



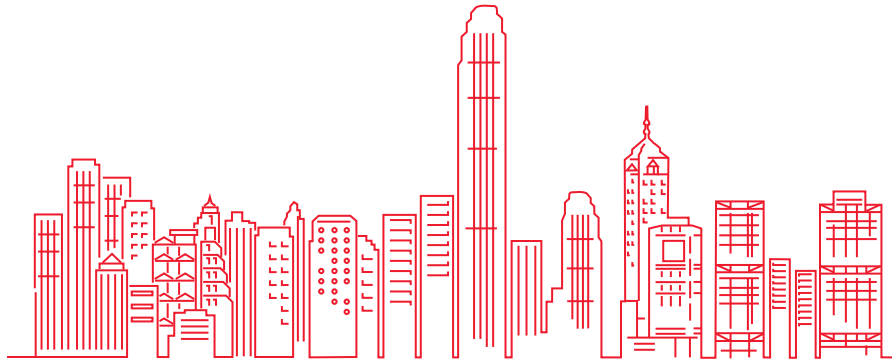
BEA 東亞銀行

(Stock Code 股份代號：23)

百年成就

2018

Environmental, Social, and Governance Report 環境、社會及管治報告



Firefly Centre Development Programme Phase II Signing Ceremony
「萤火虫中心」发展计划第二期签约仪式

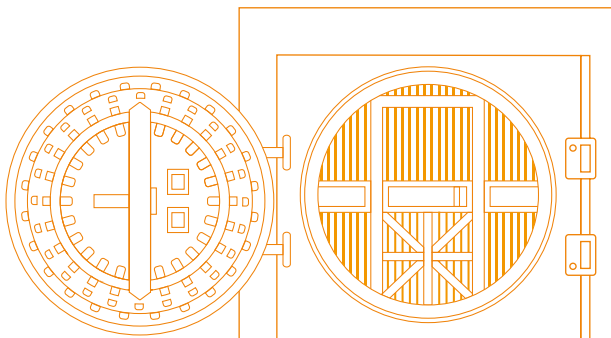
BEA 東亞銀行

BEA 東亞銀行
上海東亞郵儲銀行 - 東亞銀行公營聯業

La Caixa Foundation

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ABOUT THIS REPORT

In 2019, The Bank of East Asia, Limited (“BEA” or the “Bank”) celebrates 100 years of customer-focussed delivery of financial services. Therefore, in addition to covering our environmental, social, and governance (“ESG”) performance, this report reflects upon the past 100 years, covering the development of Hong Kong’s banking industry, the important milestones in our history, and our longstanding commitment to the community.

The BEA 2018 ESG Report has been produced in accordance with the Global Reporting Initiative (“GRI”) Standards, Core option, and complies with the provisions of the ESG Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). HKEX and GRI Content Indexes are provided on pages 38–50.

This report provides information to stakeholders about the approach of BEA and its subsidiaries (collectively the “BEA Group” or the “Group”) to corporate social responsibility (“CSR”). The report is shaped by the findings of the materiality review we conducted in 2018. Comparative and quantitative data within the report covers the 2018 calendar year.

The information and data in this report covers the following Group members across their operations in Hong Kong, Mainland China, and other markets:

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

Additional disclosures can be found in the appendices, including details of our stakeholder engagement approach, materiality assessment process, memberships, charters, awards, and key performance data. This report is available online at: www.hkbea.com.

YOUR FEEDBACK

We would like to hear what you think about our ESG Report or any other aspect of our CSR performance. Please send comments to BEA’s Corporate Communications Department at:

E-mail: CSR@hkbea.com

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



CHAIRMAN'S MESSAGE

Dr. the Hon. Sir David Li Kwok-po
Chairman & Chief Executive

On our centenary, my colleagues and I at The Bank of East Asia have sought out the views of our customers and the communities that we serve, to learn how well we have met the expectations of our stakeholders. That effort culminated in a new mission statement for the Bank, in which we pledge to ensure that every customer experience is positive. We recognise that this is a significant commitment: Our ESG practices, together with the quality of our service, form the foundation of our ability to meet this pledge.

Throughout our history, we have grown alongside our customers, anticipating evolving financial needs. We are deeply aware of our responsibility as a provider of financial services. We help individuals and businesses plan for the future, facilitating the growth and advancement of the communities in which we operate. We are committed to sustainability, and we seek at all times to mitigate risk and fortify the trust that our stakeholders have placed in us.

We have established a principled statement of the operating practices that we demand of ourselves and of our suppliers. In 2018, we conducted an assessment of our supply chains. Going forward, we will be implementing the recommendations from this process.

We are focussed on the future of banking, employing three key approaches: Smart products and services,

innovation and collaboration. Our Innovation Centre, now in its fourth year of operation, has proven to be an effective testing ground to develop new approaches and explore ground-breaking ideas.

New technology presents both a challenge and an opportunity as we strive to carry out our mission. Last year, we completed the transformation of our Hong Kong branch network into the first fully digitalised local banking network. This places us in an advantageous position to benefit from new fintech initiatives, and to offer more efficient and better tailored services to our clients.

We recognise that our long-term success depends on our ability to encourage stronger, healthier and more prosperous communities. In the lead-up to our centenary, our “100 Acts of Kindness” campaign has initiated a range of environmental and educational programmes that seek to put knowledge into practice. We invest in young people by providing scholarships and by supporting youth activity groups.

This report celebrates our past success and our recent progress from an environmental, social, and governance perspective. The success of our Bank is not ours alone; progress is intrinsically linked to our customers, employees, directors, investors, and business partners. With your support and, importantly, your feedback, we will continue to aim higher to meet your expectations and to embark on a new century of responsible growth.

100 YEARS OF COMMITMENT AND SUCCESS



1918 BEA is established by local business leaders to support entrepreneurs who needed modern financial services that neither foreign banks nor traditional Chinese "yin-hao" could provide.

1920 BEA opens a branch in Shanghai. The Bank has maintained a continuous presence on the Mainland since then.

1921 The Bank introduces safe deposit box service to Hong Kong, a service that continues to be extremely popular today.

1924 BEA supports Kowloon's development by becoming the first bank to open a branch on the peninsula.

1939 BEA promotes Chinese National Salvation bonds to Hong Kong residents, raising millions of dollars in support of China's war effort.

1941 During Japan's invasion of Hong Kong, BEA opens its bank vault as an air raid shelter for residents and provides food to refugees. As the city faces hardship, the Bank sells properties to buy rice, which is distributed among its employees.

1970 BEA becomes the first local financial institution to link branches by computer so customers can conveniently access banking services at any branch in Hong Kong.

1970s The Bank sets up its first training centre and develops training programmes to help staff members improve their skills and advance their careers.

2010 The BEA Foundation and "la Caixa" Foundation join hands with The Salvation Army Hong Kong and Macau Command to establish the Palliative Care in Residential Care Homes for the Elderly Programme.

2012 The cross-divisional BEA Volunteer Team is established. BEA issues its first standalone GRI-adherent ESG report.

2013 The Group's CSR Working Group and CSR Policy are established. BEA becomes a signatory to the Treat Customers Fairly Charter. The BEA Parent-Child Reading Programme is launched. The Institute for Advanced Study Bank of East Asia Chair is established at The Hong Kong University of Science and Technology.

2014 The Bank's digital branch concept is introduced to the general public. At the end of 2017, BEA becomes the first bank in Hong Kong to operate a fully digitalised branch network, which is less reliant on paper to conduct customer transactions. The BEA University Scholarship Programme for Staff Members' Dependents is introduced. The BEA "High Five" Club is launched.

2015 The Group's Environmental Policy is established. BEA signs the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme.



BEA celebrates its 30th Anniversary by donating HK\$100,000 to local charities.

1949

BEA helps finance Hong Kong's industrial development, spreading "Made in Hong Kong" products around the world.

1950-1970s

1969

On the occasion of its 50th Anniversary, BEA establishes a HK\$500,000 scholarship fund for university students.

BEA jointly establishes China's first Sino-foreign joint venture finance company, China International Finance Company Limited (Shenzhen), to provide sophisticated financial services to companies in Mainland China.

1986

On the occasion of its 75th Anniversary, the Bank expands its support for university students by establishing a HK\$2 million scholarship fund.

1993

1982

BEA is a founding member of JETCO, which launches Hong Kong's first inter-bank network of automatic teller machines.

2003

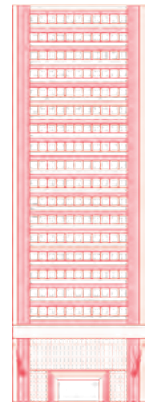
BEA donates HK\$2 million to the Faculty of Medicine of The University of Hong Kong in support of medical teaching and research and HK\$500,000 to The Chinese University of Hong Kong to establish rehabilitation programmes for SARS patients.

2008

The Online Donation Services platform is launched for non-governmental organisations ("NGOs") to capture donations via their websites.

2005

The Bank opens its BEA Tower offices in Kowloon, enhancing efficiency by consolidating its back office in one intelligent office building.



BEA issues its Slavery and Human Trafficking Statement.

The Bank donates HK\$5 million to the Hong Kong Red Cross in support of the opening of Hong Kong's largest blood collection centre.

BEA becomes a signatory of the Charter on External Lighting.

BEA strengthens its supply chain management by launching its Supplier Code of Conduct.

2016

The BEA Youth Makerspace Programme is launched.

The BEA Inspiring Student Scholarship Programme is launched for university students with special educational needs ("SEN").

2018



100 百年成就
 成就百年
 TODAY'S SUCCESS TOMORROW'S LEGACY

2019

HOW WE AT BEA VIEW SUSTAINABILITY

At BEA, sustainability is about...



...good corporate governance, which guides our Group in its business and operations, and in how it interacts with its shareholders, customers, employees, and other stakeholders.

Alson Law
Secretarial Department



...providing a positive and supportive working environment for our staff members, plus enabling them to achieve a healthy work-life balance.

Ernest Chin
Human Resources Department

...ensuring that our product information and marketing messages are accurate and easy for our customers to understand.

Jerry Kang
Marketing and Communications Department, BEA China



I promote sustainability in my work by...



...striving to ensure that we provide our customers with products and services that meet their needs and bring value to their lives.

Lupina Cheung
Branch Distribution & Services Department



...encouraging our customers and other stakeholders to join us in going green by going digital and switching to paperless statements and communications to reduce our impact on the environment.

Joeie Lo
Retail Lending Department

...selecting energy-efficient computers and other equipment that help our colleagues to do more with less electricity.

Lau Ping-fai
Information Technology Department



We strive to be a sustainable organisation by...



...providing career opportunities for the younger generation and nurturing young talent through diversified development programmes.

