the Group's governance and management of its material environmental and social impacts. The ESG Committee also makes recommendations on climate issues for the consideration of the Board and guides the Group's net-zero roadmaps for operational and financed emissions during its meetings, which take place at least twice a year.

The ESG Steering Committee reports directly to the ESG Committee. The ESG Steering Committee, chaired by the Co-Chief Executive (China & International), is responsible for driving ESG strategy development, assessing the materiality of existing and emerging ESG topics, and ESG target setting and performance review, which is then reported to the ESG Committee.

Responsibility for the Bank's ESG risk management approach is under the purview of the Management Committees under the oversight of the Risk Committee. Consisting of the Crisis Management Committee, Risk Management Committee, Asset

and Liability Management Committee, Credit Committee, and Operational Risk Management Committee, the Management Committees report to the Board-level Risk Committee. Climate-related risk matters such as the RAS for ESG risk and the CRST results are reported to the Risk Management Committee and Risk Committee for review.

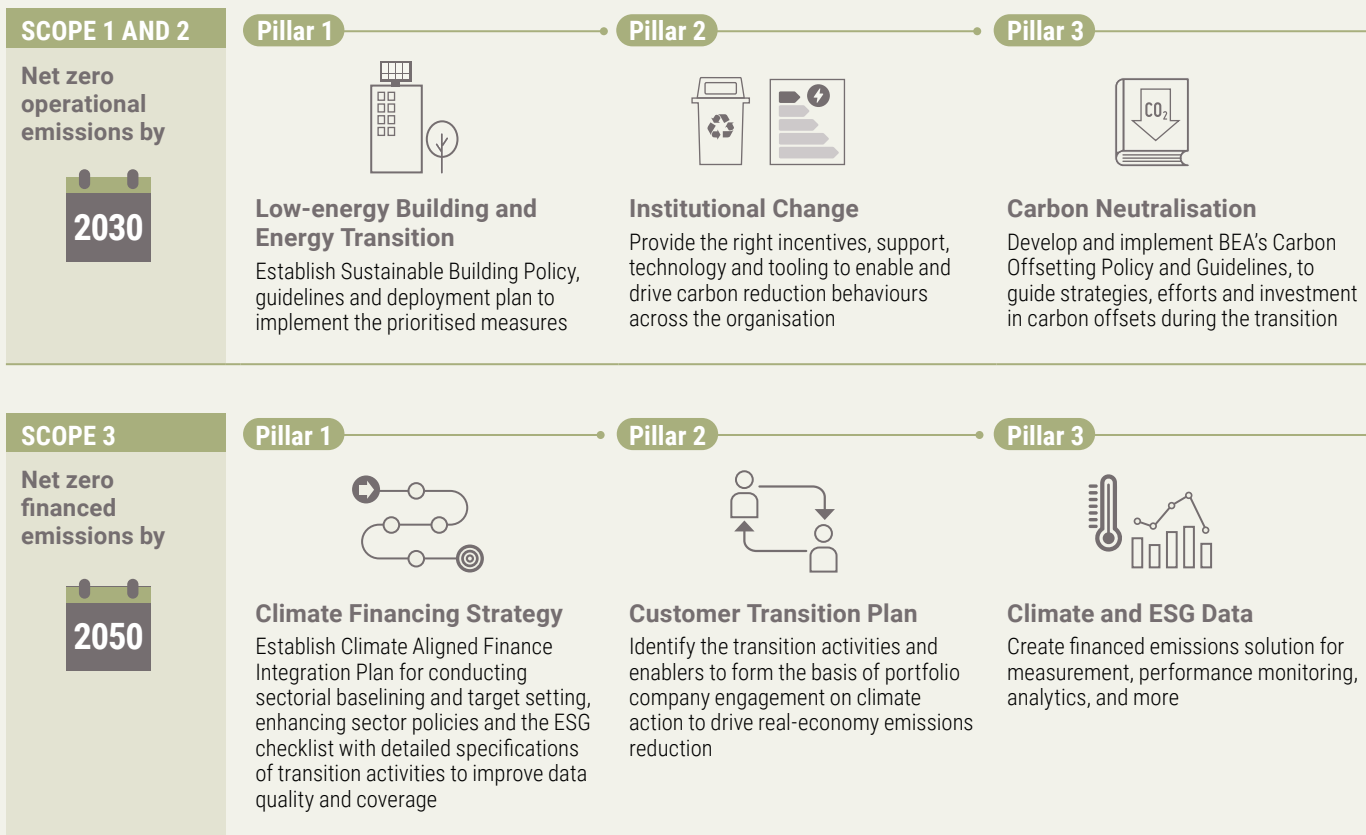
Though the responsibility for oversight and direction of our ESG management approach falls to our Board, at BEA, we instil an ownership and accountability culture in bettering our climate action performance. To ensure all employees at all levels are working towards the same sustainability objectives, the Bank has incorporated ESG goals, including climate-related issues, into our Bank-wide scorecard. The scorecard links BEA's ESG-related performance into the annual appraisal process for all staff, including Senior Management, incentivising accountability in solving our collective climate challenge.

### Strategy

We support global efforts to transition to a low-carbon economy and have made important commitments to reduce our emissions and enhance resilience to the impacts of climate change. In leading our strategic approach to our shared climate challenges, our ESG committee has approved net zero roadmaps which stipulate reductions for both our operational (Scope 1 and 2) and financed emissions (Scope 3). BEA aims to achieve zero operational emissions by 2030, and net zero in our financed emissions by 2050. For each of these two ambitious goals we recognise that a paradigm shift is required in both the way we conduct our own business and the manner in which we help our customers conduct theirs. Supporting our carbon reduction ambitions are strategic pillars built into the roadmaps, guiding our policies and execution. Relevant to specific aspects of our business, the net zero roadmap pillars detail action items, focus areas, and interim targets for the short, medium, and long term.

20. For a more detailed overview of BEA's sustainability governance structure, please see the [Corporate Governance](#) section of this Report.

## NET ZERO ROADMAPS



Attesting to the Bank’s commitment to climate action, in 2022, BEA become the first bank headquartered in Hong Kong to join PCAF. As a PCAF signatory, BEA joins a collaborative group of global financial institutions to harmonise the assessment and disclosure of greenhouse gas emissions arising from financed loans and investments.

Through the HKMA-led CRST exercise, we have identified emerging climate risks and opportunities which may materially affect our business and operations. In 2021, using climate risk scenario analysis and stress testing, BEA has assessed physical and transition risks as they pertain to our operations and ability to conduct business during various time points between 2021 and 2050. “Physical risk” refers to the impacts

of weather and climate-related events, which could lead to disruptions to the business and operations of banks and their clients. “Transition risk” refers to the risk related to the process of adjustment towards a low-carbon economy, which can be prompted by policy, legal, technology and market changes as climate change mitigation and adaptation measures are adopted.

Evaluation and analysis for physical risks were completed based on the Representative Concentration Pathway (“RCP”) 8.5 greenhouse gas concentration scenario projection adopted by the Intergovernmental Panel on Climate Change (“IPCC”) of the United Nations (“UN”). RCP has been developed with consideration of social-economic factors such as population

growth, economic development, and technological change, etc. Additionally, we have conducted our analysis with a focus on the climate impacts of Hong Kong and coastal provinces of Mainland China, using projections from the Hong Kong Observatory and research information from external sources. Climate impacts included warmer ambient temperatures, rising sea levels, and intensifying typhoons.

In consideration of transition risks, reference was made to two contrasting scenarios developed by the Network of Central Banks and Supervisors for Greening the Financial System. These two scenarios assume differing pace of policy actions and technological advancements in reaching a low-carbon economy, namely, orderly and disorderly transitions.

- Disorderly transition scenario postulates that the global economy will face tough challenges in meeting the Paris Agreement targets to limit global temperature rise to well below 2°C. It is assumed that rigorous climate policies are not implemented by the government until 2030, and due to the need for significant reduction in carbon emissions in a shorter span of time to achieve the Paris Agreement targets, economic disruptions will be acute and widespread.
- Under the orderly transition scenario, climate policies are timely and gradually enacted, and corresponding actions are implemented effectively. New sustainable technologies emerge as market demand increases and are integrated alongside other climate measures in a progressive manner, resulting in less abrupt impact on the global economy.

Based on the results from the climate risk and scenario analysis, BEA was able to determine certain financial and non-financial impacts of climate change which could manifest in our major risk categories through the impact it has on our asset quality (i.e. borrower repayment ability, collateral quality), valuation of financial instruments (i.e. market fluctuation), operational resilience (i.e. operational damage to bank premises and assets and business disruption) and reputational impact to the Bank. BEA has developed plans to strengthen our strategies and risk governance framework to ensure our resilience against extreme climate events and to mitigate the vulnerabilities identified during this CRST exercise. Due to our strong capital buffers built up over past years, the estimated financial impact from climate change does not create material capital impact on the Bank.

BEA views climate risk as a transverse risk that can manifest in the traditional and principal risk types such as credit, operational, and reputation risk, etc. The impacts can materialise in the business and operational activities of the Bank. On page 37, we have included selected examples of climate-related risks and opportunities that the Bank has identified. Going forward, we will continue to monitor the progression of these identified risks whilst staying vigilant to emerging potential focus areas.

Climate-related Risks and Opportunities	Drivers of Risks and Opportunities	Related Principal Risk Types	Business Impact	BEA Responses
Responsiveness of the Bank in considering climate change in the Bank's business, strategic and operational decisions	The financial sector faces growing expectations from diverse stakeholder groups to proactively manage ESG risks and opportunities as ESG awareness has been steadily rising in recent years. It is therefore crucial for the Bank to build capacity over time to measure and mitigate climate risks.	Strategic, Credit, Operational, Reputation and Compliance Risk	<p>Failure to meet growing expectations to manage ESG risks could lead to negative impact on business performance, operations, and reputation of the Bank.</p> <p>On a macro scale, climate change has the potential to pose major risks to the growth of the global economy and it has become common consensus that climate risks could significantly impact the financial sector.</p>	<p>Responding to growing stakeholder expectations of Group-wide integration of climate change management throughout the Bank's operations, BEA has cultivated a climate-cognisant culture and has imbedded sustainability considerations into daily operations.</p> <ul style="list-style-type: none"> <li>Organised diverse sustainability training including net zero training for all staff, and GSF-specific training for relationship managers and other relevant staff</li> <li>Organised sustainability sharing sessions with industry experts, including sharing on emerging trends from COP27 national climate commitments to the implications on the local banking industry</li> <li>In 2022, BEA developed a specialised department to handle ESG risk-related issues across the Bank – the ESG Risk and Oversight Department under RMD. This department structure will be formally implemented in January 2023.</li> <li>ESG performance, GSF trends, and climate risks are reviewed and reported to the Board.</li> </ul>
Effect of physical and transition risks on the financial performance of the Bank and the value of the Bank's assets	<p>Extreme climate events, such as rising sea levels and intensifying typhoons, are a physical risk which may lead to the devaluation of property collateral and investment portfolio of our Bank.</p> <p>Moreover, the worsening impacts of climate change will have a profound effect on the global economy either through direct losses due to physical damage from extreme weather events, or through stricter controls from a quicker pace of transition to a low-carbon economy.</p>	Credit and Market Risk	<p>Acute climate impacts have the potential to negatively affect borrowers' profitability. Moreover, chronic climate shifts may impact economic outlook at a macro level, which may lead to worsening performance in financial markets and the macro-economy, and devaluation of assets taken as collateral.</p> <p>More severe climate impacts could accelerate the low-carbon transition leading to stricter public policy, shifts in market sentiment, and changes to client preferences, all of which could have a direct impact on the financial performance of the Bank and its borrowers.</p>	To ensure the Bank is well prepared to mitigate potentially significant impacts of climate risks specific to the financial sector, BEA completed HKMA's CRST in 2021 to assess the current baseline and have implemented an ESG and climate-risk action plan to enhance our ESG risk-related infrastructure. These forward-looking measures have enabled the Bank to take early actions to manage risks on our lending and investment portfolio.
Effect of climate change on the Bank's premises and branches arising from acute and chronic climate events	Extreme climate events place a heavy burden on the Bank's business continuity systems, which must be designed with extreme climate events in mind, otherwise inadequate protections may result in business disruptions, impacting BEA's personnel and customers, workplace safety, critical infrastructure, and system dependencies.	Operational Risk	Operational capacity and cost expenditure of the Bank could be negatively impacted if extreme climate events cause significant damage to BEA's office premises and other assets including, retail branches and automated teller machines ("ATM").	To mitigate the Bank's exposure to the effects of climate change on our operations, we have in place an existing business continuity management framework and policies. This ensures our Bank's essential services and operations are prepared to manage disruptions in the event of an emergency or disaster, including but not limited to extreme weather events.
Effect of climate change on the financial fluidity and profitability of loans and investment portfolio	<p>Climate change is demanding a shift in the economy to transition to more sustainable business models. Decreasing demand for carbon-intensive products paired with increasing cost of business for high-emitters poses risks to the banks financing these industries.</p> <p>An acute and fast-paced transition to a low-carbon economy could degrade the asset quality of the Bank's loans and advances to, as well as investments in high carbon-emitting industries.</p>	Credit and Market Risk	These transitional risks may manifest through means such as increased expenses or decreased revenue due to carbon tax, stranded fixed assets, and shifts in market sentiment. Moreover, if profitability of borrowers and security issuers are adversely affected by a sharp transition to a low-carbon economy, it may substantially affect their repayment abilities.	<p>BEA is monitoring exposure to climate transition risks through measurement of both operational and financed emissions. Through the net zero roadmap and targets set for high carbon-emitting sectors, the Bank is proactively adjusting its portfolio towards less carbon emitting industries and is striving to achieve net zero emissions in financed activities by 2050 and is firmly on track to achieve net zero operational emissions by 2030.</p> <p>For more information, please refer to the <a href="#">Carbon Emissions Reduction</a> section of this report.</p>
Access of new capital and business opportunities	Investors and other stakeholders, including clients are increasingly aware of ESG risk management, and have begun to use their knowledge of sustainability issues in making their investment decisions. BEA recognises this global paradigm shift and is integrating environmental and climate-related issues into our operations, products, and services.	Strategic Risk	Integrating environmental and climate-related issues into our operations, products, and services could provide increased access to international capital markets while helping to reduce our exposure to bad debt and investment risk. Moreover, effective demonstration of the Bank's ability to approach and manage ESG risks may open new financial channels with easier access to lower cost of funds.	<p>In recognition of increasing market demand for green financing solutions, BEA is working closely together with clients to provide green and sustainability-linked loans to enable their transition to a lower-carbon business model.</p> <p>In recent years, it has been a strong focus for BEA to expand its GSF corporate loans and ESG bond investment portfolio as evidenced by the development and updating of the GSF framework. In keeping with emerging trends and to capture forthcoming climate transition opportunities, BEA will continue to grow this portfolio.</p> <p>For more details, please refer to the <a href="#">Sustainable and Climate-aligned Finance</a> section of this report.</p>

## Risk Management

Identified climate risks and opportunities are presented to the Risk Committee and ESG Committee for strategy formulation and mitigation planning. Our risk management measures include supporting customers to transition towards a low-carbon economy, controlling BEA's exposure to high climate risk sectors, and the development of our net zero roadmap for both our operational emissions (Scope 1 and 2), as well as our financed emissions (Scope 3).

As detailed in the [management approach](#) section of this chapter, we have a strong foundational framework integrated across our business to manage climate risks. Our comprehensive ERM framework incorporates ESG and climate-related considerations and includes mechanisms to classify potential risks as current and emerging, to empower the Board and other responsible parties to prioritise and allocate resources and better manage these issues. The ERM framework is composed of different risk committees, risk owners and controllers, and our "Three Lines of Defence" model. As the impact of climate-related risks can be manifested in different traditional risk types, risk controllers are responsible for taking ESG and climate risk into consideration and managing the risk areas via the existing mechanisms. As part of the ERM Framework, the GCRO works closely with all risk owners and controllers on the setting of risk management policies and exercises risk oversight of the Bank Group. The significant climate risk issues will be reported and escalated to management committees and the Board through the existing ERM organisational structure.

The GCRO also sits on the ESG Steering Committee and is tasked with managing and reporting on ESG risks. RMD has an internal taskforce chaired by the GCRO and comprises staff with expertise in different risk types responsible for executing initiatives in climate risk management.

The Bank is closely monitoring its exposure to the seven identified high carbon intensive industry sectors, which are subject to high transition risk. Exposure is monitored and controlled through the risk appetite limits approved by the Board. New policies are also in place to better support our

business units in identifying and acting on climate-related risks and opportunities when carrying out their daily responsibilities. In 2022, the Bank put in place a GSF framework. The GSF framework aims to establish consistent definitions and methodology to classify GSF activities so as to manage our climate risk exposure. The GSF framework is intended to facilitate the classification of green and sustainable finance while it does not change the Bank's credit underwriting standard. The framework was formed based on collective inputs from business units, as well as the risk management and sustainability teams.

The aforesaid ESG checklist requires business units to assess ESG risk for credit applications of non-retail lending and debt investments. The ESG risk assessment is applicable to non-retail lending and debt investments amounting to more than HK\$50 million (US\$6.41million). The checklist stipulates an assessment of the impact of climate risk on the counterparty, including physical risk, transition risk, and liability risk, with a further screening of ESG risk factors on the counterparty covering a wide range of issues, including but not limited to, pollution, environmental incidents and fines, biodiversity, human rights, and stakeholder relations. In completing the ESG checklist, business units review the counterparty or customer's disclosures, arrange site visits as necessary, and conduct research through third party reports or relevant news publications. If any specific ESG issues are identified, their potential impacts and justification for acceptable exposure and risk mitigation are documented along with the credit proposal. The assessments are escalated and subject to scrutiny by the relevant approval authority including Credit Committee as part of the credit assessment mechanism. To prevent the risk of greenwashing, the ESG checklist also incorporates the green financing classification assessment and certification standard, making reference to industry practices and international standards, for example the Green Loan Principles and Sustainability-linked Loan Principles.

In light of the risks and opportunities, BEA looks to develop a strong relationship with clients to facilitate their transition to a low-carbon economy. After weighing several considerations, including emissions intensity, maturity on climate change,

and long-term relationship status with BEA, key customers are identified to undergo a climate engagement plan. Acting as a facilitator, BEA can learn from those customers who are considered leaders in sustainability to share best practices with others. Moreover, the Bank could keep track of a customer’s transition plan to ensure that they are on track to meet their transition objectives. For customers that are embarking on their sustainability journey, BEA may also work closely with them to develop their transition plan, which potentially opens new avenues for sustainable financing business opportunities.

**Metrics and Targets**

BEA has continued to work diligently to identify areas where we can make the most significant positive impacts across our value chain. Recently, BEA has conducted carbon evaluation and emissions screening activities to best reduce and neutralise our carbon footprint both within our own operations and through our financed emissions.

BEA has strengthened its existing target to reduce Group-wide absolute Scope 1 and 2 emissions by 46% by 2030, with a commitment to achieve zero operational emissions by 2030. Moreover, the Bank has committed to being net zero in its financed emissions by 2050, and complete the setting of interim targets for its high carbon emitting sectors by 2025. Following a Scope 3 screening exercise conducted for our financed emissions, BEA has begun to measure financed emissions of prioritised sectors in accordance with the PCAF methodology. We will gradually expand the scope of quantification and develop science-based sectorial targets referencing global standards in a phased approach, guiding us to align with pathways to net zero by 2050 at the latest. In supporting our customers to further their sustainability efforts and promote green and sustainable finance, we have set a green loan and investment target represented as a percentage of our total portfolio, the progress of which is periodically

monitored by the ESG committee. We are consistently working to develop and implement new programmes to further our sustainability journey. Once these programmes are developed and respective key metrics are set, progress indicators will also be monitored by the ESG Steering Committee under our sustainability governance structure.

The Bank’s RAS is a critical tool to guide our efforts in managing the impacts that climate change could have on our business performance. In 2021, we established a statement for qualitative ESG risk including climate risk to provide an overall direction for our management of ESG risk. In 2022, we took another step forward and have established quantitative indicators with set risk appetite within our RAS in alignment with key focus areas, namely:

- Percentage of loan and debt investment outstanding in high carbon emitting sectors against total loan and debt investment portfolio
- Percentage of loan and debt investment outstanding in GSF against total loan and debt investment portfolio

Regular monitoring of our ESG progress is essential in ensuring the steady improvement of our performance. To effectively manage an issue, we must be able to measure it first. To enable our business units to better monitor our ESG risks, we have digitised the ESG checklist within the credit workflow system. Not only will this improve our capabilities to monitor risks more closely, but it provides a basis to develop future metrics on our financed emissions.

For a more detailed overview of BEA’s metrics and targets, please see the [Carbon Emissions Reduction](#) and [Our Performance](#) sections of this Report.



## 2022 performance

Over the past year, BEA has continued to strengthen its ESG risk management by closely communicating with our customers, regulators, and other stakeholders, gaining greater understanding of market trends and the expectations placed upon the Bank.

The Bank has reviewed and expanded existing initiatives in line with rapidly changing ESG landscape. The Credit Committee approved the GSF framework in July 2022, establishing a consistent methodology and related processes which will be used to better capture sustainable finance opportunities and to assess the ESG risk of borrowers. The Board also approved the RAS for ESG risk including climate risk with quantitative metrics to measure and monitor the progress in ESG risk management.

## Outlook

In striving to reach our ambitions as laid out in our net zero roadmap, BEA will continue to quantify and disclose financed emissions to effectively manage climate-related risks and opportunities, develop sector policies and science-based Scope 3 financed emissions and GSF targets for key industry sectors to highlight our commitment to supporting our customers through their transition journey. Building on the existing data architecture, we will work on the incorporation of climate data into our operations with clearly defined roles and responsibilities to build high-quality, reusable data repository. Data quality and accuracy will remain important aspects of our sustainability management approach. Working through the Bank's Data Science and Governance Department, BEA is establishing an ESG data governance structure to ensure that we have accurate and properly sourced data as we endeavour to transition our own business and that of our customers to a low-carbon economy.

## SUSTAINABLE AND CLIMATE-ALIGNED FINANCE [GRI 201]

### Why it matters

As a financial service provider, BEA is uniquely positioned to have a positive impact on businesses and the economy. A successful global transition to a low-carbon economy that averts the worst effects of climate change requires capital to finance the development and deployment of new technologies to reduce emissions from across high-emitting industries.