Doris Tong
Training & Development Department



...integrating sustainability into our business, such as by supporting green initiatives and ensuring that we lend to clients that are socially and environmentally responsible.

Tommy Ho
Enterprise Banking Department

...making every effort to reduce the impact of the Bank's operations on our planet while creating a healthy and safe environment for our staff.

Ricky Wong
Facility Management Department



...adopting best practices and using our influence to encourage our suppliers to go beyond compliance thereby reducing risk and driving action to make our world a better place.

Kelvin Chan
Operations Support & Services Division



...adopting the Head Office's best practices in sustainability for the benefit of BEA's customers and other stakeholders beyond Hong Kong.

Tang Peng-wah
BEA's Singapore Branch



...providing opportunities for our staff members to show their care for vulnerable and under-resourced members of society in need of support.

Gigi Tam
BEA Volunteer Team








...helping to remove barriers in society. We at Blue Cross strive to provide opportunities for young people with and without disabilities to integrate with society and explore their potential.

Sylvia Chow
Blue Cross

CSR AT A GLANCE

Over the past 100 years, we have grown from a commercial bank into a full-service bank, meeting the diverse financial needs of personal and corporate customers throughout Greater China and in major markets overseas. Our growth is founded on the trust we have built with our customers, our colleagues, and the communities in which we operate. We recognise that maintaining that trust while navigating a landscape of evolving social and environmental risk and opportunity presents a challenge to our business. In response, we have established a guiding set of values that is founded on the five core areas of our CSR Strategy.

Core areas	Our commitments	2018 highlights and key data
 <p>Growing Our Business Responsibly</p>	<p>Our role as a financial services provider is to help our customers achieve their financial goals, and it is our responsibility to act ethically, with integrity, and for the benefit of the society and our environment.</p>	<ul style="list-style-type: none"> • Operating income and revenue: HK\$17,124 million • Economic value distributed: HK\$ 13,557 million • Total consolidated assets: HK\$839,451 million • Capital adequacy total capital ratio: 20.8% <p>Progress:</p> <ul style="list-style-type: none"> • As we approach our centenary, we have taken this opportunity to refocus our Vision, Mission, and Core Values
 <p>Serving Our Customers</p>	<p>Customer focus is of utmost importance for the success of our business. We strive to build trust and confidence at all stages of our relationship with our customers by ensuring that every customer experience is positive.</p>	<ul style="list-style-type: none"> • Headquartered in Hong Kong • We operate one of the most extensive branch networks of any bank in Hong Kong to ensure our customers have convenient access to our services • Serving customers in Hong Kong, Mainland China, Taiwan, Macau, Singapore, Malaysia, the United Kingdom ("UK"), and the United States ("US") • Around 200 outlets worldwide and across 44 cities in Mainland China <p>Progress:</p> <ul style="list-style-type: none"> • 39% increase in the number of customer compliments received • 92% of our corporate clients were satisfied with our services • More than two-thirds of our personal banking customers are satisfied with our services

Core areas	Our commitments	2018 highlights and key data
 <p>Developing Our People</p>	<p>The foundation of our business is our people and the core values that they are willing and proud to work and live by. We endeavour to nurture talent and foster employee well-being to attract and retain the best people.</p>	<ul style="list-style-type: none"> Over 9,600 employees worldwide 94% of staff located in Hong Kong and Mainland China <p>Progress:</p> <ul style="list-style-type: none"> Senior Management and division/department heads engaged through ESG training Over HK\$28 million invested in training and development Over 369,000 hours of training delivered Safe workplace: 3 injuries per 1,000 employees
 <p>Contributing to Our Community</p>	<p>Joining hands with our people, customers, and business and community partners, we are committed to serving as a positive and enabling force in the communities where we operate.</p>	<ul style="list-style-type: none"> Three core areas: education, social welfare, and the environment <p>Progress:</p> <ul style="list-style-type: none"> Over HK\$10 million in cash donations from the Group Nearly 31,000 volunteering hours Partnerships with The Warehouse Teenage Club and Tung Wah Group of Hospitals giving enhanced focus to the needs of youth in our community Over 100 volunteering activities in the lead-up to our centenary year
 <p>Enhancing Our Environmental Performance</p>	<p>Our environmental efforts are focussed on reducing energy and paper consumption. We work towards minimising the environmental footprint of our business operations and promote eco-conscious behaviour.</p>	<ul style="list-style-type: none"> Nearly 94% of our credit card customers have gone paperless <p>Progress:</p> <ul style="list-style-type: none"> Our Hong Kong facilities team reduced electricity consumption by 106,269 kWh compared with 2017 through upgrading air conditioning and other measures 44,723,000 kWh of electricity used across the Group representing a 1.3% decrease, year on year Reduced total paper use Group-wide by nearly 91 tonnes or 9% less than in 2017

OUR APPROACH TO CSR

CSR requires an effective structure and the combined effort of an engaged and well-informed staff. While everyone at BEA has a duty to contribute to our CSR performance, our governance structure assigns key responsibilities to individuals across all levels of the organisation. Ultimate responsibility for CSR rests with BEA's Board of Directors and Senior Management.

GOVERNANCE AND MANAGEMENT

Responsible party	Main responsibilities	
Board	All Directors of the Bank including three Executive Directors, eight Non-executive Directors, and six Independent Non-executive Directors ("INEDs")	The Board provides, inter alia, strategic guidance on the Group's CSR approach, report, and major charitable donations. In addition, the Board reviews and approves all related policies annually.
Audit Committee	5 INEDs with one serving as Chairman	The Audit Committee reviews the CSR Policy annually or as required and makes recommendations to the Board.
Senior Management	Chief Executive, Executive Directors, Deputy Chief Executives ("DCEs")	The Senior Management advocates CSR at the Group level and reviews CSR-related policies, stakeholder feedback, and the annual ESG Report.
Division and Departments	General Manager and Head of Human Resources & Corporate Communications Division ("GM and Head of HR & CCD")	The GM and Head of HR & CCD supervises BEA's CSR programme and policies, and reports directly to the Senior Management. The GM and Head of HR & CCD is also a Director of the BEA Foundation.
	Corporate Communications Department ("CCD")	Under the GM and Head of HR & CCD, CCD convenes the CSR Working Group and executes/coordinates the CSR initiatives of the Bank. CCD is also responsible for communicating CSR-related information internally and externally, and for the production of the Group's annual ESG Report.
	Human Resources Department ("HRD")	HRD manages the Staff Relations Team ("SRT") and the Staff Sports & Recreation Club ("SSRC").
Cross-functional	CSR Working Group	Chaired by the GM and Head of HR & CCD, the CSR Working Group is comprised of representatives of the Bank's divisions as well as major Group members and is responsible for the development and execution of CSR initiatives.
	BEA Volunteer Team Committee	Chaired by an elected member, the BEA Volunteer Team Committee is comprised of active members of the BEA Volunteer Team, which consists of staff members of the Bank's divisions and other Group members based in Hong Kong.

The BEA Foundation and BEA Charity Fund support the Group's major community investment initiatives in Hong Kong and Mainland China, respectively.

BEA's policies, statements, and codes are fully aligned with relevant practices and standards issued by regulators as well as those considered to be industry best practices. Those most relevant to CSR include:

CSR Policy	Environmental Policy
<p>Sets out the strategic approach to CSR and the environmental and social commitments of the Group.</p>	<p>Establishes the Group's environmental management strategies and objectives. Our Environmental Policy adheres to the UNEP¹ Statement of Commitment by Financial Institutions on Sustainable Development.</p>
<p>Policy owner</p> <p>The CSR Working Group, Senior Management, Audit Committee, and the Board review the policy annually to ensure that it meets the requirements of the Group.</p>	<p>Policy owner</p> <p>The CSR Working Group, Senior Management, Audit Committee, and the Board review the policy annually to ensure it meets the requirements of the Group.</p>
Supplier Code of Conduct ("SCoC")	Slavery and Human Trafficking Statement
<p>Outlines the Group's requirements and expectations for the social and environmental performance of suppliers. The SCoC is aligned with the values and principles of the United Nations Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation.</p>	<p>We pledge not to knowingly support or conduct business with organisations involved in modern slavery.</p>
<p>Code of Conduct owner</p> <p>The GM and Head of HR & CCD and the GM and Head of Operations Support & Services Division ("OSSD") review the policy annually in consultation with members of the Senior Management to ensure it meets the requirements of the Group.</p>	<p>Statement owner</p> <p>The Group Chief Compliance Officer, GM and Head of Compliance Division, and the GM and Head of International Division review the policy annually in consultation with members of the Senior Management to ensure that it meets the requirements of the Group.</p>

1 United Nations Environment Programme Statement of Commitment by Financial Institutions on Sustainable Development

MATERIALITY ASSESSMENT

Best practice in materiality assessment comprises four stages, from issue identification, to prioritisation, to validation, to review. This year, we worked with our external advisers to build on the comprehensive materiality assessment conducted for our 2017 ESG Report through an employee-centred materiality review. Our approach served the dual purpose of gaining insights on internal perceptions of BEA's performance on specific sustainability topics, while simultaneously raising employee awareness and knowledge around CSR. Employee representatives from all departments across the Group were engaged in focus groups for the materiality review and their feedback was presented to Senior Management for consideration before they validated this year's ESG topics.