The Group also looks to leverage its position to encourage our customers to transition to a low-carbon economy as a part of how we conduct our business and to support our partners on their own sustainability journey. By taking the ESG factors of an economic activity or project into account when making investment and lending decisions, we can identify opportunities for our Group to help provide capital that contributes towards that low-carbon transition.

### Management approach

Our management approach involves an evaluation of how we can align our financing activities with local regulatory frameworks and international standards and principles, including the UN Principles for Responsible Investment, the Green Bond Principles, the Green Loan Principles, and the Sustainability Linked Loan Principles.

Our GSF strategy codifies our eagerness to support customers in their sustainability journey. Through our sustainable lending efforts, together with our customers, we look to build a more sustainable and climate resilient future. By increasing our GSF portfolio, BEA engages with responsible businesses to amplify their impact, while promoting sustainability to customers in brown sectors to transition to a greener business model. Moreover, by developing our sustainable lending the Bank can leverage its competitive advantage in cross-border business to capture GSF opportunities in the Greater Bay Area and beyond.

The Investment Committee, Board-level ESG Committee, and ESG Steering Committee work together to drive the Group towards achieving its ESG investment objectives. The Investment Committee is responsible for general oversight as well as monitoring and evaluation of the overall investment strategies, while the ESG Committee and the ESG Steering

Committee are responsible for oversight and monitoring of the Bank’s ESG investment. The Treasury Markets Division, as well as relevant business units, are responsible for developing and implementing their respective action plans, to ensure compliance with this Group Responsible Investment Policy. With an aim to delineate ESG considerations in the Group’s investment decisions, the Policy governs both the financial and strategic investment activities of the Group. The Policy was developed to ensure that ESG factors are properly considered and fully integrated into BEA’s investment decision process and demonstrates our commitment to engage our business partners on ESG issues. Through the Policy, relevant business units are guided in incorporating ESG debt securities portfolio-building, ESG considerations, and exclusionary screening alongside traditional financial metrics and investment decision-making factors into their daily operations. To enable continued growth of the ESG debt securities portfolio, a portfolio plan is reviewed annually by the Investment Committee and updated as necessary. The Group Responsible Investment Policy also stipulates that investment managers are required

to adopt ESG integration, which is an investing approach involving the incorporation of material ESG issues into the fundamental analysis of debt securities. This could include assessing whether an issuer’s environmental performance could potentially position it in an increased risk for litigation or fines, and how that might affect availability of capital for debt servicing.

Our asset management company, BEA Union Investment, has established an ESG Committee comprising investment, product development, risk management and compliance team members. Its objectives are to develop and monitor the implementation of BEA Union Investment’s Responsible Investment Policy and process, and to ensure transparency on reporting and communication on the progress being made. At BEA Union Investment, ESG asset management has taken centre stage, with a focus on key drivers to expand our sustainable portfolio. These drivers include regulation, investor demand, emerging sustainability opportunities, and risk management. BEA Union Investment incorporates material

**CASE STUDY**

**BEA UNION INVESTMENT STEPS UP ITS SUSTAINABLE INVESTING**

In following our Group directive to expand our GSF portfolio, BEA Union Investment has established a robust ESG governance structure and has strengthened its ESG approach and strategies on sustainability engagement among other activities.

The responsibility to promote GSF falls on all employees at BEA Union Investment across all levels of the organisation. The Board of Directors of BEA Union Investment delegates authority to the ESG Committee to provide strategic direction and leadership in incorporating ESG considerations into the company’s investment decisions and risk management processes. The ESG Committee is aided by the company’s ESG Workgroup in driving the development of ESG-related

matters within BEA Union Investment and in monitoring the achievement of ESG-related goals and targets. At the ground-level, all BEA Union Investment staff and especially the investment teams participate by incorporating ESG considerations into their daily responsibilities and investment processes.

At BEA Union Investment, ESG factors are considered alongside traditional financial measures to assess the value of companies and securities, with sustainable investing principles serving as an integral element of our fiduciary duties towards our clients. As part of the company’s Sustainable Investment Policy, engagement and proxy voting are core tenets used to undertake dialogue in the spirit of partnership with companies. Our proxy voting approach

considers ESG-related resolutions which may promote long-term benefits to economic and community interests, and social responsibility.

BEA Union Investment’s GSF product initiatives include expanding equities and fixed income offerings. We incorporate governance evaluations and dedicated research into our equities offerings which paves the way for product position for Securities and Futures Commission (“SFC”) authorisation as ESG vehicles. BEA Union Investment is also building investment grade fixed income portfolios in the Asia Green Bond and Asia ESG Bond. Asia Green Bond issuance has doubled over the past two years and represents over US\$ 125 billion as at the end of 2021.

ESG considerations into our analysis and decision making to better manage risk and improve returns. Moreover, we also apply our ESG criteria to our portfolio, which involves screening to identify companies with positive ESG characteristics to best contribute to specific positive impacts using mechanisms such as Green Bond Funds and Renewable Energy Funds.

### Programmes and initiatives

Green financing mechanisms have a critical role in enabling companies to transition to a low-carbon economy across all industries and sectors. A burgeoning green finance ecosystem not only contributes to the acceleration of sustainable development but could also help boost overall growth of the financial industry. As the impacts of climate change become more evident, stakeholder expectations for sustainable development have been intensifying. BEA is proactive in expanding its green financing product offerings to customers in support of their sustainable development. Through the issuance of green loans and the mobilisation of capital market financing via green bonds, we look to support our corporate clients in reaching their sustainability goals. Our wealth management business is well equipped to assist customers in satisfying their sustainable investment preferences whilst also meeting their financial goals through a range of sustainable investment products.

As a signatory to the [Green Investment Principles for the Belt and Road](#), BEA is committed to ensuring that our ways of operating align with voluntary principles set out to enhance ESG integration, communication, engagement and innovation. They have been developed by the Green Finance Committee of China Society for Finance and Banking, and the UK-China Green Finance Centre to accelerate green investment in the Belt and Road region.

#### Green and Sustainable Corporate Loans and Bonds

To facilitate our green and sustainable business, our enhanced GSF framework includes an ESG checklist that incorporates green financing classification assessment and certification requirement. The ESG checklist was developed in reference to widely adopted industry practices and international standards such as the Green Loan Principles and Sustainability-linked Loan Principles. With the enhanced checklist in place, we at BEA are even more confident that our financing is having positive environmental impacts, and is not green only in name. BEA continues to build upon its robust frameworks to enable our customers to realise sustainable value and potential more

easily through our diverse financing activities. For details, please see the [ESG Risk Management](#) section of this Report.

This year, BEA developed a Group green target ratio for GSF corporate loans and ESG bond investment as a percentage of total corporate loans and corporate bond investments. The Group’s lending units in Hong Kong, Mainland China, and overseas worked together to achieve this target and closely monitored the relevant metrics on a monthly basis. The Wholesale Banking Division also provides support to customers who are interested in embarking on their sustainability journey but require assistance in execution, by connecting these clients with external ecosystem partners such as third-party GSF reviewers and consultancy firms.

BEA China prioritises green loans and tracks its performance through branch and regional green credit indicators which are set against annual green credit targets. This measure incentivises the provision of loans with environmentally friendly elements so long as all other criteria for credit approval are met.

**CASE STUDY**

**EXPANDING OUR GREEN FINANCING PORTFOLIO**

In 2022, BEA China successfully issued a 3-year green bond worth US\$500 million for a customer in the rail sector to accelerate the growth of clean transportation and improve energy efficiency and clean air quality. BEA had also issued HK\$150 million worth of green loans and a HK\$150 million sustainability-linked loan to another customer in the printing and construction industry respectively during the year. These transactions demonstrate the benefits and opportunities of cross-border collaborations leveraging the Hong Kong capital markets to meet the GSF needs of the region.

Supporting environmentally and socially responsible customers with transition financing solutions creates robust synergies enabling improvements to the sustainability performance of our customers, while expanding BEA’s GSF portfolio. The Bank intends to expand these developments and actively promote green financing opportunities, including credit extension in clean energy industries, energy efficiency, environmental protection, among other fields.

**ESG Bond Investments**

The Bank is also exploring investment opportunities to increase the portion of green assets in our bond portfolio. BEA has developed a dedicated ESG portfolio by investing exclusively in ESG bonds. In 2022, we set an internal target for ESG bond investment to comprise a percentage of our overall debt portfolio.

**Green Mortgage for Personal Banking Customers**

Besides our corporate clients, BEA provides opportunities for retail customers to contribute to efforts to combat climate change and support the development of green industries. BEA offers a Green Mortgage plan for prospective buyers of first-hand, second-hand, or government-subsidised residences with a valid provisional or final “Platinum” or “Gold” certification under the BEAM Plus New Buildings/Existing Buildings Scheme of the Hong Kong Green Building Council.

In November, BEA launched the Green Mortgage x Deposit Plan to further encourage aspiring homeowners in Hong Kong to invest in green living. The new Deposit Plan allows green mortgage customers to earn a preferential interest rate on online time deposits, for a total deposit amount of up to 100% of their mortgage loan amount.



In December, BEA sponsored the Climate Adaptation and Resilience Conference 2022 organised by The Hong Kong University of Science and Technology, which brought together over 1,000 online and in-person participants who discussed Hong Kong’s adaptation and resilience planning in the face of climate change.

**2022 performance**

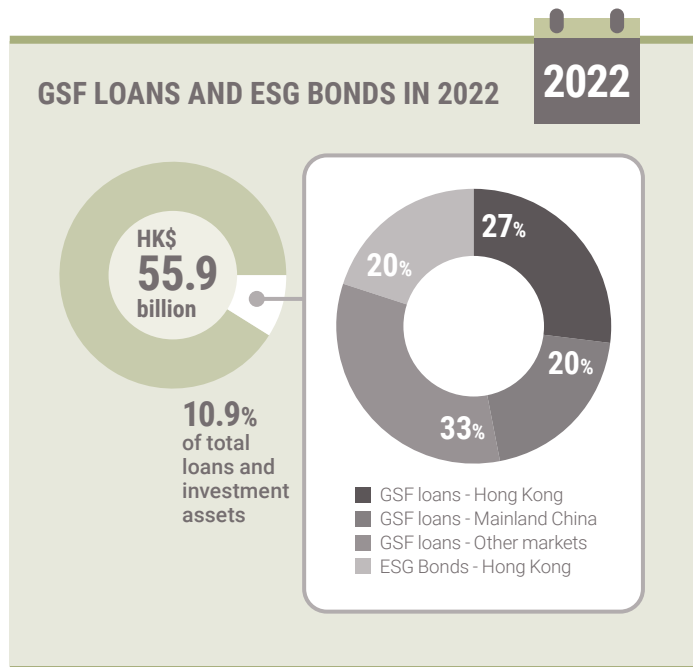
Across the Group, various ESG goals and targets have been implemented to better monitor and evaluate ESG performance. This progress is regularly reported to the ESG governance committees for discussion and strategic decision making as necessary.

In 2022, BEA tied growth of its green and sustainable lending business more closely to its impacts by setting targets for GSF assets as a percentage of total loan assets. Our strategy continued to focus on promoting transition finance solutions to help customers improve their energy efficiency, increase their use of renewable energy, and build more sustainable supply chains.

Our ESG bond portfolio increased significantly by 50%, reaching slightly over HK\$11billion, or 9.3% of the total portfolio. The portfolio was well diversified in terms of product, currency mix, and industry with the top three sectors accounting for only one-third of the total portfolio. The Group’s investment in transition bonds will support the conversion of coal-fired power plants to lower carbon emission alternatives, the construction of natural gas-fired power plants in areas with limited renewable energy potential, the generation of energy from renewable sources, improvements in energy efficiency, and the development of low-carbon transport infrastructure. As part of our Group Responsible Investment Policy, we will continue to monitor the ESG bond market and consider opportunities that align with our investment strategy.

We also saw over 178% increase in the growth of GSF loans and investment assets year on year from around HK\$20 billion in 2021 to nearly HK\$56 billion in 2022. Our GSF offerings enable diverse financing opportunities for a variety of industries, considering the customer’s readiness and current sustainability maturity. This linkage of financing terms to agreed green targets demonstrates that industries across the region are increasingly aware of the benefits of improving their short to medium-term sustainability practices, while showcasing the green potential of low-carbon transitioning sectors. Given the wide applicability of GSF mechanisms, BEA is able to leverage sustainability-linked financing structures to enable meaningful change, even within conventionally carbon-intensive sectors, steering them towards a low-carbon economy.

We are heartened by our rate of progress. At the end of December 2022, our GSF corporate loans and ESG bond investments comprised 10.9% of the Group’s total corporate loan and bond investment assets, thereby exceeding our target.



## HONG KONG

A key component of our strategy is to expand our GSF loan book to assist clients across our markets in their own sustainability programmes. In Hong Kong, our GSF loan book has tripled since 2021 allowing us to extend our reach and provide greater opportunities. To ensure our team possesses the knowledge and skills needed to support our customers, we organised seven training sessions with our eco-partners including certification bodies, consulting firms, auditing firms, and NGOs. Moreover, BEA has expanded the GSF offering of its Wholesale Banking Division through the development of a new Green Deposit framework. Proceeds from green deposits are used to fund eligible green projects.

### CASE STUDY

In 2022, BEA entered into two sustainability-linked loan agreements worth a total of HK\$300 million to drive the green transformation of Hong Kong’s construction and printing industries. In the agreements, our two clients, Golik Holdings and Leo Paper Group, have committed to sustainability performance targets. During the loan tenor, these businesses are eligible for annual interest rebates if the conditions of the performance targets are met. As industries across Hong Kong are becoming more cognisant of climate change, green financing opportunities will enable these enterprises to direct capital towards sustainable development.

Looking ahead, BEA is looking to leverage new technologies to capitalise on opportunities in the fast growing GSF markets. We do this by collaborating closely with dynamic and ambitious start-up companies within the fintech sector through our **BEAST** initiative.



## MAINLAND CHINA

Our GSF loan to total corporate loan ratio grew to over 8.2% in 2022, to HK\$8.6 billion (CNY 7.4 billion), covering various sectors including green infrastructure, renewable energy, automotive (particularly new energy vehicles), and water treatment. To accelerate growth in our GSF loan book, we are offering our clients preferential interest rates, fast track credit approval and other measures to finance their sustainability projects. We also provide our employees with the training and tools needed to enable them to support the growth of our GSF portfolio.

BEA China has also launched a green deposit scheme to help boost green projects with robust control measures to clearly define the workflow for the verification of deposits as “green” according to the criteria stipulated in our Green Deposit framework. The net proceeds from these green deposits are exclusively allocated to the financing of green projects or to assets in our green asset pool.

## OTHER MARKETS

In 2022, the GSF loans in our other markets contributed 33% to the Group’s overall GSF loans and ESG bond investment assets.

Our Singapore Branch set a green and sustainability-linked loan target, as a percentage of total loans outstanding, at 16% for 2022. During the year, the Branch also formalised its

### CASE STUDY

In 2022, a HK\$780 million sustainability-linked loan was arranged for Wilmar International Limited (“WIL”), a leading agribusiness group in Asia and a global leader in the processing and merchandising of palm and lauric oils. The loan was pegged to a comprehensive set of sustainability targets including WIL’s internal key performance indicators (“KPIs”) and external benchmarking standards such as inclusion on the Dow Jones Sustainability Indices Asia Pacific (“DJSI Asia Pacific”) and Global Child Forum, a Swedish non-profit foundation. WIL retained its position in the DJSI Asia Pacific and was recognised by the Global Child Forum as the leader globally across all industries in 2022.

### CASE STUDY

BEA’s branches in the UK made concerted efforts to grow their GSF portfolio through participation in sustainability-linked loans across five countries in Europe. One milestone achieved in 2022 was BEA’s participation in a HK\$10,300 million (€1,250 million) syndicated term loan, the prerequisite of which included the attainment of certain sustainability compliance certificates. The variable interest margins on this loan are adjusted based on agreed sustainability KPIs, such as the number of ESG certified suppliers, proportion of ecological vehicles in the borrower’s fleet, and the purchase of a predefined amount of renewable electricity. These achievements all work towards enabling the borrower’s ambition to lead the waste management industry’s transition to a circular economy and align with its UN Sustainable Development Goal commitments.

Environmental Risk Management Guidelines, adhering to the Guidelines on Environmental Risk Management for Banks issued by the Monetary Authority of Singapore. In 2022, our Singapore Branch also worked with an external consultant to arrange training on ESG lending for all relevant staff.

Similarly, BEA’s branches in the UK have set sustainability-linked loan targets based on the total loans outstanding. In 2022, the GSF loan portfolio of our UK branches grew by 98% year on year, or an increase from HK\$1,342 million to HK\$2,658 million. As part of the Group’s ongoing efforts to build internal capability and culture, relevant colleagues in the UK attended ESG workshops and webinars to keep abreast of market developments and regulatory updates in relation to sustainable finance. Additionally, BEA’s Commercial Real Estate Finance Team in the UK engaged an external law firm and ESG consultancy firm to provide training to staff in the structuring of green loans specific to properties and to further staff members’ understanding of green loan principles.



## Outlook

BEA will continue to conduct ongoing monitoring of the latest market developments related to ESG bonds and explore new ESG financial products. Working closely with relevant departments, the Bank will evaluate its ESG portfolio targets and adjust as necessary to reflect BEA's commitment to green and sustainable finance.

### CYBERSECURITY AND DATA PRIVACY

[Aspect B6] [GRI 418]

## Why it matters

For more than a century, our business has thrived by delivering quality products and services with integrity, while innovating to meet the diverse and evolving needs of our existing and prospective customers. Our approach to future-proofing our business has centred on digital transformation. Digital banking is growing at pace, with our second largest market, Mainland China, moving towards a cashless economy and the fintech industry expanding across the globe. With these transformations come risks of cyberattacks and the increasing need to protect customer data privacy. New personal data protection legislation is being introduced in our markets at a time when cyberattacks on the financial services sector are on the rise.<sup>21</sup>

The impact of data breaches on customer trust in banking institutions cannot be overstated. Unauthorised access or loss of data not only has the potential to lead to financial loss for our customers, but would also impact the Bank's reputation, ability to provide our service, and financial performance. As treasurers of our customers' data, we have a responsibility to ensure our systems are fit for purpose and our staff act with probity.

## Management approach

The Bank fully complies with the Hong Kong Personal Data (Privacy) Ordinance and respective local personal data privacy laws and regulations in all jurisdictions in which it operates. We have implemented a suite of policies and guidelines to protect our customers' data privacy and personal data. Our publicly available [Privacy Policy Statement](#) outlines our approach to the collection and retention of personal information in accordance with the regulatory requirements. It is our policy to provide individuals with a [Personal Information Collection Statement](#)

informing them of the purpose of data collection, classes of persons to whom the data may be transferred, their rights to access, correct and delete the data, and other relevant information. This ensures BEA obtains personal data through lawful and transparent means, with explicit consent of the data subject where necessary.

In 2022, a new Group Privacy Policy was established, which is an overarching policy providing the general principles on personal data protection which the Group should adopt. As this data protection policy governs all subsidiaries of the BEA Group, we ensure that data is gathered, stored, and handled with the utmost care and confidentiality with respect to individual rights. In addition, we developed a new Group Policy on Personal Information Protection Law ("PIPL") which provides guidance to all Group members located outside Mainland China to adhere with the consideration of requirements of PIPL in Mainland China. As a part of rolling out this Policy, relevant divisions were provided with briefing sessions to facilitate understanding of the new Policy and provide an opportunity for clarification.

With the accelerated rise of digitisation and remote working brought on by the pandemic, the risk of digital vulnerability grows. Effective digital security protection gives our customers peace of mind and confidence in our service quality. The Group adopts the principle of minimum authorisation for data security and protects user data from increasingly sophisticated cyberattacks through a system of governing and monitoring bodies and related policies and procedures. The foundation of cybersecurity and data privacy governance at BEA lies on the "Three Lines of Defence" risk management model. This model helps the Bank capture and monitor cyber security and data risks while at the same time provide clear roles and responsibilities for the committees involved.

All BEA staff form the First Line of Defence. These risk owners are responsible for day-to-day technology risk management to identify, assess, report, mitigate, and monitor risks. The Second Line (Risk Controller) sets framework, policy and guidelines, and monitors technology risk management independently. Meanwhile, the Third Line (Internal Audit) is responsible for providing assurance on the effectiveness of the Bank Group's risk management framework.

Our Technology Risk Management Working Group, Technology Risk Management Manual, Cybersecurity Policy, Information Security Policy, and guidelines on Handling Phishing Email help govern and manage cybersecurity at the Bank. We

21. IMF, *Cyber Risk is the New Threat to Financial Stability* (2020)

have in place multiple levels of monitoring. The Bank’s emergency response team provides direction on managing any cyberattack situation and ensures that effective precautionary and contingency measures are in place.

The effectiveness of risk management, control and governance processes is assessed through internal audit and external independent assessors, such as information security of application systems. The Bank’s IAD performs IT audit review annually while external independent assessors are engaged to perform assessments if necessary.

Every year, all staff members across the Group are required to complete refresher training to ensure their understanding of their responsibility to properly handle and safeguard data and information. These refresher courses are made available through our internal e-learning platform and is a critical component in fostering our culture of cybersecurity awareness and compliance with data privacy and security regulations.

The Head of COMD serves as Group Data Protection Officer and is appointed to oversee the implementation of BEA’s commitment to protect personal data privacy. In Hong Kong, individual Data Protection Officers have been appointed for every branch. Other Group members develop their own personal data protection policies and procedures by making reference to their local regulatory requirements and the Bank’s approach, defined in our General Guideline on Personal Data Protection.

During the quarterly Risk Committee meetings, the Group Chief Information Officer reports on issues relating to cyber security risk of the Bank including technology risk-related projects, cyber security strategy, phishing email test results, and major cyber threats. The Risk Committee is responsible to review potential risk and report significant issues directly to the Board. In conjunction, both our Privacy Policy Statement and General Guideline, and all other data privacy-related policies and guidelines, are subject to annual review.

<b>POLICIES TO PROTECT CUSTOMER DATA</b>
Cybersecurity Policy (internal)
Information Security Policy (internal)
Group Policy on General Data Protection Regulation (internal)
Group Policy on PIPL (internal)
Group Privacy Policy (internal)
<a href="#">Privacy Policy Statement</a>
Staff Code of Conduct (internal)

## Programmes and initiatives

In 2022, BEA joined HKMA’s Commercial Data Interchange (“CDI”) initiative, with an initial focus on leveraging alternative data to facilitate the credit assessment process for lending to small and medium-sized enterprises (“SMEs”). Technical set up of the CDI platform has been completed. BEA is actively engaging different data providers to explore the potential of alternative data sources.