Materiality matrix

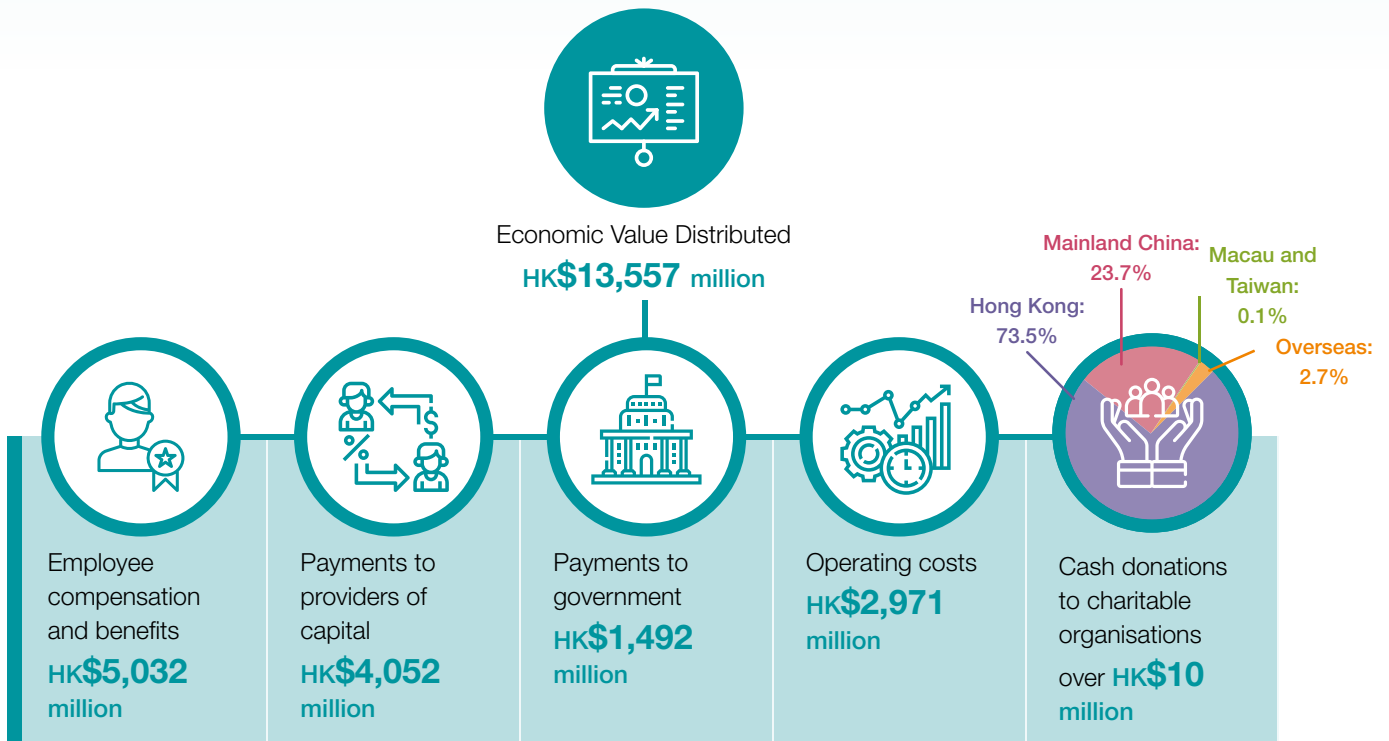
Our materiality review confirmed that the 15 topics of high priority and 8 of growing importance identified in 2017 remain the key issues. They therefore inform the content of this report. We continue to strengthen our disclosures with each reporting cycle. Our materiality matrix maps our most material topics to the five core areas of our CSR strategy.

	Growing Our Business Responsibly	Serving Our Customers	Developing Our People	Contributing to Our Community	Enhancing Our Environmental Performance
15 topics that are important and a high priority	<ul style="list-style-type: none"> General compliance with laws and regulations Anti-corruption Economic value generated and distributed 	<ul style="list-style-type: none"> Customer data privacy Fair design and marketing of products and services Customer feedback channels 	<ul style="list-style-type: none"> Employee benefits and turnover Employee/management communication Training and career development Occupational health and safety Equal opportunities 	<ul style="list-style-type: none"> Contribution to the community Non-discrimination among community members 	<ul style="list-style-type: none"> Energy consumption Paper consumption and waste
8 topics that will become increasingly important in the next 3 to 5 years	<ul style="list-style-type: none"> Sustainable procurement Integrating ESG considerations into risk assessment and business decisions Responsible finance 	<ul style="list-style-type: none"> Promoting financial literacy 	<ul style="list-style-type: none"> Succession planning 	<ul style="list-style-type: none"> Promoting financial inclusion 	<ul style="list-style-type: none"> Setting carbon emissions targets Addressing climate change risks

For details of our materiality assessment process and our responses to stakeholders, please refer to the sections of [Materiality Assessment](#) and [Stakeholder Engagement Process and Results](#) in the Appendices.

GROWING OUR BUSINESS RESPONSIBLY

We aim to grow our business responsibly, sustainably delivering value for all our stakeholders, including customers, staff members, partners, local communities and society at large. We are deeply mindful of the impact of our operations on the natural environment.



Why it matters

As a major commercial bank, we are aware of the impact we have on society and how much our stakeholders rely on us. By focussing on the needs of our stakeholders we ensure our continued ability to deliver the products and services that matter to our customers and partners, stable employment for our colleagues, and financial return to our shareholders.

Management approach

Upholding the highest standards of professionalism and integrity in every aspect of our operations goes beyond compliance.

Establishing a sound foundation of governance

BEA has established a robust governance structure rooted in the values of integrity and clarity of responsibility. The Bank continually reviews and enhances the effectiveness of the Group's corporate governance practices.

The Bank's risk governance and management framework is aligned with the requirements established by the Hong Kong Monetary Authority ("HKMA") and other regulators. A stratified governance structure comprised of compliance and auditing departments is tasked with assuring the integrity of the Bank's approach.

In December 2018, BEA issued its Anti-Bribery and Corruption Policy Statement, which underscores the Bank's commitment to the highest standards of business conduct. The Bank also firmly upholds a zero-tolerance

stance on money laundering and financing groups linked to terrorism. Related policies are clearly communicated to all employees across the Group. Mandatory training sessions emphasise the highest standards of business conduct. As an added control, the Bank's Whistleblowing Policy Statement provides a mechanism through which external stakeholders who suspect malpractice can confidentially and anonymously report concerns to the Bank without fear of retaliation.

Embedding responsible finance practices into our business

Our banking and lending decisions impact environmental and social development. We recognise that there are growing expectations for our industry to ensure CSR considerations are included in financing decisions. In response, we have recently enhanced our lending policies.

Before approving any credit exceeding HK\$50 million, the Bank's Credit Committee screens for ESG risks and conducts thorough due diligence. The Bank's sector-specific ESG assessment criteria ensure that lending to industries that are sensitive to social and/or environmental risks is vetted to determine the positive or negative impacts before finance is approved. Sectors we scrutinise closely include energy, forestry, mining, oil and gas, and chemicals. Our approach is guided by the Equator Principles. If an ESG issue is flagged, our teams review company disclosure, ESG ratings, media coverage, and other background material. In addition, we will liaise with the potential customer and conduct a site visit if necessary to ensure that we fully consider the risks and any mitigation measures that are in place.

BEA China has an established Green Credit Management Policy, which has been developed in accordance with local regulations, to underpin the Bank's responsible finance services on the Mainland. Through client rating, credit approval, portfolio management and exit decisions based on environmental considerations, we support the development of environmentally responsible businesses. Investments with positive environmental impacts, including energy-efficiency initiatives and clean energy development are offered loans with preferential terms, as appropriate.

Promoting a sustainable supply chain

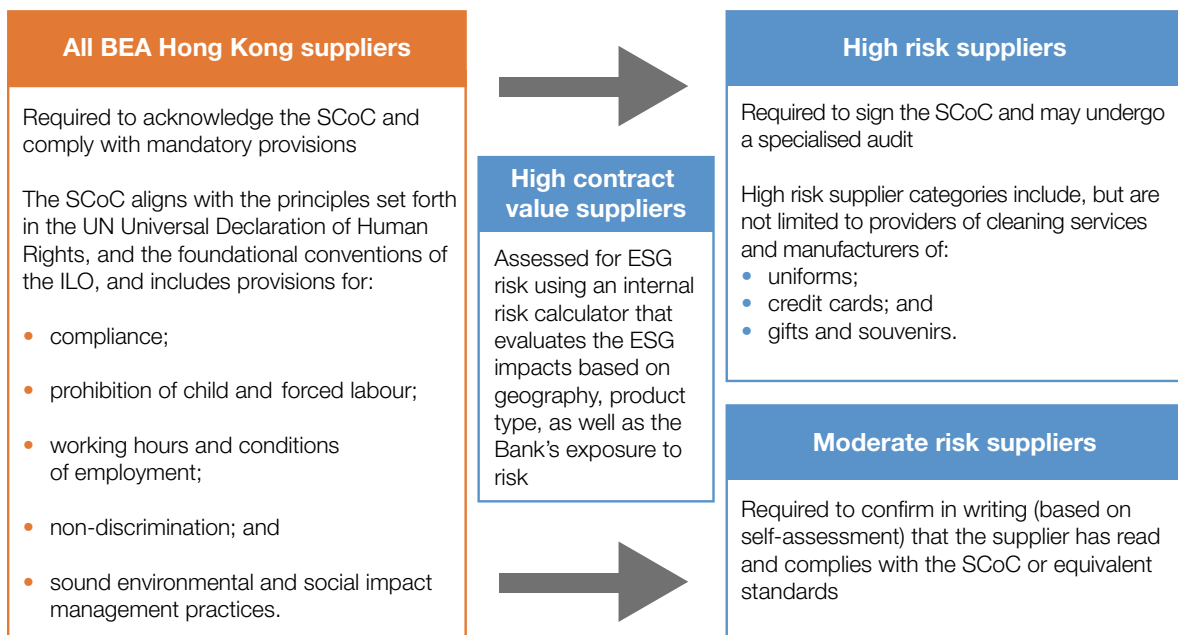
Earlier reviews have highlighted that, although we aim to encourage improved CSR performance in our supply chain, our decentralised procurement function at the Group level has made this challenging. As a first step to address this challenge, we implemented a Supplier Code of Conduct. The SCoC requires all BEA Hong Kong's suppliers to adhere to the highest standards of social conduct, abide by all relevant local and national environmental legislation, and demonstrate continued improvement in overall sustainability performance. Suppliers must also satisfy our requirements for Social and Ethical Standards of Conduct, Conditions of Employment, Environment and Community.

2018 performance

- BEA entered into a green loan with Leo Paper Group Finance Limited, the first privately-held company in Hong Kong to obtain a green loan under the Green Finance Certificate issued by the Hong Kong Quality Assurance Agency. BEA was one of seven banks participating in the HK\$350 million, 4-year green loan term and revolving credit facility. The funds will be used to finance 20 green projects in Mainland China including environmentally friendly printing plants; initiatives that promote energy efficiency and reduce carbon emissions and waste, and projects that promote green construction.
- We finalised the Bank's Procure-to-Pay guideline in 2018 and plan to implement the guideline in early 2019. The guideline will strengthen the Bank's supply chain sustainability efforts by requiring prospective suppliers to comply with the Bank's SCoC as a condition of business.
- In 2017, we focussed on mapping our supply chain including the identification of suppliers by the department and subsidiary in charge of procurement decisions. In 2018, we built on this foundation, working with an external consultant to map the risks in our supply chain in Hong Kong and establish a targeted approach to manage potential environmental and social risks. We considered over

800 suppliers and identified more than 100 priority suppliers with which the Bank will actively engage to manage potential social and environmental risks. An ESG risk calculator was developed and shared with employees responsible for procurement, to assist them to assess their suppliers' potential ESG risks.

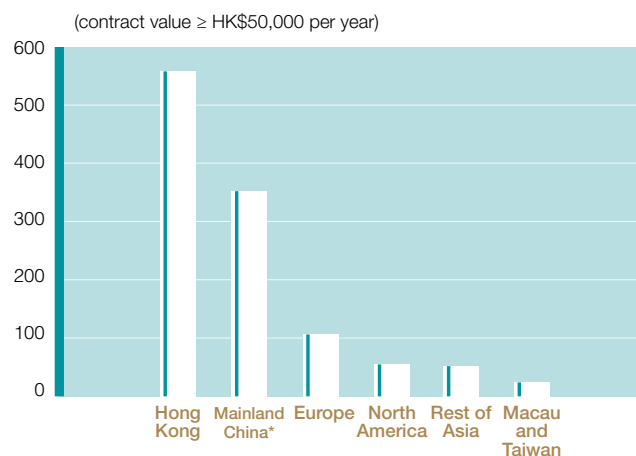
Responsible Supply Chain Management



- The SCoC is communicated to suppliers during the initial stages of tendering and acknowledgement is required upon approval of a quotation or renewal of an existing agreement.
- The Bank has the right to discontinue the business relationship with the supplier if it is found to be in non-compliance with the mandatory elements of the SCoC.
- Incentives such as preferred supplier status are available for suppliers who demonstrate good ESG practices.

Going forward, in addition to introducing Procure-to-Pay guidelines, the Bank will more closely integrate ESG risk assessment into the SCoC to better manage potential environmental and social risks in the Bank's supply chain. In addition, we will encourage our Group members to adopt these practices.

Number of suppliers by geographical location



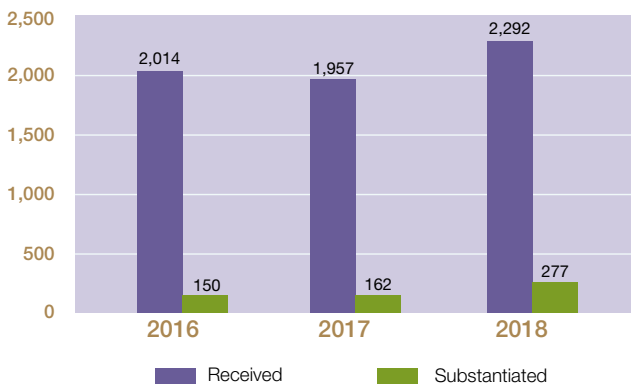
* Includes BEA China's Head Office in Shanghai only

SERVING OUR CUSTOMERS

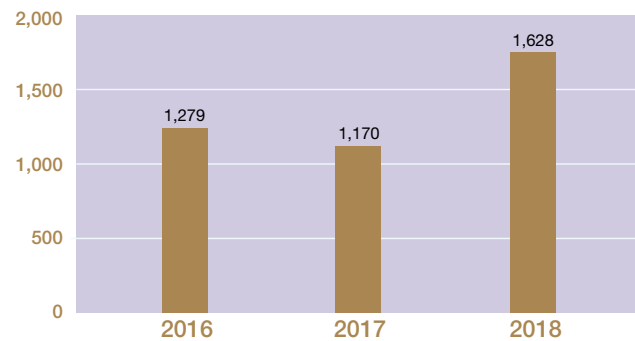
Our ability to grow and expand our global reach is dependent on our ability to maintain the aspects of our business that our long-term customers appreciate, while innovating to meet the diverse and evolving needs of all our customers. We achieve this by embracing and humanising technology, and remaining steadfast to our commitment to provide fair, convenient, and secure banking services. In this way, we strive to ensure that every customer experience is positive.

Group customer service feedback

Number of complaints



Number of compliments



MEETING DIVERSE CUSTOMER NEEDS

Why it matters

In order to realise our vision to be the trusted and preferred banking partner in Greater China and beyond, we must provide customised financial solutions that meet the diverse needs of individuals and organisations.

Management approach

Our core business is delivering financial products and services to our customers. However, in the digital age, brick and mortar financial institutions not only face challenges from traditional competitors but also from virtual banks. At BEA, we see customer experience excellence as our competitive advantage. In the face of

increasing competition, we listen carefully to what our customers want, and we strive to provide them with best-in-class service to ensure a positive customer experience.

We established a foundation for excellence by committing to the principles of transparency, reasonableness, and efficiency as a signatory of the Treat Customers Fairly Charter. We then committed ourselves to continually improve the BEA customer experience to meet growing expectations. We are assisted in our effort to deliver best-in-class banking service by making significant investment in advanced technology. We also dedicate substantial resources to research, which enables us to understand how our distinct customer groups use our services today and what they want to see going forward.

Senior citizens and people with disabilities

Physical branches are a mainstay of daily banking transactions for many people. Our extensive network of branches ensures convenience for our customers. To facilitate the needs of customers needing wheelchair access, visual or auditory support and other assistance, specially designed teller counters and ATMs are installed across our branch network.

Our commitment to seniors includes:

- preferential interest rates;
- service charge concessions;
- fee waivers²;
- Hong Kong Mortgage Corporation (“HKMC”) Reverse Mortgage Programme; and
- FastCash Card abridged banking service.

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 listen to our customers and respond with measures that aim to cater for their needs.

Our commitment to customers in remote areas includes:

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

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

Our commitment to local business

Small and medium enterprises (“SMEs”) make up a significant proportion of businesses globally. In Hong Kong, they account for 98% of all businesses³. We recognise their importance to the economy and offer a suite of services aimed at supporting these enterprises in their pursuit of new markets, product line expansion, and business development.

In Hong Kong, we enable businesses to establish themselves and grow through our HKMC-backed commercial loan products provided via the SME Financing Guarantee Scheme. In addition, the SME Loan Guarantee Scheme supported by the Hong Kong Government provides access to capital for business installations and equipment.

In 2018, we bolstered our P2M (Person to Merchant) payment platform and achieved another BEA milestone as we launched the first consolidated payment platform in the industry. The i-Payment Hub provides a comprehensive solution for accepting multiple payments through a variety of digital payment methods and managing different types of transaction records. This cutting-edge functionality will bring a range of benefits to users and their customers across a variety of industries, including greater convenience, reduced operation costs, and enhanced cash management.

The groundwork has been laid for a new Enterprise Banking Department to be set up in January 2019 with a primary focus on serving SME customers. The dedicated teams of the new department will not only assist SMEs on financing matters, but address their business needs in a comprehensive manner. Services range from account opening, to cash management to treasury and insurance services.

² participants of the Comprehensive Social Security Assistance Scheme only

³ Source: [Research Office, Legislative Council Secretariat \(2018\)](#)

Microfinance

Our microfinance programmes combine our social values with a viable business strategy. We support our customers in reaching their goals through our continued participation in the HKMC Microfinance Scheme.

Through better access to capital, our customers have:

- become business owners;
- made the transition to self-employment; and
- invested in their careers.

NGOs

We recognise the importance of charitable donations in enabling NGOs to help their target beneficiaries. Our Online Donations Services, developed in collaboration with the Hong Kong Council of Social Services ("HKCSS"), have proven to be a highly efficient and low-cost way for NGOs to collect payments from their websites using the Bank's payment gateway. In addition, we offer NGOs a special package of banking and insurance services including preferential rates and a suite of banking services for their employees.

Young affluent customers

Mobile technology is revolutionising the global banking and payment industry. Many of our customers, particularly our younger customers, expect convenient, fast, and secure banking to be available through their mobile phones. The BEA App delivers this and more. In 2018, we relaunched the BEA App with a suite of enhanced features presented in a more user-friendly design. The update presented customers to i-Planner, a virtual hub that integrates day-to-day living needs with financial transactions. Users benefit from a range of services to suit a multitude of needs from price comparisons for flights and accommodation, to personal budgeting and bill splitting.

In addition, our upgrade extended to signature features such as:

- i-Spend for credit card management;
- i-P2P for instant peer-to-peer transfers; and
- Currency Exchange, which was newly introduced with the relaunch.

2018 performance

- We expanded our retail banking in Mainland China through four internet partnerships including Tencent's WeBank and online travel platform Ctrip. By joining forces with tech companies, we enable our customers on the Mainland to enjoy a wider variety of financial products and even greater access to our lending services.
- We upgraded to the latest version of Finastra's Fusion Trade Innovation to drive efficient inter-bank settlements and stay SWIFT compliant. The upgrade will enhance our end-to-end digital trade capabilities and services for our corporate and personal banking customers in Hong Kong, Mainland China, and elsewhere.
- We launched the BEA i-Payment Hub to provide SMEs with a comprehensive solution for accepting multiple payments through a variety of digital payment methods and managing different types of transaction records.
- We started offering trade finance services through eTradeConnect, a secure platform providing trade finance services for corporate customers.
- We relaunched the BEA App with a suite of enhanced features embedded in a new user-friendly interface design. The App's i-Planner is a virtual hub that integrates day-to-day living needs with financial transactions.

CUSTOMER SERVICE EXCELLENCE

Why it matters

Maintaining strong relations with our customers over the long term is key to the success of the Group. Our banking services are developed with customer expectations embedded in their design. We strive to deliver an excellent customer experience regardless of the banking channel. Customer feedback is not only valued, it is integral to meeting expectations and cultivating customer trust.

Management approach

We operate multiple channels of communication to cater to our customers' varied preferences. Customer suggestions and shared opinions help us shape our customer service in a manner that delivers the service quality that is expected.

Meeting customer expectations

How our customers use our services should not affect the level of service they experience. Regardless of the service used, we aim to meet expectations through quality of delivery. Customers can communicate their opinions and make claims and enquiries in a manner that is convenient to them.

Staff at every branch of our extensive network are ready to listen, and we encourage customers to fill in suggestion forms at our branches. In addition, an enquiry e-form is available via our website and we have dedicated customer service hotlines for those who prefer to engage with us online or by phone. All feedback and complaints are reviewed and responded to promptly in accordance with guidelines governing the handling of customer enquiries established by the HKMA.

Our Customer Experience Research Report in 2017 indicated that CSR is important to our customers and general public, and particularly important to younger customers. In response, we are enhancing our key communication channels to keep our customers well

informed about our CSR performance. Our ESG reporting continues to mature alongside our approach to CSR, and our social media efforts provide customers with updates throughout the year.

Embracing technology and innovation

BEA has a long history of embracing technology. All of our Hong Kong branches are fully digitalised, creating efficiencies and enabling us to deliver fast and secure banking services to our customers in every neighbourhood. Closer still are the smartphones that our customers carry with them throughout the day, and we continue to roll out new features and enhancements to the BEA App and via our online platform.

Ensuring customer privacy and data security

Protecting our customers' data and privacy is of paramount importance to us and we are continually investing to improve our security measures. Around 95% of customer transactions are made online. We leverage this platform to communicate key security updates to our users to keep them informed and their data secure.