In 2022, the Group adopted a new approach to accelerate our digital transformation. By embedding and building digital competence across the organisation, the approach aims to empower and hold all divisions accountable to digitalise at speed. BEA’s digital roadmap, endorsed by the Board of Directors, covers key factors required to deliver the fintech initiatives that will allow the Bank to meet its digital objectives:

- Accelerate front-to-back digitalisation
- Uplift network and salesforce effectiveness
- Improve risk management and asset quality
- Focus on cross-border business integration

Senior Management has appointed the Innovation and Technology Working Group to steer the digital transformation of the Bank. The Committee will be responsible for driving customer engagement and improving the customer experience through time-to-market implementation of innovative ideas, governing the implementation of BEA fintech strategy, and ultimately building an innovation culture within the Bank.

## Embracing innovation

Our Fintech Development Department is responsible for laying the foundation on which we build BEA’s digital transformation. Working within the Technology and Productivity Division, the Fintech Development Department works closely with all relevant business units across the Group to identify appropriate fintech objectives and support them in implementation and execution. The Department acts as a key gateway into the wider fintech community and provides BEA with the capacity to explore, adopt, and implement the latest technology solutions best suited to BEA’s needs.

In line with BEA's ambitions to become a leader in fintech adoption and implementation, we constantly look for opportunities to establish deeper fintech partnerships, attracting new talent with innovative ideas, and leveraging our resources to contribute to the wider fintech ecosystem. In helping develop the next generation of fintech leaders, we have joined the HKMA's Industry Project Masters Network scheme. As a participating bank, BEA has proposed two fintech projects with real-life implications for local university postgraduate students to develop and mature. The Bank will provide regular guidance and advice for the students through the project lifecycle.

**CASE STUDY**

**NEW SOLUTIONS AND EMERGING POSSIBILITIES**

Throughout the year, BEA hosted several fintech sharing sessions and, during our "BEA Fintech Demo Day", 10 startups and 10 business departments of BEA came together to exchange ideas on streamlining end-to-end lending operations and improving the cross-border payment process. Startups had the opportunity to meet key decision makers, present their solutions and deepen their understanding of the challenges facing the banking industry.

Through these sharing sessions, BEA aims to promote fintech growth across the region, lay the foundation for BEA's continued fintech and data transformation, and to help bridge the gaps between innovation and fintech talent.



Ten startups from **BEAST** showcased their innovative fintech solutions during the BEA Fintech Demo Day.

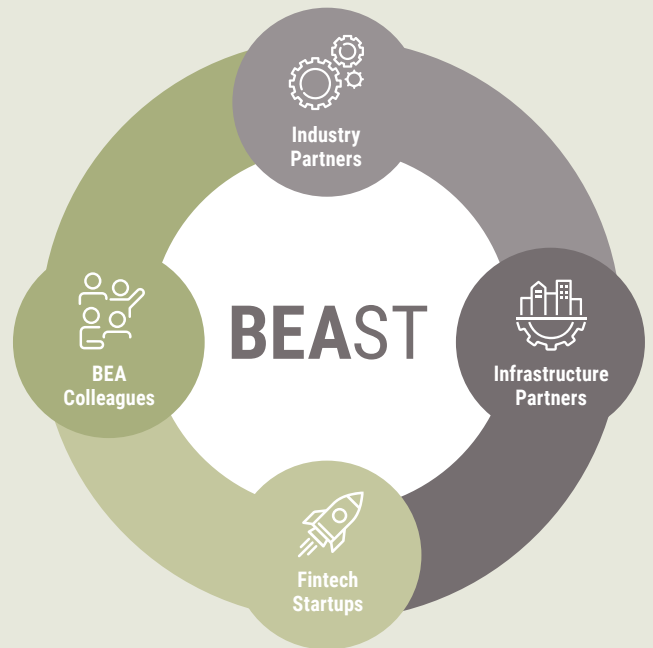
**CASE STUDY**

**NURTURING A FINTECH ECOSYSTEM**

In September, BEA launched a new fintech initiative, **BEAST**, that strives to inspire innovation and generate synergies between the Bank, local startups, tech leaders and industry partners to nurture a vibrant fintech ecosystem in Hong Kong. More than a co-working space, **BEAST** provides a unique platform for BEA staff members to collaborate with startups to co-create innovative business models and emerging solutions aligned with the HKMA's "Fintech 2025" Strategy. With 73 ongoing projects in Hong Kong to date, **BEAST** will continue to drive disruptions across the financial landscape, address key pain points in the industry and optimise the customer banking experience across the region.



Founders and senior management of startups and large corporations shared their industry experiences with data transformation.



## GOING BEYOND REGULATION

The PIPL of the People’s Republic of China took effect in November 2021, and BEA China has worked to meet the relevant legal requirements and more. Before the law came into effect, BEA China launched the Personal Information Protection and Data Security Project and established a Project Management Committee. To ensure effective implementation of PIPL across Mainland China, the Committee is chaired by BEA China’s Executive Director and Chief Executive, and comprises Senior Management members of related functions.

External law firms and consultants were engaged to provide professional legal advice, conduct comprehensive assessments, and advise on necessary corrective action. To ensure data transfer requirements could be met, cross border personal information exchange scenarios were conducted as part of the project with the Bank’s Head Office in Hong Kong.

In July 2022, the Cyberspace Administration of China issued the Measures for the Security Assessment of Data Export. In response, BEA China has included these measures in the Personal Information Protection and Data Security Project as well as completing a self-assessment to identify any potential gaps. To continue improving, BEA China has established a personal information impact assessment mechanism and embedded the relevant working mechanism into the business process.

- Invited external IT auditors to conduct security inspections and privacy risk assessments of the Bank’s systems to identify any potential areas of our security which could be exploited. Enhancements to our systems were implemented accordingly.
- Updated our anti-fraud procedures in Macau according to the guidelines of the Judiciary Police of Macau SAR with new precautionary measures introduced in October 2022. Bank tellers at our Macau Branch will proactively remind customers to stay alert of possible fraud and reconfirm transactions if there are any signs of suspicious behaviour. For online remittance, a scam alert message will pop up to remind customers to beware of online scams before proceeding and confirming the transaction.
- Organised a cybersecurity awareness week in Mainland China which was attended by all employees. BEA China’s Information Security Department coordinated various events to update everyone’s knowledge of current security trends and challenges to be mindful of.

BEA continuously seeks to adopt the latest technologies to expand our service support and business operations. We have adopted cloud computing which provides many benefits, including cost efficiency, operational resilience, business scalability, and increased flexibility helping us to better serve our customers. As with all new technologies, the implementation brings great opportunities, but may also come with certain risks. Recognising the importance of effectively managing associated risks, BEA has specifically placed cloud computing factors into its ERM governance framework to better manage this issue. Moreover, the Bank has updated its Information Security Policy and laid out the responsibilities of the Technology Risk Management Working Group, providing clear guidance on the adoption of cloud computing across the Group.

## 2022 performance

The Bank continued to review and revise our policies and processes in line with the latest regulatory requirements and industry best practices. To ensure that we properly implement our security measures and eliminate vulnerabilities in our cyber security, we also worked closely with various external organisations to help improve the effectiveness of our programmes. In the reporting year, the Group:

- Completed the “Information System Graded Protection Filing Certificate”, based on a three-level system to protect classified information, issued by the Shanghai Municipal Public Security Bureau.

## Outlook

In response to the accelerating trend of digitisation, BEA will continue to upgrade our digital banking platform to better serve our customers and improve the user experience. Three major projects are on track to be launched in 2023 to enhance the capabilities of our digital platform. The developments include:

- **Personal Mobile Banking:** an advanced digital platform that we will seamlessly integrate into customers’ lives.
- **BEA Corporate Online:** an all-in-one platform for SMEs and corporates to manage their finances anytime and anywhere.
- **Investment Trading Platform:** a digital state-of-the-art platform that enables trading of all securities on mobile and Cyberbanking channels with an intuitive user interface.

To protect the data of our customers and employees, Group members will continue to review our information security policies and invest in new security tools including the trial of data collection and analysis tools to facilitate the aggregation of threat intelligence from multiple sources.

BEA China is currently investigating the feasibility of building certain artificial intelligence capabilities into its systems to empower the application of retail business marketing, retail sales, anti-money laundering, and other operational areas. Moreover, to further improve the data collection process, BEA China is planning to implement real-time data flow computing technology to improve our customer service and risk control capabilities.

As we implement pandemic-related working flexibility, BEA will explore solutions to augment end-point fraud detection and data loss prevention for our employees working remotely.

**PROVIDING SERVICE EXCELLENCE TO ALL**  
[Aspect B6] [GRI 2-26, 417]

**Why it matters**

Since its founding more than a century ago, BEA has grown together with the people of Hong Kong. We feel a duty to the local population and are purpose-driven to ensure underserved people in our society also have access to financial services, which is also a key focus of our regulator.<sup>22</sup>

To increase access and deliver high levels of customer satisfaction, we must respond to shifting preferences. This means maintaining an extensive network of outlets, preferred by older customers, while providing core banking functions both in digital form and in-person, to respond to the needs of younger customers and the digitally savvy.<sup>23</sup>

**Management approach**

At BEA, we regard customer experience excellence as our competitive advantage. In the face of increasing competition, we listen carefully to what our customers want, and strive to provide them with best-in-class service to ensure a positive experience for every customer. Our approach ensures that we comply with applicable regulations set out by the HKMA, the SFC, the Insurance Authority (“IA”), and the Mandatory Provident Fund Schemes Authority (“MPFA”) regarding the provision of financial and insurance services to customers.

**A principled approach**

At a foundational level, we have committed to the principles of transparency, reasonableness, and efficiency as a signatory to the [Treat Customers Fairly \(“TCF”\) Charter](#) to ensure the fair design and marketing of our products and services. It is our employees’ responsibility to comply with our core values and provide customers with satisfactory service, and so we provide our staff in Hong Kong with refresher training in upholding the Charter, which includes best practice in complaint handling. Our Productivity and Service Quality Department is responsible for monitoring and continuously improving the productivity and service quality of customer complaint handling for the Bank Group.

22. HKMA, ‘Financial inclusion’, <https://www.hkma.gov.hk/eng/key-functions/banking/banking-conduct-supervision/financial-inclusion/>  
 23. PWC, ‘2019 Consumer Digital Banking Survey’ (2019)



In light of the Bank's progress in meeting the expectations of the TCF Charter, starting from 2021, TCF KPIs have been incorporated into the ongoing monitoring conducted by the respective business units. To provide management oversight, TCF indicators have also been incorporated into the Bank Culture dashboard managed by the Bank Culture Work Group to ensure each department operates in line with the principles set out in the Charter.

### New Product approval

Delivering products that attain a quality standard and ensure our customers' utmost protection and satisfaction is a continuous goal of BEA.

To facilitate a standardised and structured approach to the approval of new products, we have in place a New Products and Business Approval Policy (the "NPA Policy"), which is incorporated in the Group Risk Management Policy and subject to annual review by the Risk Management Committee, and approval by the Board of Directors via Risk Committee. The NPA Policy, including the guidelines, form the complete governance procedure for managing the new product and business approval of the Bank Group in an organised and consistent manner.

To this end, a stringent and consistent approach to the new product approval process can ensure the delivery of appropriate product solutions to customers, while complying with the relevant regulatory requirements. Under the new product approval process, each new product must go through a structured evaluation and approval process before launch (covering business and financial analysis as well as risk assessment, including relevant assessment related to TCF and ESG risks where appropriate) to ensure that the potential significant risks are duly assessed, vetted and documented.

BEA Union Investment ensures that all relevant parties are properly advised prior to the launch of any new fund, including BEA Trustees. Its Product Development Department is the overall coordinator of the entire launch process and is responsible for seeking SFC authorisation and MPFA approval.

### Enabling informed decision making

All banking services come with product information as well as related terms and conditions, which are brought to the attention of customers upon account opening, particularly regarding situations that could have financial consequences for the customers, such as fees for late credit card payments.

BEA's provision of advice or sale of financial products should consider the interest of the customer regarding their personal profile in relation to the complexity of the services or products in question. To enable our customers to make the right financial choices in support of their financial wellbeing, we provide education about market trends, product features and more through a wide range of channels. Each year, we hold an Economic and Market Outlook Seminar for corporate and personal customers, to keep them abreast of the latest developments in different asset classes. In addition, we conduct a wide range of webinars and videos to keep our customers well informed.

All offering documents, product key fact statements, or amendments if applicable, are prepared and made available to investors. Any disclosure updates in offering documents are communicated to relevant parties with ample details with an emphasis on accuracy and completeness, in particular with a sensitivity to fees and charges.

### Protecting and supporting retail customers

Unlike general banking services, investment and insurance services carry relatively greater financial risk for customers, and therefore such services are only offered to customers who have been evaluated for their risk tolerance level or insurance needs.

BEA designs financial products and services that meet the specific needs of our customers. Before offering any product, service, or advice, we assess the needs and capabilities of each customer.

We comply with applicable regulations set out by the HKMA, the SFC, and the IA in regard to the provision of financial services to customers. We also follow strict internal credit guidelines and reference reports from credit reference agencies such as TransUnion to ensure personal loans and other forms of credit are not extended to customers who may be over-burdened financially. In addition, the Bank offers solutions for customers who do find themselves over-extended financially, such as credit card debt consolidation plans, which help customers consolidate and manage repayments.

Vulnerable customers<sup>24</sup> are given a choice to be accompanied by a family member or close friend who can help ensure that the customer understands the product before making any decision. In accordance with the Bank's commitment to the

24. Vulnerable customers are classified based on a holistic consideration of their age, education level, mental/physical challenges, income, net worth, and prior experience in dealing in relevant investment and/or insurance products.



TCF Charter, our sales staff do not coerce customers into buying products nor do they impose unreasonable barriers on customers to switch banks.

The Personal Banking Division has established a Loan Relief programme in response to the economic downturn due to ongoing impacts of the pandemic. Through a Mortgage Principal Moratorium Programme, we work together with mortgage customers to help them manage their repayment plan. Moreover, we have developed a Personal Loan Guarantee Scheme (“PLGS”) to support borrowers with concessionary low-interest loans introduced by Hong Kong Mortgage Corporation Insurance Limited (“HKMCI”) with 100% guarantees provided by the Hong Kong government. The PLGS aims to provide a source of financing to individuals who are currently suffering from a loss of recurrent employment income.

**Investing in research and innovation**

We are dedicated to delivering best-in-class banking services to our customers. We match our ambitions for excellence with significant investments in advanced banking technology, which enable us to understand how each customer group prefers to access our services today and how they would like to in the future. The rapid digital transformation of the financial industry has provided the Group with an opportunity to extend its product and service offerings. We evaluate the quality of our services and satisfaction of our customers through quarterly reviews of customer feedback. Cross-departmental improvement plans are developed and implemented in our drive for customer service excellence.

Today, around 84% of BEA’s financial transactions in Hong Kong are performed via automated channels. Technological advances improve access to our services and build upon our extensive network of outlets.

**Programmes and initiatives**

We have implemented e-account opening and processing platforms, enabling account opening, processing and investment order placement online. Straight orders can also be placed verbally by phone recording in lieu of paper form. Pre-selling risk disclosures and necessary prospectus documents are now sent to customers electronically. Relationship managers are equipped with pricing applications so that structured investment products can be quoted online instead of by phone or on paper.

**Our commitment to local businesses**

The dedicated teams of our Enterprise Banking Department assist SMEs with their business banking needs, from account opening to cash management, treasury, financing matters, and insurance services.

We enable businesses to establish and grow through our commercial loan products backed by HKMCI and provided via the SME Financing Guarantee Scheme. Since SMEs have been significantly affected by the economic downturn caused by the pandemic, we took our support for SMEs another step further in 2022 through the launch of a new SME lending programme. The programme aims to support their business needs and further streamline the processes involved. Recognising our long-standing support of SMEs in Hong Kong, the Bank won the “Best SMEs Partner Gold Award” for the fifth consecutive year. The Award is organised by The Hong Kong General Chamber of Small and Medium Business and is presented to companies who have won the “Best SME’s Partner Award” for ten years or more.

**Cashless transactions, contactless services and mobile wealth management**

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

Our Live Chat messaging service enables BEA Flash customers to connect with the Bank’s customer service representatives for enhanced assistance in opening bank accounts outside branches.

To better fill the wealth management needs of our digital savvy customers, the Bank has launched BEA GOAL, a digitised integrated banking service which combines deposits, wealth management, and spending rewards. Additionally, within our mobile app we also introduced our Fund Portfolio Builder, which intelligently assesses each customer’s individual investment objectives, preferred investment time horizons, and risk tolerance level then shortlists suitable funds for the customer’s review.

### Informed investing via in-person, publication, virtual, and Cyberbanking

For investors, BEA App Mobile Wealth offers comprehensive investment services. We jointly organise customer investment events – in person and online – with fund houses and insurance brokers, and we publish a quarterly economic forecast and market intelligence report “BEA Wise”, which includes information on sustainable investment trends and opportunities. Wealth Management Division’s Chief Investment Strategist’s market viewpoint is also broadcasted via local television programmes, video sharing and social media platforms.

We also provide support to our corporate banking customers by providing convenient access to our services, including subscription to unit trusts through Corporate Cyberbanking. A wide range of services, including fund search and comparison, online trading functions, order status and transaction history enquiry, market news and investment knowledge, are offered through Corporate Cyberbanking. Customers can choose from over 300 available funds in around 1,000 share classes from over 20 renowned providers. The above channels help corporate banking customers assess unit trust services and make comparisons easily.

### Standalone debt collection and debt recovery policy

Extended to both our retail and corporate banking divisions, we uphold a standalone debt collection policy, inclusive of well-defined procedures outlining the debt recovery process, to ensure that our customers receive a fair, proportionate and consistent approach in the collection and recovery of sums due. Relevant employees receive regular live training with case study sharing to ensure employees are adapted to the different scenarios faced by our customers.

### Senior citizens and customers with special needs

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

For senior citizens, we offer:

- preferential interest rates;
- service charge concessions;
- fee waivers;<sup>25</sup>
- HKMC Reverse Mortgage Programme; and
- FastCash Card abridged ATM banking service.

Through our decade-long philanthropic efforts to promote positive ageing, BEA is acutely aware of the needs of those affected by dementia. To ensure the smoothest and most secure access to our banking services, we have updated our procedures and guidelines of our personal banking products and services in line with the Guideline on Banking Service for Persons with Dementia (“PWD”) of Hong Kong. Within those guidelines are principles and good practices, which BEA carries out, recommended for the banking industry in providing better accessible banking services to PWD to meet their needs and to protect their financial assets.

### Barrier-free banking services

We strive to provide all our customers convenient access to our banking services. We engage our customers and provide feedback channels to help us understand where to invest to remove any existing barriers. This has led to the installation of Active Listening Systems at counters and meeting rooms in all branches to support customers with hearing impairments. To further support them, we have introduced a conversational live chat service to the BEA website and BEA App made possible through digital advances.

### Customers in remote areas

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

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

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

### Microfinance

The benefits of microfinance extend beyond the direct effects of providing a source of capital, providing invaluable opportunities to many underserved and aspiring entrepreneurs, micro and small-business owners, and minorities in Hong Kong. We believe this process of financial inclusion, in turn, allows aspiring individuals and companies in Hong Kong to create successful businesses that generate jobs, stimulate trade, and drive overall economic improvement within the city.

25. Participants of the Comprehensive Social Security Assistance Scheme only

In our role to build and improve upon the social capital of Hong Kong, BEA was a participating bank in the Hong Kong Mortgage Corporation’s Microfinance Scheme from its launch in 2012. While the Scheme was closed in 2019, the Bank remains steadfast in its commitment to its goals, and has been a direct provider of microfinance options, including unsecured personal loans, whilst seeking new opportunities to help customers become business owners, make the transition to self-employment, and invest in their careers.

**Non-governmental organisations**

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

**Meeting customer expectations**

A primary responsibility of the Bank is to meet our customers’ ever-changing and evolving expectations and needs. To ensure these expectations are consistently met, our Productivity and Service Quality Department governs the monitoring and continuous improvement of the service quality and productivity of customer complaint handling in the Group. Outlined in our General Procedures for Handling Customer Complaints, which provides the guiding procedures for handling all customer complaints, a Designated Complaint Officer of the department is assigned to manage the relevant complaint, who provide a complaint investigation report to the Productivity and Service Quality Department for final review to facilitate improvement opportunities with stakeholders where applicable.

The Bank also sets complaint handling objectives regarding the number of substantiated complaint cases, the completion of complaint cases within the HKMA’s required timeframe and overall customer satisfaction. To provide management oversight, customer complaints and TCF indicators have been incorporated with the Bank Culture Work Group and complaint indicators are presented through the regular Operational Risk Management Committee meeting. Moreover, there is a KPI in the Bank Culture Dashboard regarding the number of grievance cases which would be reported to the Board. The Remuneration Committee reviews the Bank Culture Dashboard on a quarterly basis, and the number of TCF-related substantiated customer complaints (covering BEA Hong Kong, BEA China and overseas operations) is one of the 13 Bank Culture Indicators included in the said Dashboard

for the Remuneration Committee to review. A summary of such complaints would also be provided to the Committee for information.

Our quest to ensure a positive customer experience is guided by ISO 10002 Quality Management: Customer Satisfaction, which we comply with. We conduct an internal and ISO audit when reviewing the complaint handling procedure and complaint cases on a regular basis, and applying this standard helps us identify trends, external and internal issues, interested parties, and eliminate causes of complaints, leading to the continual improvement of our operations, products, and services. Direct feedback from our customers is crucial in improving our products and services. It helps to measure customer satisfaction and loyalty which determines the company’s financial performance. Collecting customer feedback also assists in shaping our service delivery in a manner which meets and exceeds customer expectations. Through our NPS the Bank conducts a quarterly review of customer feedback. Moreover, we review our customer service performance through a Transactional Survey conducted quarterly, and an annual Mystery Shopper Study to evaluate our customer service at key touch points including in-branch, with relationship managers, and through our digital channels.

BEA takes every comment from our customers as a learning opportunity, and we are keen to cultivate this mindset in all members of the Group. Our internal platform “Complaint Watch” is an internal complaint newsletter which helps us to reinforce operations and service standards and supports our effective internal communication. Through this platform the Bank has also begun issuing broadcasts on the corporate intranet featuring complaint handling cases, customer feedback, sharing of best practices, all of which promotes our high expectations for service standard and prevents recurrence of any sub-standard service delivery. Through organised forum meetings, we are able to reinforce a culture of compliance as we update our staff on updated regulations and complaint cases.