2018 performance

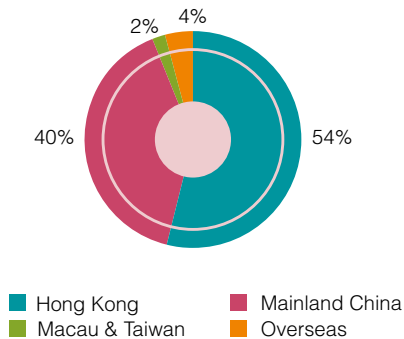
- The Group received 1,628 compliments and 2,292 complaints from customers in 2018, increases of 39% and 17% respectively, compared with 2017. Many Group members report that compliments received were related to good service delivery by our staff.
- We facilitated a mystery shopper experience to assess the performance of our BEA branches and SupremeGold Centres in Hong Kong. The majority of our outlets achieved satisfactory performance in 2018.
- Our corporate banking customers were also engaged to better understand their view of our services in Hong Kong. Overall, we achieved a 92% satisfaction score, primarily in the areas of staff service, trust and the products and services we deliver.

DEVELOPING OUR PEOPLE

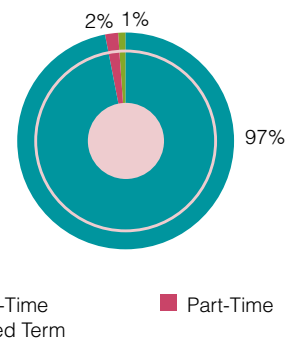
Our people deliver the products and services that enable BEA to be the preferred banking partner of our customers. By providing a fulfilling and supportive work environment for our staff, we create the foundation for our people to serve our customers and other stakeholders effectively. We therefore invest in building a workplace where employees feel engaged, valued and motivated. We provide clear career paths and development opportunities that enable people to grow within the company. We complement this with extra-curricular and charitable activities to strengthen our company culture.

- **9,647 employees** at the Group as at 31st December, 2018
- **HK\$28 million** invested in training and development in 2018
- **9.9 years** of service on average for BEA Hong Kong employees
- **HK\$5 billion** spent on employee compensation and benefits

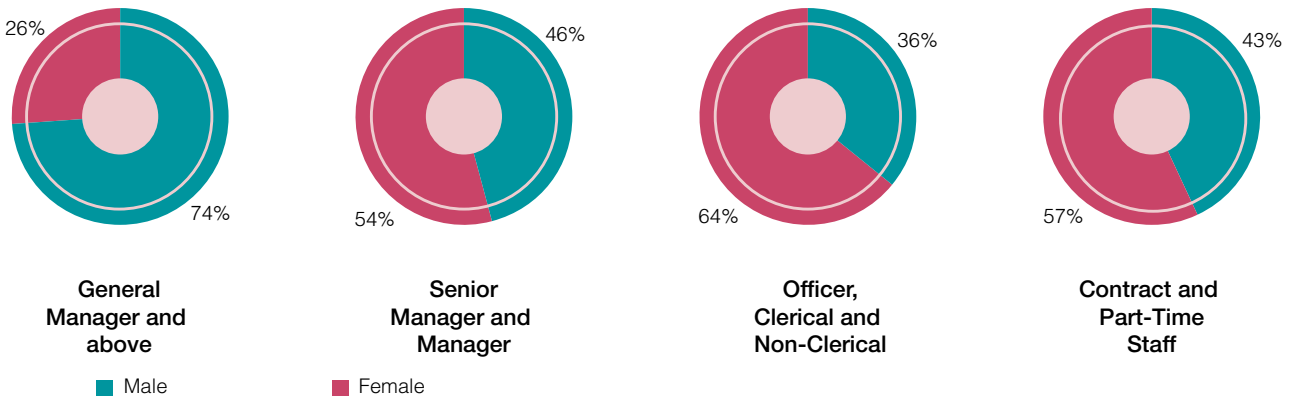
Employees by region



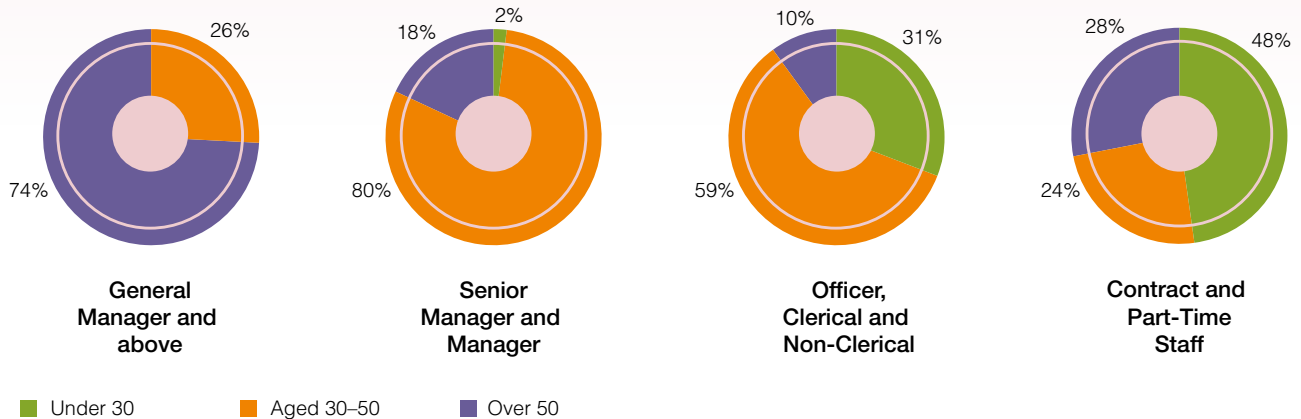
Employees by contract type



Employees by gender



Employees by age group



RECRUITING AND RETAINING THE RIGHT PEOPLE

Why it matters

To deliver the level of service and financial products our customers expect, we need a dedicated, motivated and capable workforce. Empowering and inspiring our colleagues is key to attracting and retaining the people that ensure BEA's enduring competitiveness.

Management approach

BEA strives to be a responsible business that provides an attractive environment for our colleagues to work and develop their career. To attract the best candidates, we provide competitive remuneration and comprehensive benefits packages that include medical and life insurance, paid leave, retirement plans, and preferential rates on a range of banking services. We track voluntary turnover and conduct exit interviews to monitor and evaluate our performance.

2018 performance

During the year under review, there was no significant change in the Group's retention of permanent full-time staff when compared with 2017, with overall Group turnover remained at 21%. However, it was noted that the turnover of male colleagues fell moderately while that of women increased slightly.

Hong Kong has one of the highest concentrations of banking institutions in the world, and there is strong competition for staff. Encouragingly, the turnover in Hong Kong among colleagues below the age of 30 fell by 8 percentage points in 2018. This comes on the back of a 3 percentage point decrease in turnover in this age group in 2017. On the Mainland, our branches experienced a 3 percentage point fall in turnover among colleagues under the age of 30, year on year.

In 2018, BEA enhanced the package of benefits offered to staff in Hong Kong, improving annual, volunteer, and parental leave conditions and medical protection.

INVESTING IN TRAINING AND DEVELOPMENT

Why it matters

By supporting the professional and career growth of our colleagues, we show that we value the contribution of every individual member of staff. And by committing themselves to ongoing professional development, our staff members are better able to serve the evolving needs of our customers in today's rapidly changing world.

Management approach

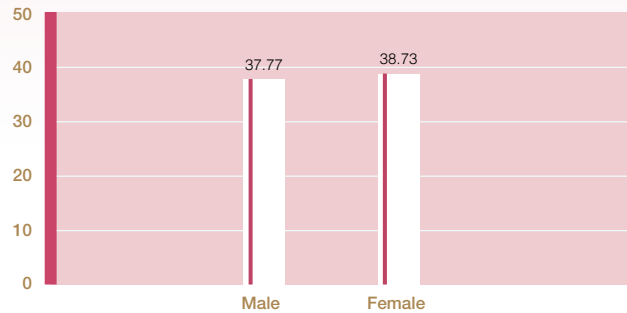
BEA offers a wide range of online and in-person training courses, from beginner to advanced. We strive to equip staff members throughout the Group with the skills they need to meet their full potential. We also provide subsidies to employees who take accredited courses outside the Bank.

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

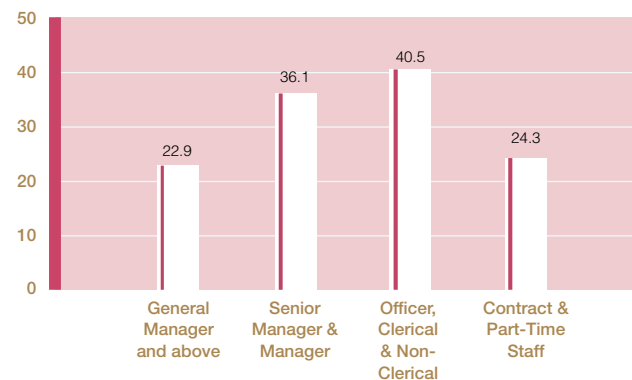
2018 performance

In 2018, we invested over HK\$28 million on training, delivering over 369,000 hours of training to our employees, equipping them with the skills needed to serve our customers and support the development of the Group.

Average hours of training by gender



Average hours of training by employee category



In July and August, the Bank organised a series of ESG Workshops.

ENGAGEMENT AND CULTURE

Why it matters

Staff engagement communicates how much BEA values the contributions of each employee. Furthermore, it enhances each employee's understanding of the importance of their role and contribution that they make to the Group's success. Engagement also helps to develop a culture of inclusivity that makes colleagues feel welcomed and considered, inspiring them to do their best for company and customer.

Management approach

To foster a positive working culture characterised by equity, opportunity, and respect, we:

Promote equal opportunities, diversity, and inclusion

We comply with all applicable ordinances in Hong Kong and elsewhere regarding equal employment opportunities. Our Equal Employment Opportunity Policy guides us as we build an inclusive workplace where performance is assessed on professional ability and staff members from all backgrounds are empowered to reach their full potential.

Promote family-friendly initiatives

We are keen to support new mothers and provide them with relevant amenities when they return to work. To ensure we cater for nursing mothers, we provide lactation rooms in BEA's Head Office as well as at BEA Tower.

Promote a healthy work-life balance

A physically and mentally healthy workforce is required to maintain the high standards we at BEA have set for ourselves. We provide comprehensive health insurance, free access to a staff gym, and healthy lunch options in staff canteens. In addition, wellness talks and recreational activities were organised by the SRT and SSRC for staff throughout the year.

For those in need, we provide an Employee Assistance Programme that gives staff and family members access to professional counsellors in person, by telephone hotline or via email, 24 hours a day.

2018 performance

In January 2018, the Bank rolled out a global programme to promote a common corporate culture rooted in the Bank's core values. The Senior Management set the tone from the top by leading a series of town hall meetings to promote the Bank's culture and to guide all employees in embracing the Bank's values. To further promote a common culture, the Senior Management appointed all General Managers to serve as Conduct Risk Champions to cascade culture-related messages down through the organisation.

Furthermore, the Bank produced a corporate video highlighting the importance of a sound corporate culture, and launched a dedicated website on the Bank's intranet to promote key messages on the Bank's core values and encourage staff to participate by sharing their stories and experiences at work. To create a workplace where employees feel valued and appreciated for demonstrating good behaviour, the Bank launched the BEA Staff Recognition Scheme comprising the "Employee of the Quarter" and "Employee of the Year" awards and e-thank you cards for staff to express their appreciation to their colleagues. To further engage employees, the Bank introduced the Senior Management Mailbox, which enables employees to share feedback or suggestions directly with the Senior Management.

A Bank-wide employee survey and post-survey focus groups were conducted to collect employees' feedback on the corporate culture and to gauge levels of staff member engagement. The survey generated a strong rate of response, and found high levels of agreement among staff members with the Bank's risk governance and leadership actions. Customer focus and integrity were the top two core values according to the staff. They

felt that the Bank had created a caring culture and an environment in which employees felt safe to admit mistakes and report issues without fear of reprisal. Staff members also indicated that cross-divisional collaboration was one of the areas in need of improvement, and the Bank will focus on enhancing communications and teamwork across its divisions in the coming year.

Going forward it is hoped that this investment in BEA's corporate culture will help to improve our employees understanding of what it means to be a BEA employee, improving staff engagement and morale, and strengthen efforts to realise our company vision around our core values.

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES



EXCELLENCE
 追求卓越



COMMITMENT
 長期承諾



INTEGRITY
 誠信正直



CUSTOMER FOCUS
 以客為尊



TEAMWORK
 團隊協作



INNOVATION
 勇於創新

CONTRIBUTING TO OUR COMMUNITY

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

Why it matters

Income inequality, aging populations, access to health care and other social issues are of deep concern in Hong Kong, in Mainland China and across the globe. Addressing these challenges is an important element of BEA's CSR Policy. We not only help those in need; we build trust and enhance relationships, contributing to the strength of our communities and our Bank.

Management approach

Our community investment approach is founded on the principle of delivering significant positive impact in the areas that make most sense for our business. This has resulted in the development of an overarching framework comprising the three pillars of education, social welfare, and the environment. From our experience as a bank, we have learned that collaboration is key to finding solutions and moving forward. We therefore apply this approach to each of these pillars.

Our Guidelines on Community Investment ensure that the projects we support are in line with our CSR Policy. The Bank and the BEA Foundation use these guidelines to work with local partners in different markets to discern community needs and identify and prioritise programmes that best address those needs. We provide support in three main ways:

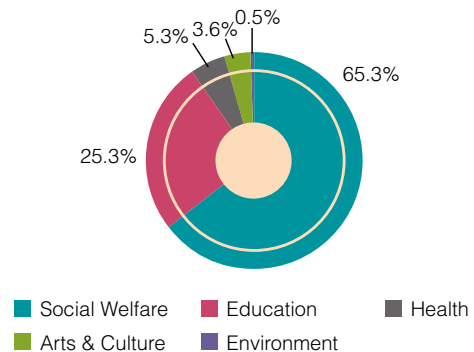
- **Community giving** through financial and in-kind donations, both directly from Group members and from our two charitable foundations — the BEA Foundation in Hong Kong and the BEA Charity Fund in Mainland China — to registered charities and non-profit organisations.
- **Employee and customer giving, and volunteering** through our local volunteer teams and campaigns enhances relationships, builds social capital and enables our people to become more familiar with the challenges faced by others. We provide employees with opportunities during business hours to use their time and skills to support those in need.

- **Leveraging our business network and sphere of influence** to encourage our partners, clients, customers and their families to participate in our programmes and events.

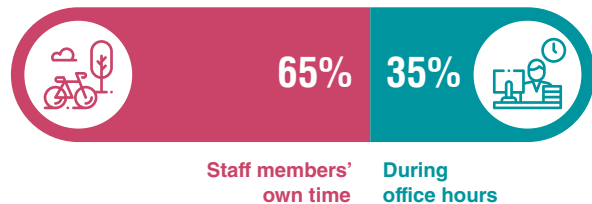
2018 performance

- **HK\$10.14 million** in cash donations from the Group
- **HK\$3.9 million** in donations through the BEA Foundation
- **HK\$9.92 million** (CNY8.47 million) raised at the Annual Firefly Charity Night 2018
- **30,939 hours** contributed by corporate volunteers

Our donations in 2018



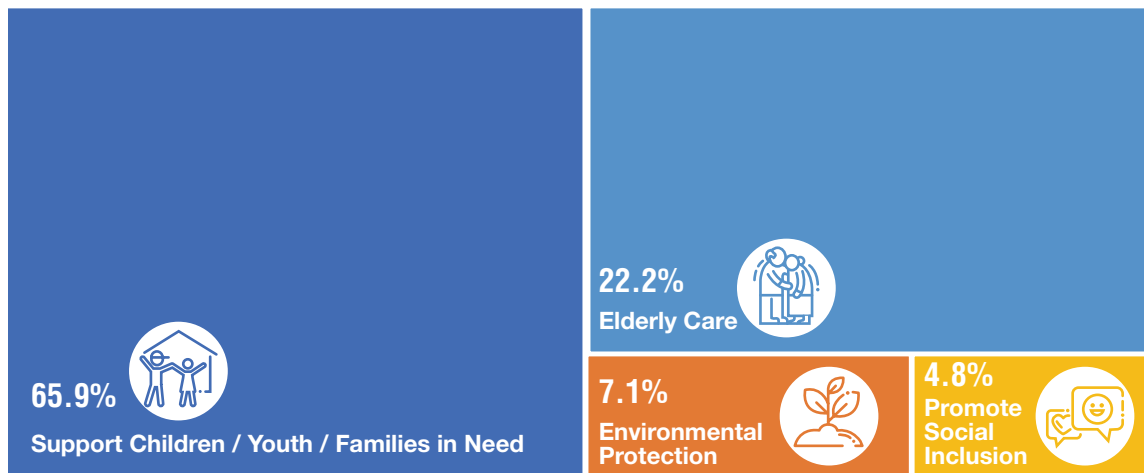
Employee volunteering hours



HONG KONG

In the lead-up to our Bank's centenary, we reaffirmed our commitment to the community by organising over 100 volunteering activities under our "100 Acts of Kindness" programme. During the year under review, we initiated and supported 126 community projects in Hong Kong, which included:

100 Acts of Kindness



Education

- We redoubled our commitment to financial education and were named Champion by the Investor and Financial Education Council, an organisation dedicated to improving financial literacy in Hong Kong.
- Under-resourced secondary school students learned about personal banking and received advice on academic and career paths in our financial education workshop, organised in partnership with ARCH Community Outreach.
- Pupils from four secondary schools visited the BEA Innovation Centre during Hong Kong Money Month to learn about BEA's latest Fintech breakthroughs, and how banks cater to people's needs at various stages in life.

Environment

- Children from families who had recently moved to Hong Kong joined BEA volunteers to participate in Food Angel's Foodstep Journey to learn about the food wastage and poverty in Hong Kong.
- Volunteers worked with Food Friend Action to collect unsold food from Shek Kip Mei market and redistribute it to elderly persons in need. The programme thus addressed two problems in one: reducing food waste and assisting those in need. The BEA Volunteer Team supported this initiative on six occasions in 2018 and helped collect a total of 711 kg of unsold food for redistribution.
- Our volunteers removed invasive Mikania vines at the Mai Po Nature Reserve and planted various native trees on the slopes of Tai Mo Shan at Kadoorie Farm & Botanic Garden.
- We teamed up with Plastic Free Seas and carried out beach clean-ups in Shek O to enhance the environment and protect marine wildlife.

Social welfare

- BEA Volunteer Team contributed more than 330 hours to Feeding Hong Kong's "Bread Runs", collecting more than 3,800 loaves of bread for disadvantaged children in local schools.
- 18 gatherings for underprivileged elderly were held throughout the year.
- Nearly 70 BEA Volunteer Team members from multiple divisions participated in the Used Book Recycling Campaign by sorting books and providing venue support. Funds raised were donated to support the education and welfare of underprivileged children in Yunnan, China.
- 16 members of the Volunteer Team participated in the World Vision 30-Hour Famine 2018 to raise funds for refugee children and families affected by conflict in South Sudan, Myanmar, and Syria.

Others

- The Community Chest BEA Charity Golf Day raised almost HK\$2.3 million for mental health services.
- Blue Cross was named Gold Sponsor in recognition of its fundraising efforts in the PHAB ("Physically Handicapped and Able-bodied") Walk for Integration. Blue Cross matched all funds raised by participants for rehabilitation, elderly, and youth services.



In June, members of the BEA Volunteer Team visited elderly residents at Kowloon City's Mei Tung Estate and Tin Shui Wai's Tin Ching Estate, as well as squatter settlements in Lei Yue Mun.



In October, staff volunteers joined underprivileged children supported by the Christian Family Service Centre on a visit to the Tsuen Wan Elderly Organic Community Garden. The visit was organised by Produce Green Foundation.



Flagship programmes

The BEA Foundation has developed a network of strong strategic partnerships with NGOs to develop and support initiatives that address important needs in our society.

In addition to its three flagship programmes, highlighted below, the BEA Foundation has worked closely with universities and other institutions of higher learning in Hong Kong to identify and recognise the achievements of academically talented individuals needing financial support. Each year, the BEA Foundation offers HK\$270,000 in scholarships to university students, hoping that this recognition will encourage and assist them in the continuation of their studies.

Palliative Care in Residential Care Homes for the Elderly Programme

About the programme and partner

Operated by The Salvation Army Hong Kong and Macau Command and supported by the BEA Foundation and “la Caixa” Banking Foundation, the Palliative Care Programme is designed to promote palliative care as an alternative end-of-life path for the terminally ill in Hong Kong.

Progress so far

We are broadening the services provided by the Integrated Palliative Care team. The team provides holistic care to elders with advanced chronic conditions and dementia. The programme also assists carers of elderly family members with advanced illnesses and dementia, sharing information on the trajectory of dementia, end-of-life care and medical decisions.

Objective and potential impact

To provide palliative care to elderly patients, psycho-spiritual support to the family members, and raise awareness through seminars and other outreach activities.