In February 2022, the Macau Branch set up a Customer Focus Team with the directive to focus on improving customer services and enhance the quality of services provided. Through regular reviews of customers’ feedback, Macau Branch will be better informed of customer needs to facilitate continuous improvements in service quality.

Customers can send comments, suggestions, or complaints to BEA via email and post, as well as through the tailored communication channels listed below. The Bank reviews and responds to incoming messages promptly in accordance with guidelines governing the handling of customer enquiries established by the HKMA.

**CUSTOMER COMMUNICATION CHANNELS**

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

**Pandemic support for corporate and personal customers**

As part of our customer commitment, we aim to understand our customers' genuine needs. The indiscriminate effects of the pandemic have affected all of our customers and prompted us to act swiftly to provide support. We have introduced a suite of measures to help our corporate clients and personal banking customers to navigate these challenging times.

<b>CORPORATE CUSTOMER SUPPORT</b>	Principal payment holiday applicable to eligible commercial loans, trade loans, vehicle finance and mortgages
	Fully supportive of HKMCI 100% SME Financing Guarantee Scheme ("SFGS") to relieve SME cashflow pressure
	Waiver of application fees for SFGS and a rebate of guarantee fees (if applicable) up to a limit of HK\$50,000 for eligible customers
	Waiver of penalty charges and any penalty interest on past due loan repayments on case-by-case basis
<b>PERSONAL CUSTOMER SUPPORT</b>	Mortgage Principal Moratorium Programme allowing customers to switch to interest-only payments and receive handling fee waiver
	Personal Loan Guarantee Scheme of up to HK\$100,000 to eligible borrowers whose main recurrent income has been affected during the pandemic

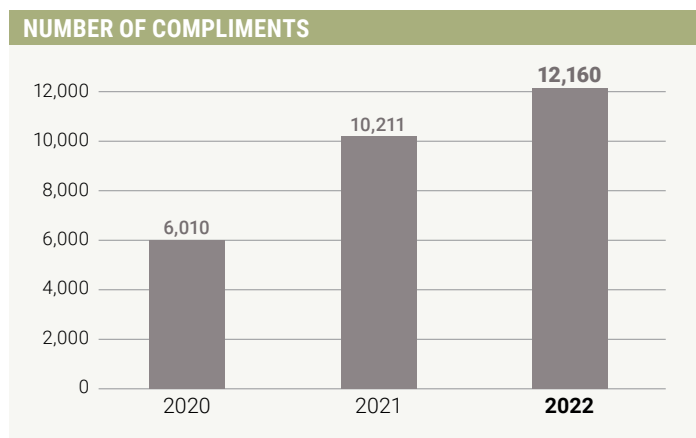
**2022 performance**

**CUSTOMER SATISFACTION & SERVICE QUALITY EVALUATION**

**+35** NPS of BEA Hong Kong 

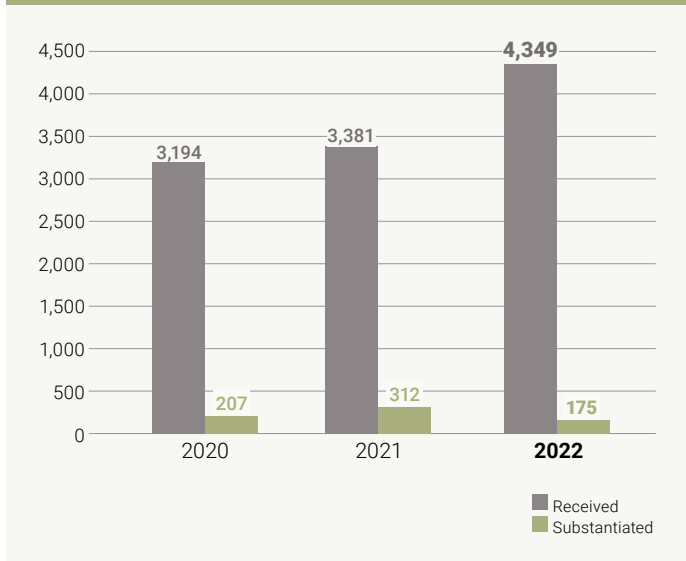
**100%** branches reached satisfactory level (for three consecutive years)

- In 2022, the Group received 12,160 compliments and 4,349 complaints from customers regarding products and services, an increase of nearly 19.1 % and 28.7%, respectively, compared with 2021.
- Group members report that compliments received were related to professional and proactive service delivery of our staff. Such achievement was attributed to service quality and customer experience enhancement initiatives. The sharp increase was the result of proactive engagement with our retail customers to obtain actionable feedback.
- After investigation, the total number of substantiated complaints<sup>26</sup> amounted to 175, a 43.9% decrease year on year. All complaints were handled in line with our internal procedures and relevant regulatory complaints handling requirements.



26. Substantiated complaints are those in which proof/competent evidence has been obtained in the investigation conducted by the Bank that supports the complainant's allegation.

**NUMBER OF COMPLAINTS**



**Outlook**

Proactive engagement with customers led to an increase in compliments in 2022. To leverage the high level of response from retail customers we have designed a customer feedback form to gather feedback received, devise further improvements and address any pain points.

**FINANCIAL LITERACY**  
[GRI 203]

**Why it matters**

As a major financial services provider, BEA believes it has a responsibility to promote financial literacy and inclusion in our areas of operation, especially among the most vulnerable groups. Financial literacy allows individuals to make informed and effective decisions including personal financial management, budgeting, and investing. The ability to make well-informed personal financial decisions is emerging as a key aspect for concern as evidenced by financial literacy ranking highly from our updated materiality assessment. The

effective management of financial assets could decrease the financial stress and anxiety of our customers.<sup>27</sup> As many socioeconomic issues can be exacerbated by poor money management, we feel obligated to help our customers, stakeholders, and communities to gain fundamental financial knowledge and skills.

**Management approach**

As a signatory to the TCF Charter and supporter of the Investor and Financial Education Council, BEA is committed to improving financial literacy in Hong Kong and in the other markets we serve. To achieve this, we explore different approaches on how we can integrate financial education into our service delivery and how we can adapt our approach to target different demographics and markets.

To better understand financial literacy related matters, the Bank regularly engages with external stakeholders who specialise in financial education. Through this engagement, BEA staff members discuss the diverse issues faced by our customers and how best to resolve them.

**Programmes and initiatives**

**Youth development/Students**

We have a strong focus on youth as we believe that financial literacy is a critical building block to their development. Through initiatives aimed at school students we aim to strengthen financial knowledge and cultivate young people’s correct views on money, consumption, and values. Since 2013, BEA China has organised a Financial Education Campus Tour together with the Shanghai Middle School Student Ethical Development Centre and Shanghai Education News Group. Unfortunately, the Programme had to be suspended in 2022 due to the pandemic. We remain committed to promoting financial literacy among youth, and with the lifting of social gathering restrictions, we aim to update our programmes, which will be mentioned in the coming report.

In May, our New York Branch held a webinar for students of Primary School #2 The Meyer London School at Manhattan, to help them acquire basic financial knowledge and develop a responsible attitude towards money management.

27. Zheng, Q., Peng, Z., & Ding, S. (2021). Financial Literacy, Health Engagement, and Residents’ Health: Evidence from China. *International Journal of Environmental Research and Public Health*, 18(8). <https://doi.org/10.3390/ijerph18084202>

### Senior citizens

After a promising response to the pilot programme first launched in 2021, BEA extended its Peer Buddy Programme to 13 select branches across Hong Kong in 2022. This programme is aimed at empowering the community's senior citizens with the knowledge necessary to take advantage of digital banking services. Designated staff promote digital banking services to elderly customers with materials specially designed for the elderly. By arranging experienced managers to serve as Peer Buddies, BEA reduces technological challenges and encourages the use of the Bank's digital banking services. Through these personal connections, BEA offers a human touch to what may otherwise be a daunting experience for some senior citizens and the digital adoption rate among senior retail customers of participating branches increased by three percentage points in 2022.

### Outlook

The pandemic's effects on Hong Kong and Mainland China have brought challenges to engagement activities such as our Peer Buddy scheme. We continue to explore ways to support mature adults on digital banking and financial literacy for other vulnerable groups and aim to ramp up activities when conditions permit.





# RESPONSIBLE OPERATIONS

## TALENT ATTRACTION AND RETENTION

[Aspect B1, B3] [GRI 401]

### Why it matters

Devising and implementing effective talent attraction and retention strategies are crucial in maintaining a stable, professional, and highly productive workforce. Our ability to attract the best talent and to retain and engage employees who deliver a positive experience to our customers directly contributes to the Group's growth and the overall health of the banking sector, society, and economy.

In recent years, Hong Kong's financial system has been impacted by the reduction of its labour force and a shortage of skilled talent in the banking sector. BEA's efforts to develop the quality of its workforce has helped to support the smooth running of the local financial system.

### Management approach

Our Human Resources Department works closely with both Senior Management and line departments in formulating the right talent attraction and retention strategies. We proactively make forecasts and address emerging business needs while meeting employees' hiring, on-boarding, and career expectations. To both attract and retain talent, we constantly aim to provide the benefits, work-life balance, and career advancement opportunities they seek.

As effective hiring and manpower planning allows for smooth functioning of the organisation, we conduct Strategic Workforce Planning on an ongoing basis. The Human Resources Department and line management review and ensure that workforce diversity and overall manpower demand are aligned with the Bank's business strategy. This, along with projected attrition, forms the basis for the forecast of hiring needs.

For many years, employee development has been a key focus of the Bank. Increasingly, we have also focused on modernising our ways of working and providing opportunities for improved work-life balance. Correspondingly, we believe that it is important to provide our employees with competitive remuneration and comprehensive benefit packages that include medical and life

insurance, paid leave, retirement plans, and preferential rates on a range of banking services. To ensure the Group remains an attractive employer, staff benefits are reviewed on a yearly basis and the Remuneration Committee is tasked with overseeing our remuneration framework and governance, which is guided by the Group's Remuneration Policy.

For the Bank, internal mobility is a key component of career development and a high-retention workplace. In 2020, we began to set an internal mobility target and implemented a mobility policy focusing on building the internal talent pipeline. We promote internal mobility through transfers, internal recruitment, exchange programmes, short-term assignments, secondments, and job shadowing. The merit and competence-based approach we have adopted allows us to better support career agility by moving staff into new roles and onto projects so that they can become more agile and prepare themselves for career advancement and promotion. We also use a tracking mechanism for internal hiring, and each division's internal mobility statistics have been factored into its scorecard to encourage progress.

The Group's management succession plan for key executive positions of the Bank aims to guarantee continuity by minimising the risk of disruption caused by positions left vacant. Our approach ensures that individuals with the most relevant experience, competence and integrity are appointed to take up the executive positions at the Bank. Management succession planning is managed by the Nomination Committee and guided by the Group's Management Succession Policy.

### Programmes and initiatives

Delivering excellence relies not only on the Bank recruiting top talent by meeting their career expectations and providing rewarding opportunities, but also on them in upholding the high standards of the Bank. BEA's Code of Conduct and Staff Handbook have been developed to address regulatory requirements and laws in each of our markets, and outline the Bank's expectations of and commitments to our employees and help them understand the standards we expect of them. We are keen to promote positive behaviour that reinforces the Bank's core values. For example, the staff members who demonstrate our core values in their daily work are rewarded through the 'Employee of the Quarter' and 'Employee of the Year' awards.

Through ongoing staff development, our workforce is equipped with the knowledge they need to grow professionally. During quarterly Group-wide and divisional town halls, Senior Management representatives are able to share developments from within the industry and our Bank while listening to the opinions of our people. We value the opinions of our employees and encourage them to share with us their thoughts on the industry and our Bank. Since 2021, our Bank has started to hold exchange sessions between Senior Management and staff, which serve as channels for management to understand employee concerns more deeply and collect ideas for improvement.

To drive retention, we continuously develop our benefits and competitive remuneration packages with investments in training and development (see pages 60-63) and the Bank’s inclusive and engaging culture (see pages 63-65). We conduct an annual Bank-wide employee survey to gauge employee engagement levels, the results of which provide us with a good reference to act upon in attracting and retaining talent. Reinforcing our internal talent mobility, we continued to alert our people to new opportunities via email as well as our online job board and the internal job fair, which were revamped and introduced respectively last reporting year.

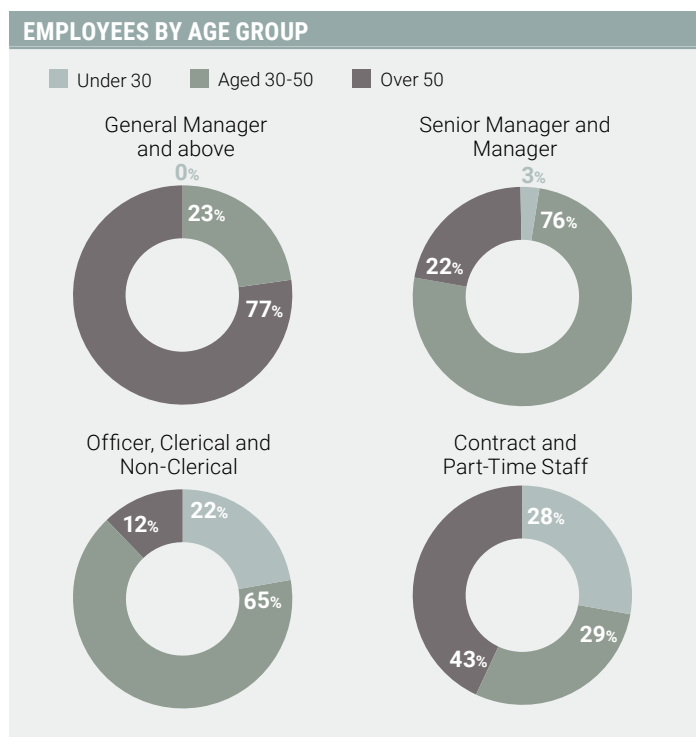
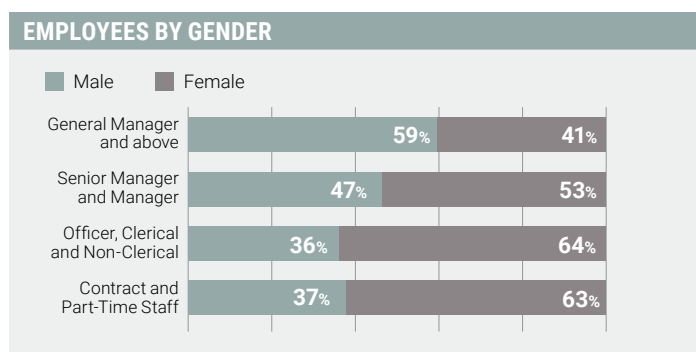
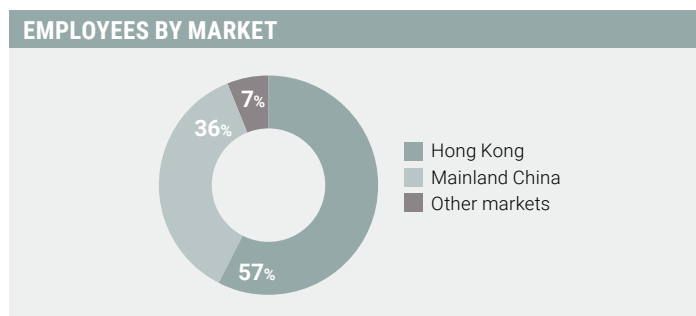
## 2022 performance

We rolled out a number of trainee programmes in 2022 with the aim of attracting young talent and preparing them for a career within the banking sector. Our programmes were designed to accelerate learning and provide clear progression opportunities. For example, we offered relationship manager trainee programmes for staff members in both our retail banking and wholesale banking businesses, as well as a brand new internal audit trainee programme.

In late 2022, the Bank introduced a cross-geographical secondment programme for relationship managers to provide staff members with cross-border and career development exposure. We also expanded our programme for high-potential staff members (“HIPOs”) to include talented staff members in the markets we serve beyond Hong Kong.

We saw encouraging results as the annualised number of internal mobility cases for 2022 is 18.9% more than that of 2021. By December 2022, the Group’s turnover rate for full-time employees (including both voluntary and involuntary leavers) stood at 19.8%, which is the same rate as that of 2021. BEA

took a number of measures to retain talent including a targeted compensation review, and a revamp of titles, career paths, and pay structure. Apart from conducting exit interviews with all colleagues who decide to move on, we also carried out a survey with existing staff members to seek their feedback and ideas to further improve employee experience.



## Outlook

We aim to further enhance our employer branding by launching a brand refresh and we will continue to communicate what we offer through participation in industry and proprietary talent programmes, job fairs, and university events. In addition to our ongoing promotion of internal mobility, to strengthen our ability to retain talent, we will launch a new Group Management Trainee programme in 2023, which will provide comprehensive training and job exposure in Hong Kong, Mainland China, and elsewhere.

### TRAINING AND DEVELOPMENT [Aspect B3] [GRI 404]

## Why it matters

In offering a wide range of internal, external, and tailored job-specific training, the Bank provides ongoing opportunities for upskilling and professional development so that our staff members are equipped with the right mindset, knowledge, and skills to better serve the rapidly evolving needs of our customers and stakeholders. Training and development not only help our staff to be agile and adaptive but also help them to stay competitive and advance their careers within the Group. As research has shown, a staggering 94% of employees would stay at a company longer if it invested in their careers.<sup>28</sup> We approach professional development as a fundamental investment in our long-term growth. Through education, we can also encourage our staff to be responsible corporate citizens, thus creating a positive impact on the environment and the community.

## Management approach

The Training and Development Department of the Bank is tasked with the continuous professional development of our people. Working closely with Senior Management, the Human Resources Department and other business heads, the Training and Development Department identifies the skills and capabilities necessary to achieve its short and longer-term objectives. The Staff Training and Development Policy<sup>29</sup>

guides our commitment to integrate continuous development into our ways of working. It is typically the role of the Bank’s Senior Management or the Bank’s Executive Committee to approve funding for or endorse key learning and development initiatives. To align and accelerate progress among divisions, staff participation in key training programmes was set as a KPI on all divisional scorecards this year.

Through internal training, the Bank ensures that every member of staff is given the opportunity to improve their product and financial knowledge, enhance their leadership and management skills, and increase their customer service and sales experience. Additionally, our internal training enhances understanding of modern business risks including cybersecurity, money laundering, and terrorist financing risks. Various training and refreshers covering topics such as the Code of Conduct, teamwork and the Bank’s core values including non-discriminatory practices are mandatory to all staff.

The Bank supports staff members in their pursuit of professional development and provides subsidies to employees eager for self-development who take relevant accredited courses outside the Bank. We adopt the HKMA’s Enhanced Competency Framework as the benchmark for professional qualifications and, in line with this framework, we invest in a wide spectrum of training ranging from technical know-how to soft skills training.

To understand the training needs of our employees, an annual training needs survey is sent to all departments. The Training and Development Department also conducts follow-up interviews with relevant parties to further discuss training requirements and ensure that our courses are useful and relevant. We benchmark against the HKSAR Government’s Qualification Framework to guarantee the quality of our internal programmes. We also refine our courses through course-end evaluation where the feedback collected from participants will be shared with the responsible trainer, the respective supervisor, and Department Head, who will then review the consolidated feedback and take follow-up actions for improvement as appropriate. To maintain the quality of our internal courses, new trainers are required to go through a certification process, while for externally provided training, we deploy a vendor assessment and sit-in on various training sessions.

28. LinkedIn Learning 2019 Workforce Learning Report  
29. Internal policy document

We actively engage internal and external stakeholders for effective decision making. Internally, we line up subject matter experts across the Bank to work collaboratively on the design and delivery of new training programmes. We also invite relevant parties to the Bank to share their knowledge and experience with our staff. In key learning or talent development initiatives, we also engage our Senior Management to offer their views and advice to guide us in the right direction. Externally, we connect with industry players, peer banks, professional bodies, education institutes, or consultants to identify collaboration opportunities for developing quality training and innovative solutions for our staff.

## Programmes and initiatives

We offer a wide range of online and in-person training courses tailored to equip staff members across the Group with the skills they need to meet the demands of their current role and to prepare for their career advancement. Our intensive pre-placement training programmes help new staff members take up their job effectively while our training curriculums are designed to provide training to staff at all levels. All BEA employees undergo regular performance reviews with management to discuss or review career aspirations and set out career development plans. Focusing on leadership skills, staff who have been promoted will also be provided with training to upgrade their management skills.

We run a series of development programmes for mid-career HIPOs and graduates to accelerate their knowledge, skills, and experience through a structured mix of training and on-the-job development. Our “Future Leader Accelerated Programme” is a talent development framework that provides a structured and robust approach to identify employees with strong potential to serve at the senior management and department head levels within the Bank. The framework supports HIPOs in their aspirations for professional development and to assume future leadership roles. Through regular pulse check surveys and feedback surveys we ensure that the initiatives provided continue to support their development needs.

To promote the continuous professional development of staff in general, all permanent full-time staff can apply for eligible training sponsorships for job-relevant training, including external training programmes, master’s degree programmes, Enhanced Competency Framework-related qualifications and other professional qualifications.

## 2022 performance

In 2022, we delivered over 50 hours of training on average to employees at all levels of the Bank compared with 40 hours delivered on average in 2021. The Bank invested over HK\$27.7 million in staff development. This year, in addition to our established training programmes, we continued to roll out new initiatives with a focus on the Bank’s ongoing digital transformation. It was our objective to equip our employees with the skills and knowledge needed to serve our customers and support the ongoing development of the Group.

In January 2022, General Managers and Department Heads of the Bank took part in a Digital Leadership Virtual Bootcamp. New online workshops running over two days aimed to cultivate a digital culture in the Bank by encouraging leadership mindset and behaviours. The Bank rolled out a new Fintech mobile learning experience to all staff members, providing them with an opportunity to master the essentials of Fintech. As the training programme using a micro-learning design could be accessed on personal mobile devices, employees were able to learn at their own pace in an agile way.