Future plans

We plan to promote the concept of a “Compassionate Community” to raise public awareness of life and death issues and palliative care for all generations. The programme will also develop community capacity through the proactive engagement of citizens and community stakeholders to help them manage their health and end-of-life planning.

BEA Parent-Child Reading Programme

About the programme and partner

In collaboration with the Hong Kong Sheng Kung Hui's Religious Education Resource Centre (“RERC”), the BEA Foundation funded a programme to train teachers, librarians, and parents, as well as subsidise students.

Progress so far

In the past year, interest in the BEA Parent-Child Reading Programme has continued to increase. In 2018, the Programme has grown by 5 schools and 100 children to involve more than 120 schools and 7,400 students.

“The BEA Parent-Child Reading programme is effective in enhancing children's engagement and their motivation to read, as well as promoting children's character development and parent-child relationships.” — The Rev. Dr. Canon Thomas Pang, Director, RERC

Objective and potential impact

To foster greater interest in reading among children, and to strengthen parent-child bonds

Future plans

We are planning to promote “Train the Trainer” workshops in kindergarten groups, to help parents become “Storytelling Parents”.

The “Storytelling Parents Team”, made up of parents from different primary schools trained through the Train the Trainer workshops will come together to perform a drama during the Hong Kong Book Fair 2019.

BEA "High Five" Club

About the programme and partner

Run in partnership by St. James' Settlement ("SJS") and the BEA Foundation, the BEA "High Five" Club provides children from disadvantaged families with a safe place to go after school, giving their parents the freedom to take up full time employment. In addition to after-school care, learning activities, and hot meals, children participating in the Club enjoy the companionship of BEA staff volunteers, who serve as "big brothers" and "big sisters".

Progress so far

In 2018, the Bank entered into a third 2-year sponsorship agreement with SJS. A total of 32 children, including 14 SEN students, and 18 mentors have been recruited for the new school year.

Objective and potential impact

With the support of their BEA mentors, children are able to develop their social skills and self-confidence. By helping to organise community activities, the students start to contribute to society at early age.

Future plans

We plan to continue to increase the percentage of SEN students participating in the Club.

The Bank will also work with SJS to encourage other organisations to fund similar programmes in other districts to expand support to more children and families across Hong Kong.



Click on the computer screen or scan the QR code to learn more about our flagship initiatives in our first CSR video, "Our Home, Our Family".

Supporting the future of Hong Kong

As part of our Centenary Celebration campaign, the BEA Foundation launched three initiatives aimed at supporting the youth of Hong Kong in handling the pressure of the present and laying the path to fulfilling futures.

BEA Youth Makerspace Programme

Partner organisation: The Warehouse Teenage Club

What is it?

The 2-year “makerspace” provides the venue and opportunity for around 1,600 teens to develop visual arts, craft-making, and digital technology skills. A “maker festival” will be held annually to serve as a platform for participants to showcase their work.

What are the objectives?

The intended impacts are to boost self-confidence and independence and to help participants develop their interpersonal skills and gain inspiration for future careers. Skills-based volunteering opportunities will be organised for talented youths to contribute to the community.

Teen Café Youth Mental Health Promotion Project

Partner organisation: Tung Wah Group of Hospitals

What is it?

A Teen Café will be established in 12 participating schools to support 600 youths by providing a space for early intervention by medical professionals. The Teen Café will also serve as a base for a wide range of informative, enjoyable and stress-relieving activities.

What are the objectives?

The Teen Cafés are designed to identify and help treat mild mental health issues among adolescents. Activities are intended to boost confidence and bring those at risk under the care of professionals who can oversee their treatment and recovery.

BEA Inspiring Student Scholarship Programme

Partner organisations: Local universities

What is it?

The Inspiring Student Scholarship Programme provides financial support to families of SEN students. Each year, 10 candidates, nominated by universities based on a number of factors including financial need, personal character, academic performance and extra-curricular achievements, will receive a scholarship of HK\$20,000 from the BEA Foundation.

What are the objectives?

The key objective is to ease the financial burden of SEN students and their families, so students can focus on achieving their academic goals.

MAINLAND CHINA

In 2018, the Firefly Project established 12 new centres, bringing the total number of Firefly Centres nationwide to 88. Meanwhile, living conditions at boarding schools in rural areas are quite harsh, with students lacking school supplies and suffering from a shortage of everyday necessities. Therefore, in 2018, the BEA Charity Fund also provided basic necessities to children, including cotton-padded coats, slippers, etc.

Teaching quality in rural areas is generally low and courses are relatively simple. Teachers in rural areas lack continuing professional development, knowledge of teaching methods, and other aspects of professional training. In 2018, we built on the success of the 1-Year Teaching Programme introduced in 2017, and again recruited qualified teachers from all over China and provided opportunities for them to teach in schools in remote rural areas.

BEA China encourages a culture of social responsibility, from our management to our customer-facing colleagues. The BEA Charity Fund has established several pioneering community programmes and provided multi-year financial support to NGOs in our key focus areas.

- The “Bank of East Asia Cup Financial Education School Tour” attracted 10,000 students from more than 120 schools in Shanghai, who learned financial skills and concepts by competing in a financial literacy contest.

Quotes from outstanding teachers:

“I learned a lot about psychology during the training! I will use this knowledge at work and I will pay more attention to children’s mental health.” — Zhen WANG

“I learned how to use Word and Excel more effectively, and the first aid knowledge will also be very helpful.” — Shijie HUANG

Education

- The 2018 Firefly Charity Night raised funds of CNY8.47 million to improve youth education in rural areas.
- The BEA Charity Fund organised 9,000 hours of teacher training for 170 rural schools in 8 locations across the country and training for school principals of 30 rural schools from 13 provinces.
- BEA China volunteers provided more than 70 hours of teaching to primary students in Nanning and Liu’an in subjects including English, music, geography, and Chinese culture.

Environment

- More than 750 volunteers across 28 cities contributed over 4,000 hours to environmental protection and awareness activities such as planting more than 280 trees and visiting ecological farms.

Social welfare

- 330 volunteers from BEA China’s Headquarters and 22 branches nationwide clocked up 1,400 hours delivering sundry items and books to more than 3,000 elderly persons.
- In celebration of Children’s Day, BEA’s “Our Childhood” campaign ran in 21 cities and delivered books and hosted activities for more than 4,400 children.

Flagship programmes

The Firefly Project

About the programme and partner

Since 2009, the Firefly Project has provided rural schoolchildren with access to educational tools that their peers in more developed regions may take for granted. Each Firefly Centre is equipped with computers, internet access, a library, audio-visual equipment, books, and school supplies.

Progress so far

In 2018, the Firefly Project established 12 new centres, bringing the total number of Firefly Centres nationwide to 88. More than 48,000 Firefly Backpacks have been donated to underprivileged students since the programme launch in 2009.

Objective and potential impact

To offer a brighter future for the younger generation in rural China and empower them with better educational opportunities

Future plans

In 2019, the BEA Charity Fund plans to establish 12 new centres and distribute around 6,000 Firefly Backpacks to schoolchildren across China.

NGO Show

About the programme and partner

Launched in 2016, the NGO Show aims to provide financial support to outstanding NGO projects with the aim of reaching more people in need of assistance.

Progress so far

In 2018 we then built on the success of the 1-Year Teaching Programme introduced in 2017, and again recruited qualified teachers from all over China and helped them to relocate to remote rural schools to teach.

Objective and potential impact

The NGO Show serves to connect NGOs with enterprises that wish to contribute to charitable causes. The BEA Charity Fund has become a powerful unifying force and enabler, allowing us to help more people.

The current focus of the programme is aimed at bringing together high calibre teachers and impoverished rural schools suffering from a dearth of qualified teachers.

Future plans

In addition to covering teachers' expenses for the year, the programme also provides specialist training, teaching assistance and job placement assistance.



In May, the BEA Charity Fund and "la Caixa" Foundation renewed their pledge to support the Firefly Centre Development Programme on the Mainland for a second 3-year period.

BRANCHES IN MACAU, TAIWAN, AND OVERSEAS

BEA's culture of contributing to our local communities is evident in every one of our branch locations. Our relationships with local partner organisations enable us to strengthen our ties to the community.

Some of our key projects are highlighted below:

Education

- For the eighth consecutive year, staff members of the New York Branch organised a workshop for primary school students to teach them basic banking concepts, and for the fourth time in five years, the staff provided career-readiness training for teenage members of Futures and Options, Inc.
- New York Branch volunteers and their family members provided quality control for Operation Backpack, sponsored by Volunteers of America-Greater New York, a local charitable organisation, providing backpacks and school supplies to 18,000 children.
- 40 children in the House of Love home for orphaned children and single mothers were provided lunch and received educational kits from Labuan Branch volunteers.
- London and Manchester Branches gave fraud awareness talks to help equip 80 senior citizens with the knowledge to avoid scams.

Environment

- In a year when marine plastic waste hit the headlines across the globe, members of our Volunteer Teams in Los Angeles, Singapore, and Taiwan tackled waste on local beaches to raise awareness and do their part to protect the marine environment.
- Taiwan Branch volunteers and their family members contributed to ecological protection of Yangmingshan National Park by weeding out 302 kilograms of an invasive plant species.

Social Welfare

- In support of the Genesis Social Welfare Foundation ("GSWF"), Taiwan Branch staff members hit the streets in a donation drive. The proceeds will be used by GSWF to help underprivileged groups.
- For the 5th year running, Macau Branch staff participated in World Vision's "Skip a Meal" Campaign and donated the cost of the meal to provide food and nutrition to children and families in Africa.
- 30 staff from our Singapore Branch volunteered at a soup kitchen to prepare food to be delivered to various underprivileged groups in the community.
- 46 staff members of BEA's Taiwan Branch donated blood to the Taiwan Blood Services Foundation Taipei Blood Centre, providing 130 bags of blood and improving on their donations from 2017 by 19%.
- UK Branches raised over GBP3,200 for Macmillan Cancer Support and Manchester Children's Hospital Charity.



For the fourth consecutive year, Blue Cross (Asia-Pacific) Insurance Limited was the title sponsor and insurance partner of the Hong Kong Open Fencing Championships.

ENHANCING OUR ENVIRONMENTAL PERFORMANCE

In 2018, the negative effects of climate change came into sharp focus as both Hong Kong and Macau sustained considerable damage during tropical storms. The BEA Group is committed to reducing its environmental impacts, and to encouraging our employees, customers, and other stakeholders to reduce theirs.

Our progress in 2018 includes:

- a **382.6 GJ** reduction in electricity consumption in Hong Kong year on year through upgrading air conditioning, introducing LED lighting, and powering off non-essential lighting in office buildings and branches;
- a **91 tonne** reduction in paper use compared with 2017; and
- an adoption rate of nearly **94%** for e-statements by credit card holders, exceeding the Bank's target of 90%.