The ability to read, understand, work with, and communicate data is becoming increasingly essential in day-to-day operations. To enhance data literacy and train our staff members into Data Citizens as well as Citizen Data Scientists, the Bank has developed the Data Literacy Empowerment Programme. Since June 2022, we have introduced a series of data literacy training and sharing sessions covering all levels of staff. We set a specific target for the number of staff to complete the training by year-end, which we have achieved, as more than 2,000 staff members from Hong Kong and overseas branches have participated in the programme. During sharing sessions, we invited founders and senior management of startups and large corporations with diverse expertise and cross-industry experience to come to BEA to share with us their data journey, the practical challenges they are facing, and the future prospects of data monetisation in Hong Kong and on the global stage.

In addition to digital literacy and transformation, we continued to focus on talent development and deliver Growth Mindset training. Various Growth Mindset training programmes helped our people at all levels increase their capacity to learn, develop, and succeed. BEA China introduced a “Career Explore” programme enabling staff to gain experience in other locations that fit their development needs. Under our Trainee

Programmes, we launched a new Audit Trainee Programme to nurture young talent as audit professionals. A new cohort of 19 high-potential executives were identified and on-boarded for our Future Leader Accelerated Programme, which was extended to overseas branches and offices to include HIPOs from Malaysia, the US, and the UK respectively.

### PUTTING A SPOTLIGHT ON SUSTAINABILITY

In order to make our greatest long-term impact, we need to incorporate sustainability concepts into the foundation of our business and ways of working. In 2021, we launched a series of training and awareness-building initiatives that prioritise ESG, and all Group members were required to complete a new e-Learning module on the concepts of sustainability as well as BEA's ESG performance and goals. In 2022, we have further enriched our training approach with topic-specific modules that are critical to our industry. These included:

- Mandatory **training on climate change** to cultivate a solid foundational knowledge across the Group on climate change mitigation and adaptation trends, as well as BEA's net zero roadmaps and strategies.
- Mandatory **GSF training** for all front-line and relevant back-office staff to provide insight into the GSF products on offer, BEA's own GSF framework and development, and the risks of greenwashing. To better disseminate crucial GSF knowledge, we have also opened the training to all other staff members on a voluntary basis.
- Voluntary **sustainability sharing sessions** with industry experts to discuss in depth on ESG topics and emerging trends. During our Sharing Session on COP27, we discussed topics ranging from national climate commitments to the implications on the local banking industry.

### FOCUS ON YOUNG TALENT

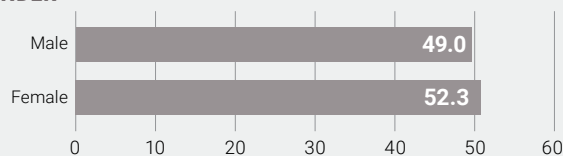
In 2022, the Bank continued to nurture young talent by hiring Management Trainees and providing Gap Year Placements. BEA also participated in various programmes to develop the skills of fresh graduates from local universities. These included the:

- Fintech Career Accelerator Scheme
- Financial Industry Recruitment Scheme for Tomorrow
- HKMA's Banking Graduate Trainee Programme; and
- Pilot Apprenticeship Programme for Private Wealth Management, Hong Kong

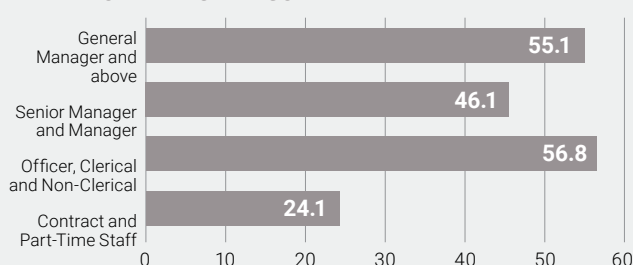
To support youth development in the ESG space, BEA took on the role of project sponsor in a Hong Kong Securities and Investment Institute Research Project Competition targeted at university students across Hong Kong. As a project sponsor, BEA coached student teams between January and March helping them to research and present on the Bank's ESG strategy, plan, and achievements. It was a rewarding experience to work with students passionate about ESG and provide them with insights into the role of the financial services sector.

### AVERAGE HOURS OF TRAINING

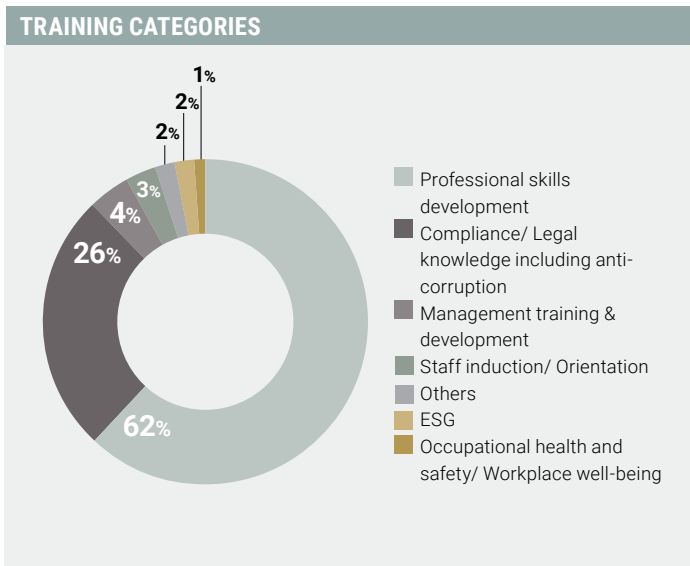
#### BY GENDER



#### BY EMPLOYMENT CATEGORY







### Outlook

In 2023, we will step up the scale and pace of upskilling our staff in Tech & Data, ESG, and Greater Bay Area cross-border business, with a new series of training for all staff. The Data Literacy Empowerment Programme will be extended to target a larger population of Data Citizens and Citizen Data Scientists. New leadership programmes will also run to further strengthen our leaders’ capabilities. As for talent development, we will continue to grow the Bank’s talent pool and succession pipeline through HIPO development and graduate development. We will also continue to invest in supporting our staff’s professional development, including supporting and assisting our relevant practitioners to obtain Enhanced Competency Framework certification.

### ENABLING WORK ENVIRONMENT [Aspect B1] [GRI 2-16, 2-26, 405, 406]

#### Why it matters

As a responsible employer, BEA provides a work environment that is free from unlawful discrimination, harassment, bullying, victimisation or vilification. The Bank strives to foster a positive working culture in which our people are inspired to do their best for BEA, our customers, and our community. Without an inclusive workplace characterised by fairness, equity, opportunity, and respect for social and cultural diversity, we cannot empower our staff members from all backgrounds to realise their full potential.

#### Management approach

Our Bank Culture Work Group monitors and evaluates bank culture status and devises enhancement initiatives for each division. The Work Group aims to foster a sound Bank-wide culture by promoting BEA’s core values and developing strategic initiatives in accordance with HKMA’s three pillars of governance, incentive systems, and assessment and feedback mechanisms. The Work Group holds quarterly meetings to review action plans and ensure that initiatives support risk management and internal controls to effectively promote the desired culture. The Work Group, which reports to the Bank’s Remuneration Committee, is chaired by the GM and Group Head of PSD and overseen by the Bank’s Executive Committee.

The Bank’s Culture Dashboard is a key tool used by the Work Group to monitor and evaluate Bank-wide performance on a quarterly basis. Through the dashboard, we collect employee feedback alongside other key bank culture indicators including customer complaints and compliments, and customer satisfaction rate. All the data gathered from the Culture Dashboard is used to devise enhancement initiatives that effectively promote our desired culture.

Another invaluable tool we use to track and improve our performance is the annual Bank-wide employee survey. Through this survey we are able to gauge the BEA employee experience and perceptions on our core values. Feedback is shared with respective divisions to develop related action plans to enhance the work environment and bank culture. If our employees do have concerns, we encourage them to raise them through our Staff Grievance Procedure or our



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

The Bank has established a human rights monitoring and reporting system and, since September 2021, human rights monitoring has been incorporated into the Culture Dashboard. Our commitment to human rights is set out in the Group’s [Human Rights Policy](#), which is aligned with the UN Guiding Principles on Business and Human Rights and applies to the Group’s operations and business activities worldwide. Any substantiated human rights cases identified through various channels including the Group’s whistleblowing procedures are reported on a quarterly basis to the Bank’s Senior Management.

Diversity, inclusion and equal opportunity are foundational to creating a workplace where all individuals feel comfortable and supported. At a minimum, we comply with all applicable employment ordinances in the markets where we operate. Our Equal Employment Opportunity, Diversity, and Inclusion Policy references the values and principles of the Universal Declaration of Human Rights of the UN, and the Fundamental Conventions of the International Labour Organisation (“ILO”). It guides us as we build an inclusive workplace where performance is assessed on professional ability and staff members from all backgrounds are empowered to reach their full potential. The Bank’s Code of Conduct, Staff Handbook, and [Human Rights Policy](#) clearly outline our commitment to non-discrimination and equal opportunity. Training materials have also been developed to promote diversity and inclusion across the Bank.

### Programmes and initiatives

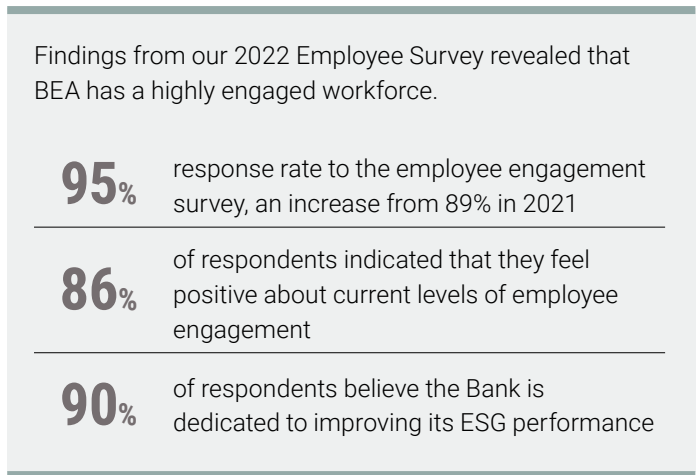
Since 2019, Senior Management has led interactive town hall meetings to encourage open communication on risk management, discuss lessons learned from real cases, and strengthen the Bank’s risk culture. These town halls are also used as key opportunities to provide updates on business highlights, key focus areas, and business transformation, as well as sharing of employee survey results and developments on our ESG integration.

In addition to town hall meetings, our Taiwan Branch holds a quarterly labour-management meeting at which labour representatives and management representatives work towards

resolving issues raised by employees. The minutes of the meeting are published on the internal website after the meeting. Similarly, employees in Taiwan from each department nominate an Employee Caring Group and voice their concerns through these groups.

### 2022 performance

An annual Bank-wide employee survey gauges the BEA employee experience and perceptions on the Group’s core values. The relevant divisions receive feedback and create action plans to improve the working environment and Bank culture.



In 2022, to promote a “speak-up” culture, we held a Group-wide campaign called “Bright Ideas, Big Impact” in June and November to call for innovative ideas to enhance our work environment, operations, and services. We received an overwhelming response from all levels of staff. Winning ideas will be adopted and implemented as appropriate. Separately, the Bank set aside HK\$500 per staff member in 2022 for cross-divisional or departmental team building activities that inspire creativity and foster a “One Bank” culture. The top three team events which showcased the BEA spirit and made the best use of the fund to encourage innovation, participation, and collaboration also won a prize.

Similarly, BEA China launched the BEAction campaign for staff to raise suggestions to Senior Management. It aims to encourage our employees to take ownership and contribute to improving the overall efficiency of the Bank, as well

as to encourage ideas from the bottom up and two-way communication within the Bank. In Q3 of 2022 BEAction pushed for more efficient communication by reducing the number of internal emails. Separately, staff submitted over 200 suggestions of which 14 were adopted by Senior Management. IT statistics data showed that the number of emails was significantly reduced after the campaign.

In 2022, no cases of human rights violations were identified through BEA’s human rights monitoring and reporting system.

### Outlook

As the employee survey has proved to be an indispensable tool for gathering feedback, the Bank will continue to conduct it annually to gauge employee sentiment. At the same time, the Bank will explore new staff recognition initiatives in addition to leveraging our intranet to publicise BEA core values and exemplary behaviours of our staff members in order to promote recognition culture.

Through ongoing review of our Bank Culture, Senior Management and the Bank Culture Work Group will assess the importance of key dimensions and, in response, develop culture-related training across different levels, including sustainability training in Human Rights.

Going forward, we will also enhance the staff grievance procedure to ensure we maintain a fair, efficient, and equitable mechanism to handle and resolve issues arising in the workplace.

## HEALTH, SAFETY AND WELLBEING

[Aspect B2] [GRI 403]

### Why it matters

Employee health and wellbeing are important to BEA. Due to our business nature, the risk of physical risk to our employees is relatively low, however, we recognise that other issues associated with office work and the pace of change in financial services could take its toll on our workforce. To demonstrate its commitment to staff wellness and to strengthen its competitiveness within the industry as a preferred employer, BEA implements sound healthy, safety, and wellbeing measures. A healthy and safe work environment is conducive to a stable, engaging and highly productive workforce, which in turns ensures a positive experience for our customers and stakeholders.

### Management approach

We pay close attention to possible workplace safety issues to reduce potentially dangerous incidents, and we maintain close communications with our employees to address any concerns. We strive to provide a safe, caring and respectful environment.

Underpinning our approach is an Occupational Health and Safety Policy and Manual that applies to all Group staff in the markets we serve. We provide comprehensive health insurance, and to promote a healthy work-life balance, employees in Hong Kong are provided with healthy lunch options in staff canteens and free access to recreational facilities including a staff gym and rooftop garden as well as wellness talks.

General Managers of the Bank are responsible for the overall implementation of the Bank’s health and safety policies, while the Bank Health and Safety Officers, as well as Heads of Department, ensure safe and healthy working conditions are maintained.

We believe in a holistic approach to supporting our employees. We understand that our employees have different needs and BEA is here to fully back our staff. For those in need, we provide an “Employee Assistance Programme” that gives staff and their family members access to professional counsellors in person, by telephone hotline, or via email, 24 hours a day.

During the pandemic, a healthy work-life balance and flexibility emerged as important issues in the workplace globally. In view of this, we have extended the scope of early release arrangements for major festivals and our wellbeing time off policy to individuals in need of respite. BEA is also mindful of the needs of returning mothers coming back from maternity leave and provide necessary amenities such as lactation rooms.

To create a positive work environment, we augment the employee experience by offering various volunteering and charitable activities that align with the Group’s core values and its employee value proposition.

### Programmes and initiatives

We continue to support our employees through a holistic approach to their health and wellbeing. To promote work-life balance, our permanent full-time and non-permanent colleagues are entitled to two hours of wellbeing time-off per month. We also continue to review and enhance our medical benefits have sufficient coverage for inpatient, outpatient, and dental and mental health services.

It is well documented that the impact of COVID-19 has had a detrimental effect on the mental wellbeing of individuals worldwide. To support our people, we invited registered industrial psychologists to conduct Resilience Training for our management trainees as well as targeted Leadership Resilience for our HIPOs to support them in sustaining healthy growth and high performance. Meanwhile, SSRC organises wellness and staff recreational activities such as yoga classes, fencing workshops and urban farming workshops.

In Taiwan, we implemented a Safety and Health Work Code, which was approved by the Labor Inspection Office of the Taipei City Government, in line with the Taiwan-Occupational Safety and Health Law. The Work Code includes guidance on health workplace management measures, first aid and rescue training, mitigation of physical or mental harm, and the prevention of musculoskeletal diseases caused by repetitive movement.

### 2022 performance

Through 200-plus SSRC organised events held during the year, nearly 6,000 places were offered for staff and their family members to take part.



▲ In August, staff members and their families learned about urban farming at a workshop held on the rooftop of BEA Tower in Kwun Tong.



▲ Recreational activities such as kayaking were organised throughout the year for staff to exercise and connect with nature.



▲ Staff participated in yoga and meditation workshops designed to alleviate stress and promote mental wellness.

**CARBON EMISSIONS REDUCTION**  
[Aspect A1] [GRI 305]

**Why it matters**

Governments, regulators, and businesses around the world are feeling the severe impacts of global climate change and are actively progressing towards a low-carbon economy. Governments in our two main markets, Hong Kong and Mainland China, have made mid-century carbon neutrality pledges signalling that all companies operating in these locations must prepare to transition to a low-carbon economy. As a financial institution, we can make the greatest impact through the reduction of global carbon emissions in our corporate loan and investment portfolios, however, managing the impact of our own operations remains important to us and to our stakeholders.

**Management approach**

We first set an absolute greenhouse gas (“GHG”) emissions reduction target for Group operations in 2020 and, this reporting year, BEA has reviewed and updated this target with reference to SBTi. Science-based targets are based on the latest climate science and provide us with a clearly defined path to reduce emissions in line with the Paris Agreement goals. BEA has committed to reducing our absolute GHG emissions by at least 46% (Scope 1 and 2) by 2030 from a baseline year of 2019. The remaining emissions will be offset through the purchase of carbon credits to achieve net zero operation emissions by 2030.

This upgraded target is part of our newly established Scope 1 and 2 Net Zero Roadmap and overall commitment to achieving long-term net zero by 2050. Compared to the 32% reduction target set in 2020, BEA must reduce at least 46% of its absolute emissions by 2030 in order to align with the 1.5°C pathway to support net zero.

BEA is committed to achieving a 46% reduction in its absolute emissions<sup>30</sup> by 2030 and offset the remaining emission via carbon offsetting measures to reach net zero emissions in our operations by 2030.

The oversight of our emissions management is the responsibility of our Sustainability Department, which works in conjunction with the Facility Management Department to explore opportunities to improve the Group’s performance in line with our emissions targets and with local and national commitments to achieve long-term net zero by mid-century. Proposed emissions reduction initiatives are reviewed for approval by the ESG Steering Committee which also evaluates the Group’s emissions performance regularly.

To best inform our decisions for the proper management of our emissions and to remain transparent on our progress, we track, analyse, and disclose emissions information annually in our ESG report, as well as to CDP and to the Carbon Footprint Repository for Listed Companies in Hong Kong.

**Programmes and initiatives**

The most significant contributing factor to our operational emissions is energy consumption within our premises. To achieve our commitments towards emissions reduction effectively, we continue to invest in new green building technologies including more efficient LED lighting, energy management systems, and the retrofitting or replacement of air conditioning units. We are also in the process of implementing measures to determine the carbon intensity of our portfolios as part of our continued efforts towards reducing our overall contributions to climate change.

In 2022, we conducted a feasibility study to map out a building improvement plan for 2023 to 2029, and two main initiatives are progressing on schedule to drive the Bank’s progress towards its 46% emissions reduction target. This plan includes reduction initiatives from both facility lifecycle replacements and various green projects.

We have set goals to replace or optimise key installations, such as chillers, air conditioning units, and lighting at our offices. Across our operations, chiller replacement works have been completed enabling us to enhance energy efficiency and use less environmentally impactful refrigerants. Procedurally, the set temperatures at our data centres have been raised to further reduce our energy consumption.

Lower carbon solutions through the installation of solar power and transitioning to electric vehicles (“EV”) are also gaining traction in our operations.

30. Scope 1 and 2 emissions target based on 2019 baseline.



## BEA'S SCOPE 1 AND 2 NET ZERO ROADMAP



Our roadmap is based on three strategic pillars with clear action plans before 2030:

### Pillar 1

#### Low-energy Building and Energy Transition



#### OBJECTIVE:

Establish policies and execute plans to enhance building efficiency

#### ACTION:

- Establish a Group-wide Sustainable Building Policy and guidelines by 2023
- Develop deployment plans at building-level for Hong Kong, Mainland China, and overseas operations by 2023
- Set quantitative renewable energy targets for 2040 by 2030
- Transition 75% of the Bank's vehicles in Hong Kong and 50% of the bank's vehicles in Mainland China to EV by 2030

### Pillar 2

#### Institutional Change



#### OBJECTIVE:

Develop a climate conscious culture and accountability

#### ACTION:

- Provide all BEA employees with training on the topic of climate change and carbon reduction by 2023
- Develop and deploy an emission target tracking and visualisation tool by 2025
- Implement internal carbon pricing by 2030

### Pillar 3

#### Carbon Neutralisation



#### OBJECTIVE:

Purchase carbon credits to offset residual emissions

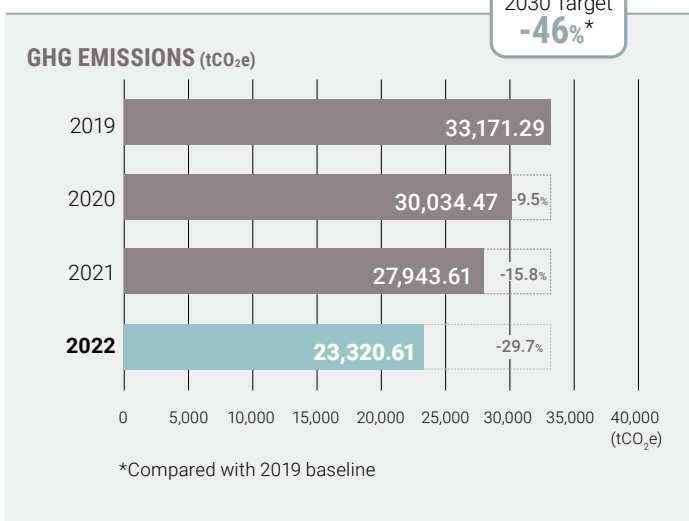
#### ACTION:

- Establish BEA's Group-wide carbon offsetting guidelines by 2025
- Purchase carbon credits and provide direct financing for carbon removal activities to neutralise BEA's residual Scope 1 and 2 emissions by 2030




▲ In Hong Kong, we installed 40 solar panels on the rooftop of BEA Tower in Kwun Tong, which is capable of generating around 8,400 kWh in renewable energy annually.

## 2022 performance



Since 2016, we have participated in CDP's Climate Change questionnaire. The Bank received a rating of C (Awareness) for its climate change approach.



## Outlook

With the rollout of our net zero roadmap for operational emissions, we have plans to implement various reduction initiatives and build a climate conscious culture across the Group. Going forward, we will establish a Sustainable Building Policy, guidelines, and related deployment plans to facilitate the implementation of carbon reduction initiatives including major energy transition works such as chiller replacement, solar panel and solar film installation, building service system retrofits, and the phasing out of diesel vehicles.

In 2023, we will introduce a new renewable energy plan in Mainland China at our Zhangjiang Data Center in Shanghai, which will see the installation of 285 solar panels, which will be capable of generating around 120,000 kWh renewable energy annually.

## SUSTAINABLE RESOURCE USE

[Aspect A2, A3] [GRI 301, 302, 306]

### Why it matters

The importance of environmental stewardship to our stakeholders drives our efforts to find effective solutions to reduce our impact on the environment. The Bank aims to reduce its environmental impacts arising from our operations wherever possible. Given our business nature, we rely on key resources such as electricity and paper, and we understand that our waste generation could have impacts on our local environment. We respond by minimising paper and general waste from our offices and branches, and food waste from our staff canteens.

To reduce our impacts, we continue to digitalise our operations, which enables us to reduce our paper use and in turn, reduce our generation of paper waste. Decreasing the paper consumption associated with our operations reduces the environmental impact from production, distribution, and waste handling, and avoids emissions from these processes.

We are also focusing efforts on reducing our energy use and are actively looking for ways to source more renewable energy to prevent our emissions from increasing.

### Management approach

Our [Environmental Policy](#), applicable across our operations, has been developed with reference to the [United Nation's Environment Programme Finance Initiative Statement by Financial Institutions on Sustainable Development](#). This Policy guides us in our pursuit of continuous improvement in our environmental management practices, including energy and paper use, recycling and waste reduction. It outlines the commitments that Group members have made to reduce the consumption of natural resources.

Our Board of Directors is responsible for reviewing and approving the Policy annually. Regular updating of our Policy ensures that the Bank complies with all relevant laws and regulations, including environmental protection legislation, in all locations where we operate.



In managing our waste generation and consumption of natural resources, we seek opportunities to leverage our digitisation efforts among employees, customers, and other stakeholders to move towards an efficient paperless system while we continue to implement initiatives to promote environmentally responsible behaviour in daily operations. We regularly review our paper use and waste production, weigh waste at our main offices in Hong Kong and make relevant investments to manage our environmental impacts.

Moving forward, we will continue to focus our efforts on reducing energy consumption and waste production and management through initiatives such as:

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

## Programmes and initiatives

### Energy

Since 2013, BEA has had an energy reduction target of 1.1% per year for our two main office buildings in Hong Kong. This annual reduction target was developed with reference to the Hong Kong government’s climate policy and commitment. We continue to invest and allocate resources to achieve our annual energy reduction targets. Furthermore, we have achieved green building certification for our premises in Hong Kong and Mainland China and installed energy efficient equipment and lighting throughout our branch network and offices.

We continue to work on our chiller replacement project in line with our net zero roadmap. Once completed, the combined efficiency of the chiller plant at BEA Tower is expected to improve by nearly 40% from a 2019 baseline. In 2022, two out of four phases of the project were completed, saving around 30% of electricity consumption for cooling compared with 2019. BEA also continued our light system replacement works throughout 2022. In Taiwan, we replaced over 400 fluorescent tubes with LED lights.

In Hong Kong, we continue to support the Charter on External Lighting by switching off external lighting at selected branches before 11 p.m. We periodically conduct energy audits for our main offices in Hong Kong to evaluate the efficiency of our operations

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

<b>BEA Tower</b> Kwun Tong, Hong Kong	Hong Kong BEAM (Excellent)
<b>33 Des Voeux Road Central</b> Central, Hong Kong	Gold Standard Rating in BEAM for New Buildings
<b>BEA Finance Tower</b> Shanghai BEA China Headquarters/ Shanghai Branch	LEED Gold
<b>BEA Tower</b> Beijing BEA China Beijing Branch	LEED Gold
<b>The Bank of East Asia Building</b> Shanghai BEA China Shanghai Puxi Sub-Branch	LEED Gold
<b>BEA Qianhai Building</b> Shenzhen	China Green Building Design Label certified with 3-star

## ADOPTING GREEN TECHNOLOGIES

The new BEA Qianhai Building utilises green and low-carbon technologies and has achieved a 3-star Certification from the China Green Building Design Label. Our new premises is also in the process of achieving LEED Platinum and WELL Gold. BEA China has adopted 10 major green technologies in support of its core values of a healthy environment, comfortable office, energy saving and environmental protection, and green management. Combining various building analysis tools, as well as green evaluation tools (Green Label and LEED) and WELL evaluation system, we have fully implemented our design goals including a comprehensive building energy conservation system.

**Paper**

As online banking tools and other digital financial services mature, we continue to digitise our office systems and procedures. We embrace advanced technologies to reduce unnecessary paper consumption within our operations and for our customers. For instance, account statements and other communications are issued electronically as much as possible, and we have implemented e-account opening and processing platforms. These measures enable our customers to complete account opening, processing, and investment order placements online. Straight orders can also be placed verbally by phone recording. Pre-selling risk disclosures and necessary prospectus documents are now sent to customers electronically. Meanwhile, relationship managers are equipped with pricing applications so that structured investment products can be quoted online instead of by phone or on paper.

At our Macau Branch, the total cost of paper procurement in 2022 dropped by 25% year on year. This reduction can be directly attributed to our major digitisation efforts aimed at our customers such as e-forms and e-approval. In keeping with this momentum, all new personal and wholesale banking account holders are automatically enrolled for e-statements as the default choice.

When paper use cannot be avoided, we procure FSC-certified office paper.<sup>31</sup> Additionally, in the UK, we installed a software called Papercut on the communal printers helping staff to monitor their printing and reduce the number of misprints.

All paper waste produced in our operations is recycled as far as it is practicable. We engage contractors to recycle shredded confidential documents in Hong Kong, Mainland China, Singapore, the UK, and the US. We record and report annual paper recycling rates to track and review our performance.

**Waste**

To actively manage our waste reduction performance, weighing scales are installed at our two main buildings in Hong Kong. Through accurate measurement of the amount of waste we produce, we have established baseline waste data for evaluating the effectiveness of our initiatives. Our Facility Management Department has set targets and improvement roadmaps for waste reduction and diversion. Our efforts in Hong Kong have resulted in our two main buildings receiving the Wastewi\$e certification from the Hong Kong Green Organisation Certification.

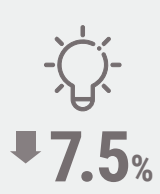
With the aim to build on our waste measurement programme that began in 2020, we have been able to expand waste measurement and reduction initiatives to our BEA Tower offices in Kwun Tong. Our efforts help us ensure that our Bank is able to adapt readily to any policy changes concerning waste management in Hong Kong.

We also participate in the Hong Kong Environmental Protection Department’s Food Waste Recycling Partnership programme to recycle the food waste generated at our staff canteen at BEA Tower. In 2022, we distributed reusable lunch boxes and cutlery to staff and discontinued the use of single-use plastic cutlery and most food containers at our staff canteens in Hong Kong. For employees who do not bring their own containers and cutlery, bio-degradable paper pulp lunch boxes and corn starch cutlery are now provided at a fee. Through these efforts we achieved a 100% reduction in single-use cutlery and containers in 2022.

Across our operations, we seek to extend the life of IT equipment through refurbishment, and will donate unused equipment to those in need through local charities. Similarly, any old furniture or office fixtures identified during renovation projects will be reused as much as possible, any items not selected for reuse will be put up for staff sale or donated to local charitable organisations, with disposal as the last resort for furniture not fit for reuse.

At the local level we encourage waste reduction behaviour throughout the year. For instance, in Macau and Hong Kong, we supported recycling campaigns during the festive seasons such as Chinese New Year laisee packet and Mid-Autumn Festival mooncake tin recycling programmes.

**2022 performance**

ENERGY	
	<p>We used 7.5% less energy in 2021 than in the previous year. Our energy reduction initiatives will have contributed to this, but the impact of social distancing restrictions may also have had an impact.</p>

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

PAPER



Through paper reduction promotion and the introduction of various digitalisation initiatives at BEA Hong Kong, we reduced total paper consumption by 49% compare to 2020 baseline.<sup>32</sup>



By the end of 2022, 50% of the Bank's staff in Hong Kong had switched to our MPF e-statement service, a 25 percentage points improvement over the past four years.

93% of BEA credit cardholders had opted for e-statements by end of 2022.

WASTE



100% reduction in single-use cutlery and containers



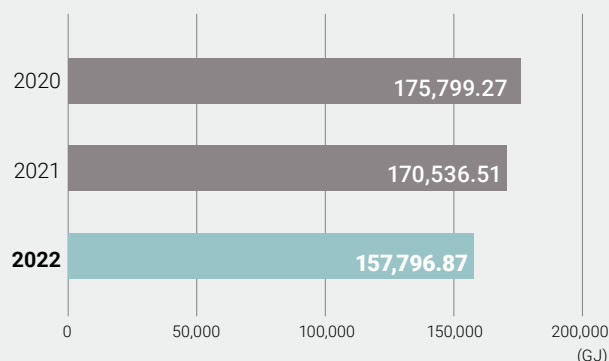
We achieved 27.9% paper waste reduction yoy.

Outlook

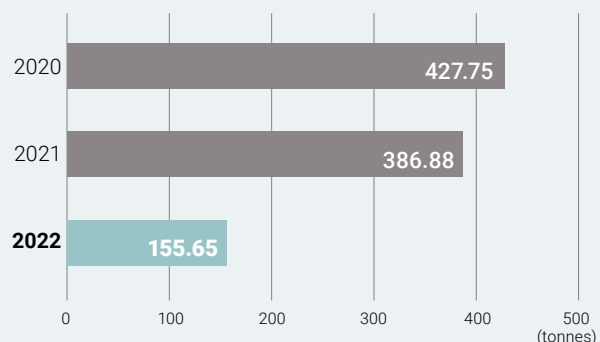
We have taken the findings from our feasibility study in 2022 to develop a building improvement plan for 2023 to 2029. This plan includes various energy saving initiatives, namely equipment replacements to improve efficiency. BEA continues with its light system replacement works, and we have set a target to install LED lighting at our Shenzhen and Qingdao branches as well as BEA's Building in Singapore by the end of 2023. As part of the building improvement plan, we will replace chillers and air conditioning units in our branches across Mainland China.

Paper reduction remains one of our key focus areas as we progress towards our goal of becoming a leaner, more efficient and sustainable organisation. By 2023, we aim to reduce paper consumption by 70%. In conjunction, the Bank will continue to enhance our waste reduction initiatives and direct our efforts on driving behavioural change among employees. We will also continue to increase the implementation of e-statements for more customers to help save paper as well as additional mailing services.

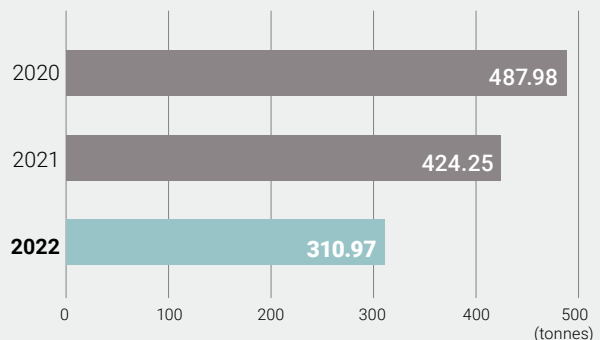
TOTAL ENERGY CONSUMPTION (GJ)



PAPER CONSUMPTION (TONNES)<sup>33</sup>



TOTAL PAPER RECYCLED (TONNES)



Through regular engagement with our vendors and contractors, we will consult and seek advice on any potential enhancements to increase the sustainability of the products and services the Bank procures as part of our periodic service reviews.

32. Figures are calculated using the number of paper ordered, including copy paper, customer statements, pre-printed forms and computer reports.

33. Only includes copy paper and IT paper, our most material paper types of BEA Group.

## PROMOTING A RESPONSIBLE SUPPLY CHAIN

[Aspect B4, B5] [GRI 2-25, 308, 414]

### Why it matters

Recent estimates put the number of people in modern slavery at over 40 million.<sup>34</sup> In response to this global challenge, seven G20 countries including the UK, where we have operations, have formally enacted laws, policies, or practices to stop business and government agencies from sourcing goods and services produced by forced labour.

As a responsible business, we have taken action to understand how we can best amplify our positive impacts and mitigate any potential negative impacts of our procurement practices. We have introduced policies and procedures to promote responsible procurement across our supply chains. In doing so, we can protect vulnerable groups, promote sustainable products, and reduce our exposure to risk.

### Management approach

Our Operations Division (“OPD”) and Sustainability Department are responsible for overseeing the management of our supply chain’s ESG issues at the Group level. They provide guidance on supply chain risk and monitor our suppliers against our [Supplier Code of Conduct](#), which stipulates our expectations on matters of compliance with all relevant legislation, social and ethical standards, environmental matters, and suppliers’ impacts on the local communities. As part of our standard procurement process, suppliers are required to acknowledge our Supplier Code of Conduct and confirm compliance when signing agreements with BEA.

We strive to work with suppliers who conduct their business responsibly while we avoid working with those whose social and environmental practices are inconsistent with the values of our Group. Our Guideline for Procure-to-Pay Process (“Guideline”) is another tool used by the Bank to ensure the procurement and tendering processes are being conducted with due diligence, integrity, and impartiality. The Guideline illustrates the workflows and clearly defines the roles and responsibilities of the parties involved. Reviewed on an annual basis, updates to the Guideline were made in the reporting year including ESG risk management requirements.

BEA’s expectations from suppliers are also outlined in our [Human Rights Policy](#), which was developed in line with the UN Guiding Principles on Business and Human Rights. Guiding our business conduct are internationally recognised human rights frameworks, including the UN International Bill of Human Rights, the UN Universal Declaration of Human rights, and the fundamental conventions of the ILO.

All forms of slavery and human trafficking are strictly prohibited along the Bank’s supply chain. Suppliers must satisfy the Bank’s requirements regarding social and ethical standards of conduct as well as conditions of employment including health and safety, wages, working hours, discrimination, harassment, and grievance mechanisms. We are committed to working with suppliers that showcase best practice, while encouraging others to develop and demonstrate improvement within these fields. As a Bank with a global footprint, whereby laws and regulations may differ in countries and regions in which we operate, we aim to adopt higher standards where possible. In accordance with the UK’s Modern Slavery Act 2015, our [Slavery and Human Trafficking Statement](#), is available on our website.

For suppliers that have not already made commitments equivalent to those in our Supplier Code of Conduct and Human Rights Policy, or fall short of our requirements, BEA is prepared to provide a reasonable degree of support to assist such suppliers in achieving compliance, and encourages them to better manage their associated risks.

34. [www.globalslaveryindex.org](http://www.globalslaveryindex.org)

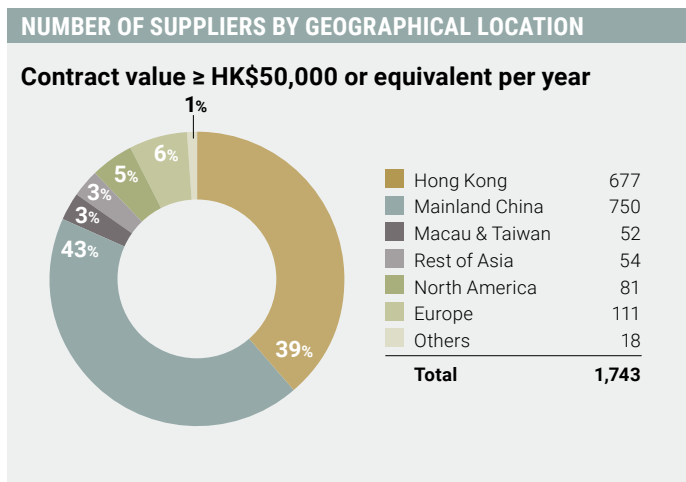
## Programmes and initiatives

Our procurement staff are well equipped to implement our responsible procurement procedures through our Sustainable Procurement Toolkit, which stipulates relevant resources, guidelines, and workflow procedures to ensure adequate supply chain due diligence. The toolkit is available to Hong Kong staff members through the Bank’s intranet and includes resources such as, procure-to-pay guidelines, Supplier Code of Conduct, procurement workflow, and refresher training materials. Supplier relationships which do not meet our required expectations for responsible procurement would not be continued by BEA.

We also provide relevant employees with a risk assessment tool that is used to review suppliers based on the inherent geographical or product risks for the items and services we source. The risk assessment tool is mandatory for purchase orders equal to HK\$500,000 or more. We conduct ESG risk segmentation by using the ESG risk calculator which allows us to segment suppliers into four groups: priority, moderate, specialised, and minimum. Each segment has different due diligence requirements based on associated risks. A list of suppliers that do not meet our requirements is submitted to the Head Office OPD before the end of each quarter for evaluation and monitoring.

## 2022 performance

In 2022, we enhanced our Guideline for Procure-to-Pay Process, making updates to our ESG risk calculator tool. To reflect a more detailed risk score which includes more countries and industries for the user’s analysis, we have developed the ESG calculator, which defines the suppliers’ risk level by identifying their sourcing country, operating location, product nature, procurement frequency, and purchase amount. A risk-based workflow was also developed for assessments or audit, and escalation process for suppliers of different risk levels.



Our revised Guideline for Procure-to-Pay Process requires a more frequent monitoring mechanism for suppliers. For example, our employees will keep a record of the ESG risk assessment for their suppliers and submit a list of priority suppliers to OPD. For extra assurance, priority suppliers are monitored by the Sustainability Department, which reviews reports and news issued by various human rights watchdogs and other channels.

## Outlook

Going forward, we will continue our annual review of the supplier management and procure-to-pay processes. We will also implement a new Sustainable Procurement Policy and Sustainable Procurement Guideline in 2023, which will include recommended supplier selection specifications, process, and criteria. It will also include the sustainability criteria for products, such as stationery, paper, furniture, electronics, and catering. Other guidance will involve supplier ESG performance end-of-contract evaluations as well as how to detect green washing. Training will be provided to ensure that all relevant employees have a clear understanding of the stipulations contained within the new policy and guideline.

# RESPONSIBLE CITIZEN

The continued success of our business is intrinsically linked to the wellbeing of the communities in which we operate. Our commitment to these communities is a core component of our sustainability strategy.

## COMMUNITY PARTNERSHIPS AND VOLUNTEERING

[Aspect B8] [GRI 413]

### Why it matters

Social issues such as income inequality and population ageing directly impact the development of the local communities and markets we serve. As a responsible member of society, BEA aims to serve as a positive and enabling force in society to support the development of our local communities. It is vital to strengthen the Bank's relationship with the community as well as foster a positive workplace culture by providing our employees with opportunities to support social and environmental causes that are important to them. We work closely together with our employees to encourage the spirit of giving and enable them to contribute meaningfully to charitable causes.

### Management approach

BEA looks to create long-term positive impacts through our community projects and charitable partnerships by establishing enduring relationships and maximising synergies that make best use of complementary resources, knowledge, and skills. Through our foundations and volunteer teams, we deliver best practice in serving our communities in support of under-resourced groups through initiatives around our three focus areas of education, social welfare, and the environment.

The Bank's 10-year commitment to the Palliative Care Programme showcases this long-term mission. In our pursuit of better end-of-life care for Hong Kong citizens, we have been promoting local awareness of end-of-life planning and driving

legislative changes on the advanced directive. As part of this initiative, BEA partnered with "la Caixa" Banking Foundation, which has a wealth of experience in this field in Spain. Through our combined efforts, insights gleaned from the Programme helped to guide the Government of the Hong Kong SAR in updating its policy on palliative and end-of-life care.

Our [Sustainability Policy](#), together with the Bank's internal Community Investment Guidelines, sets out the Group's strategy and objectives in regard to our social and environmental contributions. The Bank and the BEA Foundation both use the Community Investment Guidelines to ensure that the projects and local partners we support are in line with our [Sustainability Policy](#). These guidelines help us identify and prioritise programmes that are aligned with our approach and the best use of our resources to address community needs.

We provide support in four main ways:

- **Community giving** through financial and in-kind donations, both directly from Group members and our three charitable foundations – the BEA Foundation in Hong Kong, the Shanghai Soong Ching Ling Foundation – BEA Charity Fund, and the Shanghai Charity Foundation – BEA Charity Fund in Mainland China – to registered charities and NGOs.
- **Employee giving and volunteering** through our local volunteer teams and campaigns that enhance relationships, build social capital, and enable our people to become more familiar with the challenges faced by others. We provide employees with opportunities to use their time and skills to support those in need.
- **Leveraging our business network and sphere of influence** to encourage our partners, customers, and their families to participate in our programmes and events.
- **Utilising our expertise** to develop informed initiatives and educational experiences that instil good money management habits among attendees.



## Programmes and initiatives

### HONG KONG

During the year under review, BEA encouraged all staff members to participate in the Bank-wide “Join Hands, Reach Further” volunteering campaign. Together with our NGO partners, we organised three flagship community programmes, namely the BEA Festival, BEA Upcycles, and BEA Golden Adventures, which in total engaged nearly 800 volunteers and more than 8,700 beneficiaries.

#### EDUCATION ENVIRONMENT

Partnering with the HKYAF, we launched the BEA Festival in 2022. Through a series of fun and engaging activities based on the theme of “Waste Not, Want Not”, the BEA Festival helped raise public awareness of the importance of environmental protection and promoted sustainable living to the younger generation. Participants connected with nature through various art activities, including an original theatrical performance titled “Time4Change” and were given the opportunity to join four different creative art workshops. Additionally, five installation artworks, which were co-created by local artists, BEA volunteers, and local youth using only recycled materials were put on display. BEA Festival was a great success thanks to the over 200 volunteers and around 1,000 participants who took part in the activities, of which 80% agreed that their awareness of environmental issues had increased after joining the activities.



During the BEA Festival, parents and children upcycled waste materials into creative art pieces.

#### ENVIRONMENT SOCIAL WELFARE

Through BEA Upcycles, the Bank raised awareness of two important issues: social inclusion and environmental protection. Organised jointly by BEA and St. James’ Settlement, BEA Upcycles was designed as an inclusive campaign that embraced persons with and without disabilities, and inspired the public to adopt a green lifestyle. BEA Upcycles provided a variety of eco-friendly experiences for the public. Some artwork, co-created by persons with disabilities and BEA volunteers, were on exhibit at Cityplaza North, while other craft items were put up for sale, with proceeds going to charity. Other activities included workshops, a weaving lesson, and a virtual reality game. Persons with disabilities showcased their capabilities to the public by serving as workshop instructors and environmental ambassadors. The campaign enlisted the help of 115 volunteers and over 100 people with disabilities, and working youth, with nearly 6,000 participants visiting the exhibition.



HONG KONG

**SOCIAL WELFARE**

BEA regularly organises activities for elderly members of the community. The Bank's BEA Golden Adventures campaign provided opportunities for 175 volunteers to help conduct home visits and wellbeing activities for 300 senior citizens across Hong Kong. During these visits, volunteers completed home improvement projects, which the elderly residents would have had difficulties completing on their own. Short exercise sessions were also arranged by the volunteers to keep the residents active and healthy. In addition, a mural painting activity was arranged together with elderly residents to brighten up the community with messages conveying the importance of social inclusion.



**SOCIAL WELFARE**

Hong Kong's ageing population requires a reprioritisation of community needs. Over a decade ago, we saw a need for health systems to focus on care for terminal illnesses, specifically palliative care, while focusing on people-centred care. In response, the BEA Foundation joined forces with "la Caixa" Banking Foundation and The Salvation Army and established the Palliative Care Programme. Our sustained support of the Palliative Care Programme over the past 12 years demonstrates our vision of creating long-term social impact, such as promoting local awareness of end-of-life planning and driving legislative changes to advanced directives.



Over the past decade, the Palliative Care Programme has:

- provided input to a government consultation on Advance Directives and dying-in-place;
- published the first operational manual for palliative care in the residential setting in Hong Kong, which serves as an invaluable reference for those in the field;
- invented psycho-social assessment and intervention tools known as the "CORE-UPHOLD Model" for integrated palliative care services in residential care homes; and
- provided platforms for the medical-social sector to share knowledge and best practices from 10 years of action that mobilises future development.

In September, the Programme was elected as one of the winners of the "Champion for Change Award" for "Let's Join an IG Family", a social campaign encouraging elderly patients and family members to use Instagram as an opportunity to show affection to their loved ones and acquire new skills to create and preserve special moments together.



▲ Special family moments were captured during the Palliative Care Programme's award-winning campaign, "Let's Join an IG Family".

**SOCIAL WELFARE**

For the seventh consecutive year, BEA was the title sponsor of "The Community Chest BEA Charity Golf Day" which is an event raising funds for mental health services supported by The Community Chest of Hong Kong ("The Community Chest"). In 2022, 45 teams comprising over 180 golfers gathered at The Hong Kong Golf Club's Fanling golf course and showcased their skills, while raising nearly HK\$2.5 million for The Community Chest.

**MAINLAND CHINA**

**EDUCATION**

In 2022, the Shanghai Soong Ching Ling Foundation – BEA Charity Fund opened another two Firefly Centres in rural schools in China. These new centres are equipped with computers, desks and chairs, projectors, and books to support learning and development. To promote self-learning, we also donated approximately 1,000 Firefly Backpacks containing school supplies and reference books to underprivileged students. Through this programme, we further provided 4,783 hours of online training to 197 rural teachers and 40 principals, to ensure they have the skills necessary to impart knowledge.

For existing Firefly Centres, we systematically upgraded on-site or remote hardware facilities in 26 locations. Moreover, we purchased and distributed online courses for English and computer programming for six rural schools.



**SOCIAL WELFARE**

BEA China supported the Civil Public Welfare Organisation Funding Programme, which continued to fund six outstanding NGO projects, covering autism in children, elderly who lost their only child, and hospice care.

**SOCIAL WELFARE**

BEA China continued its active support of the Medical Road Peer Programme in cooperation with Huashan Hospital and the Shanghai Modern Service Industry Federation Medical Service Professional Committee. BEA China donated nearly HK\$1.05 million (CNY0.9 million) to help develop a training scheme to help nurses strengthen their skills and knowledge.

**EDUCATION**

In 2022, BEA China donated over HK\$581,000 (CNY500,000) to the Guizhou Charity Federation Guizhou-Hong Kong-Macao Tongxin Charity Special Fund to support local efforts to consolidate and expand the achievements of poverty alleviation and promote rural revitalisation.

**SOCIAL WELFARE**

BEA China donated over HK\$232,000 (CNY 200,000) to the Shanghai Children’s Medical Centre to establish the Mental Health for Medical Professionals Project designed to promote the physical and mental wellbeing of medical workers, especially those in the paediatric field on the frontline in the fight against the pandemic.

**SOCIAL WELFARE**

In January 2022, BEA China helped organise Spring Festival Caring Activities in 16 cities, with the help of 125 participating volunteers who devoted their time over the Lunar New Year period, contributing about 760 hours of volunteer time. The volunteers helped deliver daily necessities and anti-epidemic materials to elderly citizens and children with disabilities.

**ENVIRONMENT**

BEA China joined hands with the Society of Entrepreneurs and Ecology to launch the Chongming Dongtan Birds National Natural Reserve Coast Cleaning Activity in support of biodiversity conservation. Nearly 50 volunteers from BEA China cleaned up more than 60kg of plastic waste along the coast.



**EDUCATION**

Through the BEA Student Grant Programme, we provided financial aid to subsidise 59 disadvantaged students from across Mainland China, including those attending Fudan University and Central University of Finance and Economics.

**ENVIRONMENT**

From March to May 2022, environmental protection awareness raising activities were held across 22 cities. More than 630 volunteers and colleagues, contributing more than 2,300 hours of volunteer service, participated and invited their friends and relatives. They practiced green and low-carbon lifestyle principles through activities such as the planting of saplings, environmental protection trips, and bicycle tours.



OTHER MARKETS

SOCIAL WELFARE

Staff of our Kuala Lumpur Representative Office served as volunteers for the Kechara Food Bank, which has provided provisions and food to the homeless and urban-poor populations of Malaysia since 2012. Staff volunteers helped with food collection, sorting, and distribution. More than 150kg of food was successfully collected and distributed to those in need by the NGO.



EDUCATION

In August 2022, Taiwan Branch donated school supplies to underprivileged elementary school students. More than 1,500 items including backpacks, badminton rackets, and stationery were provided to students across five indigenous communities in Hualien.



SOCIAL WELFARE

For the ninth consecutive year, Macau Branch staff members supported the “Macau Famine” campaign organised by World Vision Macau by skipping a meal and donating the sum to help raise funds to provide emergency aid, food, and livelihood assistance to children and families affected by natural disasters in South Sudan and Somalia.

SOCIAL WELFARE

In September 2022, staff from Singapore Branch volunteered at Willing Hearts, a charity organisation that operates a soup kitchen, preparing and distributing about 11,000 daily meals to the elderly, persons with disability, low-income families, and migrant workers in Singapore.



SOCIAL WELFARE

In December 2022, Macau Branch joined the “Walk for a Million” organised by The Charity Fund from the Readers of Macao Daily News for a sixth consecutive year. In addition to participating in the charity walk, Macau Branch donated over HK\$9,700 (MOP10,000) towards the event.



SOCIAL WELFARE ENVIRONMENT

Taiwan Branch staff combined efforts towards environmental protection and social welfare with a clothing donation drive. In 2022, over 480 items of clothing were collected and donated to the Eden Social Welfare Foundation to help disadvantaged families while also preventing over 2.02 tonnes of carbon emissions, which would have been emitted had the clothes gone to landfill.

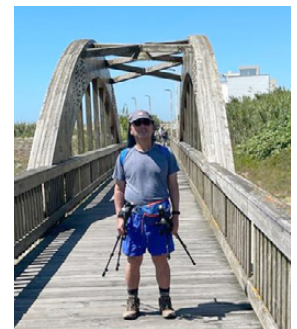
ENVIRONMENT

As carbon sponges, trees play a vital role in environmental protection. As such, our operations in Taiwan and Kuala Lumpur both separately arranged tree-planting activities in support of environmental stewardship and climate change. Our Taiwan colleagues planted trees near the Tamsui River Estuary, while in Kuala Lumpur, staff volunteered at the Free Tree Society Bangsar Nursery.



SOCIAL WELFARE

Mr Sim Joo Heng, a member of BEA's management team in the UK completed a sponsored walk from Portugal to Spain, a distance of over 270 kilometres to raise money for the charity Médecins Sans Frontières (Doctors Without Borders), raising over HK\$24,000 (nearly GBP2,500) in donations.



**OTHER MARKETS**

**SOCIAL WELFARE**

In London, BEA organised a bake sale for staff and other tenants of the London Branch building to raise funds for Macmillan Cancer Support, which provides services to people suffering from cancer. A similar bake sale was run by the Birmingham Branch for staff and customers of a local supermarket, also to raise funds for the same cause. Each event raised nearly HK\$5,800 (over GBP600), which will go towards providing emotional, practical, physical, and financial support through Macmillan Cancer Support.

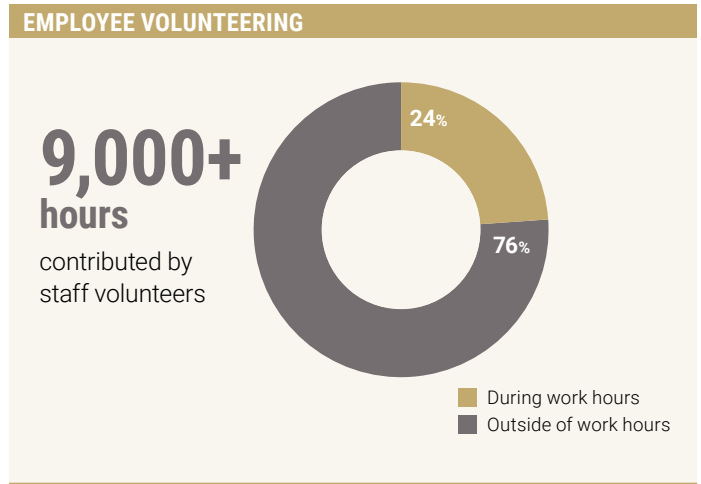
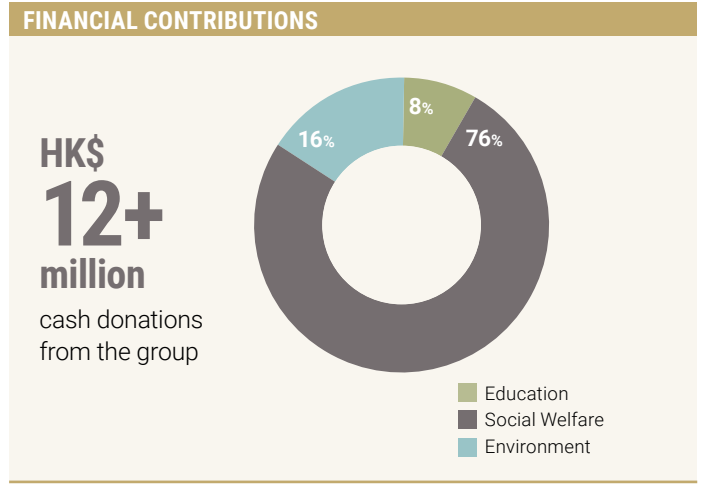
**ENVIRONMENT**

An Environmental Awareness Week was organised by the Manchester Branch where staff took part in a number of activities and challenges to support the Bank's commitment to environmental protection. For instance, staff members followed a plant-based diet to reduce their carbon footprint while they cycled, took public transport, or carpooled to work. Staff were also committed to recycling the right way, packing zero waste lunches and reducing waste in their daily lives.

**SOCIAL WELFARE**

All three of our branches in the UK organised a food donation drive in which staff sourced food to donate to local food banks to redistribute to those in need or who are struggling to afford enough food. These organisations provide people with the opportunity to have the food items they want at a low price or free of charge. Staff spent a total of over HK\$3,800 (over GBP400) of their own money to donate food items.

**2022 performance**



# OUR PERFORMANCE

## ECONOMIC PERFORMANCE

GRI Standard Reference	KPI	2022 (HKD Mn)	2021 (HKD Mn)	2020 (HKD Mn)
GRI 201-1	<b>Direct economic value generated and distributed</b>			
	Revenue	19,411	17,502	17,678
	Operating costs	2,844	2,817	2,886
	Employee compensation and benefits	5,491	5,521	5,069
	Payment to providers of capital	2,888	2,856	1,958
	Payments to government in <b>Hong Kong</b>	428	419	136
	Payments to government in <b>Mainland China</b>	8	4	52
	Payments to government in <b>Other markets</b>	301	249	127
	Total cash donations to charitable organisations	12	12	11
	Economic value retained	7,439	5,624	7,439
GRI 201-1	<b>Financial donations by location</b>			
	Hong Kong	9	6	6
	Mainland China	3	6	5
	Other markets	-	-	-
	Total cash donations to charitable organisations	12	12	11



## ENVIRONMENTAL PERFORMANCE

ESG Guide/ GRI Standard Reference	Indicator	Unit	2022	2021	2020
<b>Energy</b>					
GRI 302-1	<b>Energy consumption within the organisation</b>				
	Total energy consumption	gigajoules (GJ)	157,796.87	170,536.51	175,799.27
	Total electricity consumption	GJ	140,881.94	153,585.29	157,043.88
	Total heating purchased for consumption	GJ	0.00	0.00	0.00
	Total cooling purchased for consumption	GJ	0.00	0.00	0.00
a.	Total fuel consumption from non-renewable sources (Diesel oil, petrol and Towngas)	GJ	16,914.93	17,982.70	18,755.39
b.	Total fuel consumption from renewable sources	GJ	0.00	0.00	0.00
KPI A2.1	<b>Total direct and indirect energy consumption by type</b>				
	Total energy consumption	'000 kilowatt hours (kWh)	43,832.47	47,371.25	48,833.13
	Total electricity consumption	'000 kWh	39,133.87	42,662.58	43,623.30
	Total heating purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total cooling purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total fuel consumption from non-renewable sources (Diesel oil, petrol and Towngas)	'000 kWh	4,698.59	4,995.19	5,209.83
	Total fuel consumption from renewable sources	'000 kWh	0.00	0.00	0.00
GRI 302-3	<b>Overall energy intensity of the Group</b>				
	by Gross Floor Area (GFA)	GJ/m <sup>2</sup>	0.75	0.76	0.71
<b>Water</b>					
KPI A2.2	<b>Water consumption</b>				
	Total consumption of municipal fresh water	m <sup>3</sup>	133,788.15	113,581.68	104,533.89
	<b>Water intensity</b>				
	per square metre of GFA	m <sup>3</sup> /m <sup>2</sup>	0.64	0.50	0.43
<b>Air emissions</b>					
KPI A1.1	<b>Emissions from gaseous fuel consumption</b>				
GRI 305-7	Nitrogen Oxide (NOx)	kilograms (kg)	3.63	6.69	6.56
	Sulphur Oxide (SOx)	kg	0.02	0.03	0.03
	<b>Emissions from vehicles</b>				
	NOx	kg	641.01	688.77	705.80
	SOx	kg	6.82	6.92	7.27
	Particulate Matter	kg	53.76	58.08	59.66
<b>Carbon emissions<sup>i, ii, iii</sup></b>					
KPI A1.2	<b>Total greenhouse gas (GHG) emissions in Hong Kong</b>				
GRI 305-1	Scope 1 emissions	tonnes CO <sub>2</sub> e	1,183.46	1,443.34	1,255.75
GRI 305-2	Scope 2 emissions	tonnes CO <sub>2</sub> e	11,158.01	11,806.68	14,271.42
GRI 305-4	Scope 1 and 2 emissions	tonnes CO <sub>2</sub> e	12,341.47	13,250.02	15,527.17
	GHG emission intensity per unit of GFA	tonnes CO <sub>2</sub> e/m <sup>2</sup>	0.14	0.15	0.17
	<b>Total GHG emissions in Mainland China<sup>iv</sup></b>				
	Scope 1 emissions	tonnes CO <sub>2</sub> e	904.62	3,165.23	2,088.53
	Scope 2 emissions	tonnes CO <sub>2</sub> e	8,752.57	10,015.02	10,705.12
	Scope 1 and 2 emissions	tonnes CO <sub>2</sub> e	9,657.19	13,180.25	12,793.65
	GHG emission intensity per unit of GFA	tonnes CO <sub>2</sub> e/m <sup>2</sup>	0.09	0.12	0.09

## ENVIRONMENTAL PERFORMANCE (continued)

ESG Guide/ GRI Standard Reference	Indicator	Unit	2022	2021	2020
<b>Carbon emissions (continued)</b>					
<b>Total GHG emissions in other markets</b>					
	Scope 1 emissions	tonnes CO <sub>2</sub> e	286.87	186.92	127.04
	Scope 2 emissions	tonnes CO <sub>2</sub> e	1,035.09	1,326.42	1,586.61
	Scope 1 and 2 emissions	tonnes CO <sub>2</sub> e	1,321.95	1,513.34	1,713.65
	GHG emission intensity per unit of GFA	tonnes CO <sub>2</sub> e/m <sup>2</sup>	0.09	0.09	0.10
<b>Total GHG emissions of BEA Group</b>					
	Scope 1 emissions	tonnes CO <sub>2</sub> e	2,374.94	4,795.49	3,471.32
	Scope 2 emissions	tonnes CO <sub>2</sub> e	20,945.67	23,148.12	26,563.15
	Scope 1 and 2 emissions	tonnes CO <sub>2</sub> e	23,320.61	27,943.61	30,034.47
	GHG emission intensity per unit of GFA	tonnes CO <sub>2</sub> e/m <sup>2</sup>	0.11	0.12	0.12
<b>Waste</b>					
GRI 306-3	<b>All waste</b>		<b>587.18</b>	<b>714.43<sup>v</sup></b>	<b>732.19</b>
KPI A1.4	<b>Non-hazardous waste</b>				
	Paper <sup>vi</sup>	tonnes	310.97	424.25	487.98
	Food waste		20.09	3.00	6.46
	Other general non-hazardous waste		255.74	286.57 <sup>v</sup>	225.18
KPI A1.3	<b>Hazardous waste</b>				
	IT products		0.39	0.41	12.43
	Medical waste <sup>vii</sup>		N/A	0.20	0.14
GRI 306-4 a	<b>Waste diverted from landfill</b>		<b>337.51</b>	<b>431.22</b>	<b>503.89</b>
GRI 306-4 c	<b>Non-hazardous waste</b>				
	Paper recycled	tonnes	310.97	424.25	487.98
	Other recycled		26.15	6.55	3.48
GRI 306-4 b	<b>Hazardous waste</b>				
	IT products recycled		0.39	0.41	12.43
GRI 306-5 a	<b>Waste directed to disposal</b>		<b>249.67</b>	<b>283.21<sup>v</sup></b>	<b>228.31<sup>v</sup></b>
GRI 306-5 c	<b>Non-hazardous waste</b>				
	Landfill	tonnes	158.56	247.35 <sup>v</sup>	192.99
	Incineration		91.11	35.66	35.18
KPI A1.3	<b>Hazardous waste</b>				
	Medical waste <sup>vii</sup>		N/A	0.20 <sup>v</sup>	0.14
KPI A1.4	<b>Paper waste intensity</b>	kg per full-time employee	<b>37.15</b>	<b>48.35</b>	<b>51.17</b>

### Notes:

- Scope 1 and 2 GHG emissions were estimated according to the Stock Exchange's [How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs](#) and the Hong Kong Government's [Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong \(2010 Edition\)](#). Calculations use IPCC Sixth Assessment Report (AR6) Global Warming Potential figures where relevant.
- In 2022 following updated guidance from the Stock Exchange, we have updated the emission factors for Mainland China to the recommended national figure. The relevant emission figures for 2019-2021 have been updated to reflect these changes. In 2022, the latest emission factor issued from [The Ministry of Ecology and Environment of People's Republic of China \(2022\)](#) has been used.
- Scope 2 GHG emissions are calculated based on electricity and Towngas consumed, as well as the corresponding emission factors, as provided by the utility companies in Hong Kong and overseas.
- The decrease in carbon emissions can be attributed mainly to Mainland China's COVID-19 policies, which led BEA China to consume less electricity, fuel, refrigerants, etc.
- Figures have been restated.
- Paper waste data only includes copy paper and IT paper, which makes up most of the paper used.
- Blue Care JV (BVI) Holdings Limited was sold to AIA Group Limited during the 2022 reporting period. No medical waste was generated in year 2022.

## WORKFORCE DATA

ESG Guide/ GRI Standard Reference	Employee information	2022	2021	2020	
GRI 2-7, 2-8 KPI B1.1	<b>Total number</b>	<b>8,451</b>	<b>8,822</b>	<b>9,536</b>	
	Male	3,508	3,596	3,857	
	Female	4,943	5,226	5,679	
	<b>Permanent Contract</b>				
	Male	3,470	3,544	3,787	
	Female	4,900	5,171	5,610	
	<b>Fixed Term / Temporary Contract</b>				
	Male	38	52	70	
	Female	43	55	69	
	<b>Hong Kong</b>				
	Permanent Contract	4,762	4,981	5,448	
	Fixed Term / Temporary Contract	71	76	128	
	<b>Mainland China</b>				
	Permanent Contract	3,058	3,189	3,369	
	Fixed Term / Temporary Contract	0	20	1	
	<b>Other markets</b>				
	Permanent Contract	550	545	580	
	Fixed Term / Temporary Contract	10	11	10	
	<b>Full time</b>				
	Male	3,500	3,588	3,838	
	Female	4,907	5,186	5,610	
	<b>Part time</b>				
	Male	8	8	19	
Female	36	40	69		
Under 30	1,077	1,204	1,569		
Aged 30-50	5,888	6,105	6,464		
Over 50	1,486	1,513	1,503		

401-1 a.	New hires	2022		2021		2020	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	<b>Overall</b>	<b>1,511</b>	<b>18.1</b>	<b>1,199</b>	<b>13.8</b>	<b>1,190</b>	<b>12.8</b>
	Male	756	21.8	601	17.0	581	15.4
	Female	755	15.5	598	11.7	609	11.0
	Under 30	534	51.2	422	36.8	437	29.4
	Aged 30-50	894	15.3	707	11.6	696	10.9
	Over 50	83	5.8	70	4.8	57	4.0
	Hong Kong	1,153	24.4	802	16.2	766	14.3
	Mainland China	257	8.4	326	10.2	338	10.0
	Other markets	101	18.5	71	13.2	86	15.0

**WORKFORCE DATA (continued)**

401-1 b.	Turnover	2022		2021		2020	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	<b>Overall</b>	<b>1,646</b>	<b>19.8</b>	<b>1,719</b>	<b>19.8</b>	<b>1,462</b>	<b>15.7</b>
	Male	768	22.2	773	21.9	687	18.2
	Female	878	18.1	946	18.4	775	14.0
	Under 30	426	40.9	505	44.0	392	26.4
	Aged 30-50	1,016	17.4	1,030	17.0	905	14.1
	Over 50	204	14.2	184	12.7	165	11.6
	Hong Kong	1,160	24.6	1,106	22.4	717	13.4
	Mainland China	388	12.7	496	15.6	648	19.2
	Other markets	98	17.9	117	21.7	97	16.9

401-3	Return to work and retention after parental leave, by gender	2022		2021		2020	
		Male	Female	Male	Female	Male	Female
a.	Proportion of total workforce entitled to parental leave (%)	95.4	96.6	96.2	96.6	96.7	96.6
b.	Number of people who took parental leave	152	365	87	214	127	191
c.	Number of people who returned to work after parental leave	136	294	87	178	119	180
d.	Total employees retained 12 months after returning from parental leave	73	160	96	246	103	208
e.	Return to work rate (%)	89.5	84.7	100.0	91.8	94.4	95.7
f.	Retention rate (%)	83.9	89.9	79.3	82.3	79.2	69.6

Workplace injuries and fatalities <sup>i</sup>		2022		2021		2020	
403-9 a.	No. of fatalities	Total	Rate	Total	Rate	Total	Rate
<b>KPI B2.1</b>	<b>Overall</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
403-9 a.	High consequence work-related injuries	Total	Rate	Total	Rate	Total	Rate
	<b>Overall</b>	<b>6</b>	<b>0.07</b>	<b>8</b>	<b>0.09</b>	<b>4</b>	<b>0.04</b>
	Hong Kong	4	0.08	8	0.16	4	0.07
	Mainland China	2	0.06	0	0.00	0	0.00
	Other markets	0	0.00	0	0.00	0	0.00
403-9 a.	Recordable work-related injuries	Total	Rate	Total	Rate	Total	Rate
	<b>Overall</b>	<b>7</b>	<b>0.08</b>	<b>10</b>	<b>0.11</b>	<b>14</b>	<b>0.15</b>
	Hong Kong	4	0.08	5	0.10	7	0.13
	Mainland China	3	0.10	3	0.09	4	0.12
	Other markets	0	0.00	2	0.36	3	0.68
KPI B2.2	Lost days due to work related injury	Total		Total		Total	
	<b>Overall</b>	<b>1,589</b>		<b>749</b>		<b>832</b>	
	Hong Kong	934		578		618	
	Mainland China	655		169		214	
	Other markets	0		2		0	

GRI 405-1	Composition of the Board of Directors	2022
	Male	94%
	Female	6%
	Under 30	0%
	Aged 30-50	24%
	Over 50	76%

## Notes:

i. Rates are based on 200,000 hours worked (100 employees working 40 hours per week for 50 weeks) in line with guidance provided by GRI Standards disclosure 403-9.

## SOCIAL DATA

ESG Guide/ GRI Standard Reference	Indicator	2022
<b>Human Rights and Society</b>		
GRI 406-1	Total number of incidents of discrimination and corrective actions taken	0
GRI 205-3 KPI B7.1	Confirmed incidents of corruption and actions taken	0
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	1 <sup>i</sup>
<b>Product responsibility</b>		
GRI 417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0
GRI 418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0

Note:

- i. In January 2022, BEA China was fined RMB 16.74 million by the Shanghai Branch of the People's Bank of China for violating credit information collection, provision, inquiry, and related management regulations and was ordered to rectify within a given timeframe. BEA China has always placed a great importance to operational compliance. The issues spotlighted by the Shanghai Branch of the People's Bank of China's inspections are given the utmost importance and are treated seriously. Remedial actions in accordance with regulatory requirements have been made. BEA China will review its operations to prevent further compliance risks and maintain stable operations and strengthen credit management.

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# APPENDICES

## ESG GUIDE CONTENT INDEX

Our 2022 ESG Report has been developed in line with the most recent version of the Environmental, Social, and Governance Reporting Guide contained in Appendix 27 to The Rules Governing the Listing of Securities on the Stock Exchange.

A. Environmental		Page / Remark
<b>A1 Emissions</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	67-72
A1.1	The types of emissions and respective emissions data.	82-83
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	82-83
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	83 Hazardous waste is not material to the operations of BEA as a commercial bank. We therefore report a breakdown in tonnes produced, however an intensity figure for hazardous waste is not considered appropriate.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	83
A1.5	Description of measures to mitigate emissions and results achieved.	67-69
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	71-72
<b>A2 Use of Resources</b>		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	69-72
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).	82
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	82
A2.3	Description of energy use efficiency initiatives and results achieved.	69-72
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water is not material to the operations of BEA as a commercial bank.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not material to the operations of BEA as a commercial bank.
<b>A3 The Environment and Natural Resources</b>		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	69-72
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	69-72



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A. Environmental		Page / Remark
<b>A4 Climate Change</b>		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	32-40
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	
B. Social		Page / Remark
<b>B1 Employment</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	58-60, 63-65
B1.1	Total workforce by gender, employment type, age group and geographical region.	59-60, 84
B1.2	Employee turnover rate by gender, age group and geographical region	85
<b>B2 Health and Safety</b>		
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.	65-66
B2.1	Number and rate of work-related fatalities.	85
B2.2	Lost days due to work injury.	85
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	65-66
<b>B3 Development and Training</b>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	58-63
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	100% trained
B3.2	The average training hours completed per employee by gender and employee category.	62
<b>B4 Labour Standards</b>		
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.	73-74
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Forced labour is not material to the operations of BEA as a commercial bank. We have provided a description of how we manage our supply chain on pages 73-74 of this Report.
B4.2	Description of steps taken to eliminate such practices when discovered.	

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B. Social		Page / Remark
<b>B5 Supply Chain Management</b>		
General disclosure	Policies on managing environmental and social risks of the supply chain.	73-74
B5.1	Number of suppliers by geographical region.	74
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	73-74
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
<b>B6 Product Responsibility</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	46-56
B6.1	Percentage of products subject to recalls for safety and health reasons.	Forced product recalls are not material to the operations of BEA as a commercial bank.
B6.2	Number of products and service-related complaints received and how they are dealt with.	55-56, 86
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights are not material to the operations of BEA as a commercial bank.
B6.4	Description of quality assurance process and recall procedures.	See B6.1
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	46-50
<b>B7 Anti-corruption</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	28-31
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.	86
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	29
B7.3	Description of anti-corruption training provided to directors and staff.	28-31
<b>B8 Community Investment</b>		
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.	75
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	75
B8.2	Resources contributed (e.g. money or time) to the focus area.	76-81

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## GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
<b>GRI 2</b>	<b>General Disclosures 2021</b>		
2-1	Organisational details	18	Listed on the Stock Exchange of Hong Kong; Also refer to <a href="#">Annual Report 2022</a>
2-2	Entities included in the organisation’s sustainability reporting	17-18	
2-3	Reporting period, frequency and contact point	17	
2-4	Restatements of information	-	Relevant restated information is detailed in <a href="#">Our Performance</a> section.
2-5	External assurance	98	
2-6	Activities, value chain and other business relationships	17-18	Also refer to <a href="#">Annual Report 2022</a>
2-7	Employees	18, 84	
2-8	Workers who are not employees	84	
2-9	Governance structure and composition	21-23	
2-10	Nomination and selection of the highest governance body	21-23	
2-11	Chair of the highest governance body	21-23	
2-12	Role of the highest governance body in overseeing the management of impacts	21-23	
2-13	Delegation of responsibility for managing impacts	21-23	
2-14	Role of the highest governance body in sustainability reporting	21-23	
2-15	Conflicts of interest	28-30	
2-16	Communication of critical concerns	30, 54, 63-64	
2-17	Collective knowledge of the highest governance body	28-31	
2-18	Evaluation of the performance of the highest governance body	21-23	For more information please see the Corporate Governance Report of our <a href="#">Annual Report 2022</a> .
2-19	Remuneration policies	-	For more information please see the Corporate Governance Report of our <a href="#">Annual Report 2022</a> .
2-20	Process to determine remuneration	-	For more information please see the Corporate Governance Report of our <a href="#">Annual Report 2022</a> .
2-21	Annual total compensation ratio	-	For more information please see the Corporate Governance Report of our <a href="#">Annual Report 2022</a> .
2-22	Statement on sustainable development strategy	2-3	
2-23	Policy commitments	19, 23	
2-24	Embedding policy commitments	19-20, 23, 94	Details for specific material topics can be found under each respective Management Approach sections.
2-25	Processes to remediate negative impacts	20, 28-31, 73-74	
2-26	Mechanisms for seeking advice and raising concerns	28-31, 54-55, 63-64	
2-27	Compliance with laws and regulations	28-31, 86, 94	
2-28	Membership associations	95-96	
2-29	Approach to stakeholder engagement	24-26, 93	
2-30	Collective bargaining agreements	-	The majority of the Group’s employees are located in Hong Kong and the rest of Greater China, where there are no collective bargaining arrangements. In Singapore, 9% of BEA’s employees are covered by collective bargaining agreements. We also maintain clear and open grievance channels for employees to raise concerns.

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
<b>Material Topics</b>			
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	24-26, 93	
3-2	List of material topics	26-27, 93	
<b>GRI 201: Economic Performance 2016</b>			
3-3	Management of material topics	19-20, 28-31, 32-46	
201-1	Direct economic value generated and distributed	81	Also refer to <a href="#">Annual Report 2022</a>
201-2	Financial implications and other risks and opportunities due to climate change	28-31, 32-46	
<b>GRI 203: Indirect economic impacts 2016</b>			
3-3	Management of material topics	19-20, 56-57	
203-2	Significant indirect economic impacts	56-57	
<b>GRI 205: Anti-corruption 2016</b>			
3-3	Management of material topics	19-20, 28-31	
205-2	Communication and training on anti-corruption	28-31	
205-3	Confirmed incidents of corruption and actions taken	86	
<b>GRI 207: Tax 2019</b>			
3-3	Management of material topics	19-20, 30-31	
207-1	Approach to tax	30-31	
<b>GRI 301: Materials 2016</b>			
3-3	Management of material topics	19-20, 69-72	
301-1	Materials used by weight or volume	69-72	
<b>GRI 302: Energy 2016</b>			
3-3	Management of material topics	19-20, 69-72	
302-1	Energy consumption within the organisation	82	
302-3	Energy intensity	82	
302-4	Reduction of energy consumption	69-72	
<b>GRI 305: Emissions 2016</b>			
3-3	Management of material topics	19-20, 67-69	
305-1	Direct (Scope 1) GHG emissions	82	
305-2	Energy indirect (Scope 2) GHG emissions	82	
305-4	GHG emissions intensity	82	
305-5	Reduction of GHG emissions	67-69	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	82	
<b>GRI 306: Waste 2020</b>			
3-3	Management of material topics	19-20, 69-72	
306-1	Waste generation and significant waste related impacts	69-72	
306-2	Management of significant waste-related impacts	69-72	
306-3	Waste generated	83	
306-4	Waste diverted from disposal	83	
306-5	Waste directed to disposal	83	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
3-3	Management of material topics	19-20, 73-74	
308-1	New suppliers that were screened using environmental criteria	73-74	

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
<b>GRI 401: Employment 2016</b>			
3-3	Management of material topics	19-20, 58-60	
401-1	New employee hires and employee turnover	84-85	
401-3	Parental leave	85	
<b>GRI 402: Labour/ Management Relations 2016</b>			
3-3	Management of material topics	19-20	
GRI 402-1	Minimum notice periods regarding operational changes	-	While the Group does not have a minimum notice period in place, we strive to ensure that employees are kept informed, as soon as practical, of any operational changes that could significantly affect them.
<b>GRI 403: Occupational Health and Safety 2018</b>			
3-3	Management of material topics	19-20, 65-66	The Group operates in the financial service industry where the risk of fatalities and severe injuries on the job is minimal. We have chosen to include employee wellness and mental health, as stress is a significant risk in our industry.
403-9	Work-related injuries	85	
<b>GRI 404: Training and Education 2016</b>			
3-3	Management of material topics	19-20, 60-63	
404-1	Average hours of training per year per employee	61-62	
<b>GRI 405: Diversity and Inclusion 2016</b>			
3-3	Management of material topics	19-20, 63-65	
405-1	Diversity of governance bodies and employees	59, 84-85	
<b>GRI 406: Non-discrimination 2016</b>			
3-3	Management of material topics	19-20, 63-65	
406-1	Incidents of discrimination and corrective actions taken	86	
<b>GRI 413: Local Communities 2016</b>			
3-3	Management of material topics	19-20, 75	
413-1	Operations with local community engagement, impact assessments, and development programmes	76-80	
<b>GRI 414: Supplier Social Assessment 2016</b>			
3-3	Management of material topics	19-20, 73-74	
414-1	New suppliers that were screened using social criteria	73-74	
<b>GRI 417: Marketing and Labelling 2016</b>			
3-3	Management of material topics	19-20, 50-56	
417-3	Incidents of non-compliance concerning marketing communications	86	
<b>GRI 418: Customer Privacy 2016</b>			
3-3	Management of material topics	19-20, 46-50	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	86	
<b>GRI 419: Socioeconomic Compliance 2016</b>			
3-3	Management of material topics	19-20, 28-31	
419-1	Non-compliance with laws and regulations in the social and economic area	86	

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## IMPACT OF MATERIAL TOPICS ON STAKEHOLDERS

[GRI 2-29]

### Reporting principles

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

Each year, we review our material topics and engage stakeholders to understand the ESG topics that are most relevant to our business and influence our stakeholders’ decision-making regarding BEA. We then ensure we have relevant performance indicators in place to monitor and manage our impacts. These metrics have been identified through the application of the GRI Standards framework, the Stock Exchange’s ESG reporting guidance, ESG ratings agency information requests, and peer benchmarking.

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

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

Material Topics	Area of Impact				
	Within the Group	Investors	Suppliers	Customers	Community and ecosystems
<b>RESPONSIBLE BUSINESS</b>					
Business ethics	•	•	•	•	•
Cybersecurity and data privacy	•	•	•	•	•
ESG risk management	•	•	•		•
Sustainable and climate-aligned finance	•	•		•	•
Financial literacy				•	•
Treating customers fairly	•	•		•	
<b>RESPONSIBLE OPERATIONS</b>					
Talent attraction and retention	•			•	
Training and development	•			•	
Diversity and equal opportunity	•	•			•
Health, safety, and wellbeing	•	•	•	•	•
Carbon emissions reduction	•		•		
Sustainable resource use	•		•	•	
Responsible supply chain management	•		•		
<b>RESPONSIBLE CITIZEN</b>					
Community partnerships	•				•
Volunteering	•				•



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## OUR ESG-RELATED POLICIES AND STATEMENTS

[GRI 2-24, 2-27]

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

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## CHARTERS, MEMBERSHIPS, AWARDS, AND RECOGNITION

### Charters

Charter / Scheme	Name of Association, NGO, Chamber	Year charter was adopted	Locations where charter is applicable
<b>BEA</b>			
Sustainable Procurement Charter	Green Council	2018	Hong Kong
Charter on External Lighting	Environment Bureau	2016	Hong Kong
Wood Recycling & Tree Conservation Scheme	Hong Kong Environmental Protection Association	2016	Hong Kong (BEA Tower)
Quality Water Supply Scheme for Buildings - Fresh Water (PLUS) Basic Plan	Water Supplies Department	2016	Hong Kong (BEA Head Office)
Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme	Labour and Welfare Bureau, the Rehabilitation Advisory Committee, The Hong Kong Council of Social Services ("HKCSS"), and the Hong Kong Joint Council for People with Disabilities	2015	Hong Kong
Treat Customers Fairly Charter	HKMA	2013	Hong Kong

### Memberships

[GRI 2-28]

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

Title Held / Level	Name of Association, NGO, Chamber
<b>BEA</b>	
Corporate (Full Member)	Asia Pacific Loan Market Association
Corporate	Asian Bankers Association
Corporate	The Chamber of Hong Kong Listed Companies
Corporate	The Hong Kong Institute of Bankers
Institutional Membership	Treasury Markets Association
Member	Hong Kong Association of Banks
Silver Member	WWF - Hong Kong
Jade Member	HKCSS
Chairman of Executive Committee	St. James' Settlement
Chairman of the Advisory Board	The Salvation Army

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**Memberships (continued)**

Title Held / Level	Name of Association, NGO, Chamber
<b>BEA China</b>	
Vice President (Corporate)	China Banking Association (“CBA”)
Director (Corporate)	CBA
Vice President	CBA
Deputy Director of the Foreign Bank Work Committee	CBA
Director (Corporate)	Green Finance Committee, China Society for Finance and Banking
Vice President (Corporate)	Shanghai Banking Association (“SBA”)
Vice President	SBA
Director of the Foreign Bank Committee	SBA
Deputy Director General (Corporate)	Shanghai Financial Association (“SFA”)
Deputy Director	SFA
Managing Director (Corporate)	Shanghai Finance Institute (“SFI”)
Managing Director	SFI
<b>London Branch</b>	
Member	Association of Foreign Banks
Member	Hong Kong Association
Member	Hong Kong Trade Development Council (“HKTDC”)
Member	UK Chinese Bankers Association
Member	Hong Kong Economic Trading Office
Member	The Guild of International Bankers
Member	Loan Market Association
<b>Macau Branch</b>	
Supervisory Board Vice-Chairman	The Macau Association of Banks
<b>Singapore Branch</b>	
Member	The Association of Banks in Singapore
Member	Institute of Banking and Finance Singapore
Member	The Singapore National Employers Federation
<b>Taiwan Branch</b>	
Managing Director	Hong Kong Business Association in Taiwan
Director	Association of Taiwan Listed Companies
<b>BEA Trustees</b>	
Member	Hong Kong Trustees’ Association Limited
Member	The Hong Kong Retirement Schemes Association
<b>EADIS</b>	
Member	Guangzhou Association of Service Trade & Outsourcing
Member	Guangdong Service Outsourcing Industry Association
Member	Guangzhou Volunteers Association
<b>BEA Union Investment</b>	
Member	Hong Kong Investment Funds Association
Member of HKTDC Financial Services Advisory Committee	HKTDC
Member of Ethics Review Committee & Member of Policy Research Committee	Institute of Financial Planners of Hong Kong
Member	Financial Services Development Council
Member	CFA Institute
Member of Executive Committee	Hong Kong Investment Funds Association
Signatory Member	United Nations Principles for Responsible Investments

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## Awards and Recognition

Award	Awarding body
<b>BEA</b>	
1. Outstanding Award for Green and Sustainable Loan Facilitator (Printing & Communication Industry) - Visionary Sustainability-linked Loan Performance Metrics	Hong Kong Quality Assurance Agency
2. "Award of Excellence" and "Diamond Award" in the Corporate & Employee Contribution Programme 2021/2022 (for the 28 <sup>th</sup> consecutive year)	The Community Chest
3. Named "Caring Company" (for the 19 <sup>th</sup> consecutive year)	HKCSS
4. "Good MPF Employer 5 Years+" (for the eighth consecutive year), "MPF Support Award" (for the sixth consecutive year), and "e-Contribution Award" (for the sixth consecutive year)	Mandatory Provident Fund Schemes Authority
5. ERB Manpower Developer Award Scheme (for the 11 <sup>th</sup> consecutive year)	Employees Retraining Board
6. Best HR Awards 2022 - Best Data Literacy Award	CTgoodjobs
7. The Community Chest Virtual Walk for Millions 2021/22 – 1st Runner Up of Top Fund-raisers Award (Individuals)	The Community Chest
8. Named as one of the "World's Most Socially Responsible Banks 2022"	Newsweek
9. KPMG Future - ESG Awards - 2022 Outstanding Contribution to Society Award	KPMG
10. "ESG Special Recognition Award" in the TVB ESG Awards 2022	Television Broadcasts Limited
11. Constituent member of Hang Seng Corporate Sustainability Benchmark Index, 2022-2023	Hang Seng Indexes Company Limited
12. Greater Bay Area Business Sustainability Index - Top 20 companies of the Hang Seng Stock Connect Hong Kong Greater Bay Area Index	The Chinese University of Hong Kong Business School
13. "Wastewi\$e Certificate – Excellence Level" for BEA's Head Office Building and BEA Tower	Environmental Campaign Committee
14. "Energywi\$e Certificate – Excellence Level" for BEA's Head Office Building and BEA Tower	Environmental Campaign Committee
15. "IAQwi\$e Certificate – Excellence Level" for BEA Tower	Environmental Campaign Committee
16. Indoor Air Quality Certificate – Excellence Class and Commendation Scheme on Source Separation of Commercial and Industrial Waste – Certificate of Merit (Mixed Office)	Environmental Protection Department
<b>BEA China</b>	
17. "Golden Promise Award" – Outstanding Annual Corporate Social Responsibility Programme in the Chinese Financial Industry	China Banking and Insurance News
18. 2021 China Golden Tripod Award - Annual ESG Financial Pioneer	National Business News
19. 2022 Typical Case Selection of CSR Competitiveness - Model Enterprise of Sustainable Development	China Business Journal
20. "Sustainable Development Contribution Enterprise" and "Top Ten Influential CSR Project" under the "2022 Honour Award"	Social Responsibility Conference
21. "Special Contribution Award" of Youth Leadership Training Camp	Shanghai - Hong Kong Universities Alliance

## STATEMENT OF ASSURANCE

[GRI 2-5]



### Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by The Bank of East Asia, Limited (“BEA”) to undertake independent verification for its 2022 Environmental, Social, and Governance Report (“the Report”). The Report disclosed the sustainability performance and efforts of BEA for the period from 1st January to 31st December, 2022 for its business and operations in Hong Kong, Mainland China, and other markets the BEA Group serves.

The aim of this verification is to provide reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards 2021”), and Environmental, Social, and Governance Reporting Guide (“ESG Guide”) contained in Appendix 27 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). In addition, the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) were referenced in the development of this Report.

### Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The verification process was designed to establish a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set in the GRI Standards 2021, the Stock Exchange ESG Guide, and the TCFD recommendations.

The verification process included verifying the systems and processes implemented for collecting, collating, and reporting the sustainability performance data; reviewing relevant documentation; interviewing responsible personnel with accountability for preparing the reporting contents;

and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

### Independence

BEA is responsible for the collection and presentation of the information presented in this Report. HKQAA was not involved in the calculations, compilation, or development of the Report. HKQAA’s verification activities are independent from BEA.

### Conclusion

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

- the Report has been prepared in accordance with the GRI Standards 2021, the Stock Exchange ESG Guide, and the TCFD recommendations;
- the Report illustrates the sustainability performance of BEA, covering all material aspects, in a balanced, comparable, clear, and timely manner; and
- the data and information disclosed in the Report are reliable and complete.

### Signed on behalf of Hong Kong Quality Assurance Agency

#### Connie Sham

Head of Audit  
February 2023



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