EFFICIENT OPERATIONS

Why it matters

The importance of environmental stewardship to our stakeholders, including our employees, drives our efforts to find effective solutions to reduce our impact on the environment.

Management approach

The most significant factor contributing to our environmental impact is energy consumption of which approximately 91% is the use of electricity to power our branches, offices, and data centre. Meanwhile, our services rely upon significant amounts of paper for customer communications, statements, forms, and receipts in our branches. Our Environmental Policy outlines the commitments that Group members have made to reduce the consumption of energy and paper. Each of our business units continually monitors the consumption of energy and paper, so as to build on the progress we have made since we began monitoring in 2012.



In 2018, BEA won the Gold Award in the Servicing and Trading category of the prestigious Hong Kong Awards for Environmental Excellence in recognition of its excellent performance in environmental management.

We have achieved green building certification at our wholly-owned premises in Hong Kong and Mainland China:

- BEA Tower, Kwun Tong, Hong Kong: Hong Kong BEAM (Excellent)
- BEA's Leasing Office Building, 33 Des Voeux Road Central, Hong Kong: Gold Standard Rating in BEAM for New Buildings
- BEA China Headquarters, Shanghai: LEED⁴ Gold
- BEA China Shanghai Branch: LEED Gold
- BEA China Beijing Branch: LEED Gold

Energy reduction

Targets are a catalyst for delivering progress. In Hong Kong, we are limited in our ability to drive down emissions from energy consumption due to the fuel mix available to our operations. However, we have made a commitment to CDP (formerly the "Carbon Disclosure Project") to set a carbon emissions target within the next two years and set a target to reduce energy consumption at our two main office buildings in Hong Kong by 1.1% every year.

To achieve this, we:

- fitted energy-efficient equipment and lighting throughout our branch network and offices;
- replaced 75% of the split type air-conditioning units in Hong Kong branches with more energy-efficient variable refrigerant volume systems using more environmentally friendly refrigerant.
- promoted energy-saving behaviour among staff through communications and monitored behaviour; for example, by tracking what computers are not turned off; and
- continued to support the Charter on External Lighting by switching off external lighting at selected branches before 11 p.m. to minimise energy wastage and light pollution.

Paper consumption

Although our business often relies on paper to deliver key services to our customers, we are continually working to digitalise aspects of our operations to improve efficiencies and reduce paper consumption and waste.

Initiatives that help reduce our paper consumption:

- In Hong Kong, all BEA branches are now digitalised.
- We continue to digitalise our office systems and processes to reduce paper consumption.
- In line with market practices, we have established a fee for hardcopy statements to encourage more retail banking customers to go paperless.
- We encourage our staff to save paper and avoid printing where possible by generating and issuing staff printing records.
- Office paper used in our operations is FSC⁵ certified and recycled when practicable.

Waste

As a financial institution, we are not waste intensive, but this does not mean we do not need to manage our waste responsibility. We aim to reduce waste production and promote recycling across the Group. Paper is our major form of waste, but our colleagues in our offices and branches are urged to separate all recyclable waste for proper handling. To reduce waste and promote recycling we:

- engage contractors to recycle shredded confidential documents in Hong Kong, Singapore, the UK, and the US;
- provide recycling bins in the Bank's office buildings;
- record and report annual paper recycling rates; and
- participate in the Environmental Protection Department's Food Waste Recycling Partnership to recycle food waste generated from our staff canteen in BEA Tower in Hong Kong.

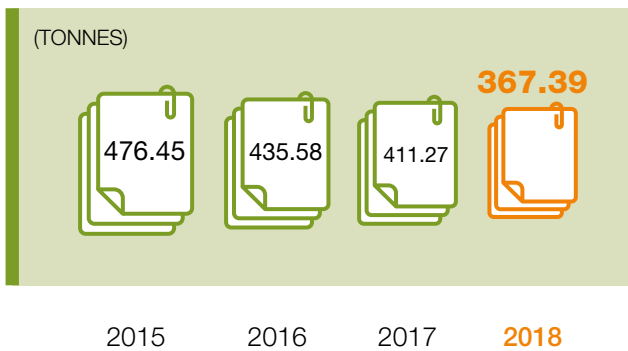
⁴ LEED is the Leadership in Energy and Environmental Design standard issued by the US Green Building Council.

⁵ FSC is Forest Stewardship Council certification.

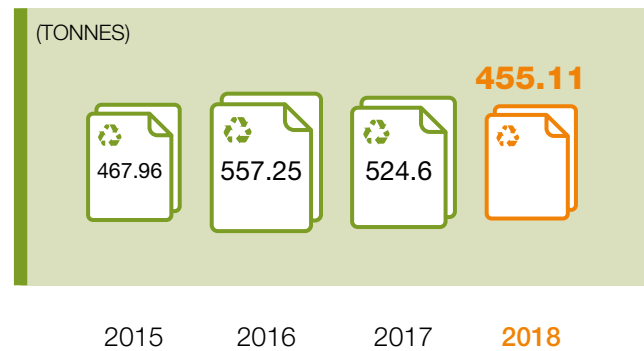
2018 performance

- Overall, the Group implemented electricity reduction initiatives resulting in an estimated 510 GJ in savings compared with 2017.
- Our facilities team reduced electricity consumption by replacing light bulbs with LEDs, turning off non-essential lighting in our two corporate offices, and installing more energy-efficient air conditioning units in six branches in Hong Kong. These enhancements resulted in savings of 382.57 GJ compared with 2017, which is enough to power the homes of 22 Hong Kong families for an entire year.
- With the launch of the BEA Head Office's eco-friendly canteen programme in September 2018, single use plastic items including plastic utensils and straws are no longer provided to staff. In addition, the BEA Tower canteen began reducing single-use plastic use during the year under review.
- In the UK, we promoted reusable large envelopes in our branches. This initiative resulted in us ordering 170 kg fewer envelopes in 2018 when compared with 2017.
- As of 31st December 2018, nearly 94% of BEA's credit card customers had adopted e-statements, up from the 77% reported at the end of 2017.

Total copy paper* consumption

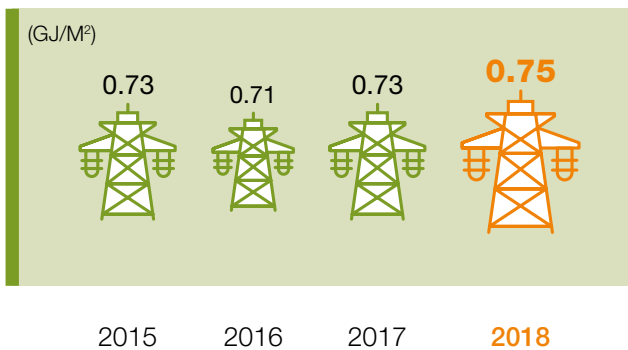


Total paper recycled

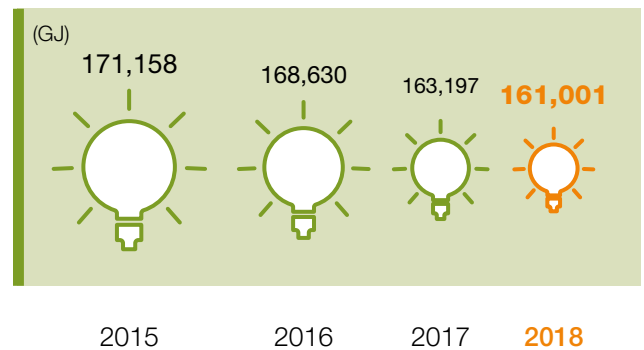


* Includes A3 and A4 copy paper only and excludes other paper or paper products consumed

Energy intensity per square metre



Total electricity consumption



Carbon disclosure

Climate change is an issue of growing concern and importance globally. The Group continued to show its commitment to transparency by submitting performance information to CDP and the Carbon Footprint Repository for Listed Companies in Hong Kong.

PROMOTING GREEN BEHAVIOUR

Why it matters

We recognise that as a large financial services provider, we can multiply our positive impact by educating our stakeholders on environmental issues and encouraging those around us to adopt environmentally considerate practices.

Management approach

Suppliers

The Bank is committed to working with suppliers and vendors that have adopted ESG best practices. For those suppliers who have not already made such commitments, we provide encouragement to them to make improvements and better manage associated risks. Our Supplier Code of Conduct fortifies our ability to drive positive environmental change in our supply chains by encouraging environmentally responsive behaviour in our procurement practices.

Employees

In order to foster a culture of environmentally responsible behaviour in our workplaces, we regularly communicate interesting environmental news to our colleagues. Through our staff CSR e-newsletter, we raise awareness of important issues and relate them to the positive contributions that BEA and our employee volunteers are making in conjunction with industry groups and environmental organisations.

2018 performance

- The Bank hired an external consultant to conduct ESG risk assessment of the Bank's suppliers in Hong Kong, with particular focus on inherent geographic ESG risks and customer-facing products and services. The insights gained from this process have strengthened our ability to mitigate environmental risk and encourage responsible behaviour from our suppliers.
- We reformatted our staff newsletters to lead with pressing environmental issues in order to raise environmental awareness, communicate how BEA is reducing its environmental impact and provide tips on how our staff can assist. Through the newsletter, we also sought staff feedback on additional ways in which we can reduce our environmental footprint.

APPENDICES

DATA TABLES

HKEX ESG Reporting Guide Reference/GRI Reference				
Reference	Indicator		2018	2017 ⁶
Economic performance				
			HKD million	HKD million
GRI 201-1	Direct economic value generated			
	Revenue		17,124	17,062
GRI 201-1	Direct economic value distributed			
	Operating costs		2,971	2,759
	Employee compensation and benefits		5,032	4,702
	Payment to providers of capital		4,052	4,113
	Payments to government in Hong Kong		879	726
	Payments to government in Mainland China		323	(49)
	Payments to government in Macau and Taiwan		15	14
	Payments to government overseas		275	277
GRI 201-1	Total value of charitable donations		10	4
GRI 201-1	Economic value retained		3,567	4,516

	Unit	2018	2017	2016	2015	
Environmental performance						
GRI 302-1	Energy consumption within the organisation					
	Total energy consumption	gigajoules (GJ)	174,386.40	176,982.82	187,533.91	189,832.79
	Total electricity consumption	GJ	161,001.04	163,196.55	168,630.27	171,157.63
	Total heating purchased for consumption	GJ	1,835.38	1,617.00	3,569.00	1,690.12
	Total cooling purchased for consumption	GJ	642.00	593.00	2,366.00	2,937.14
a.	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	GJ	10,907.97	11,576.27	12,968.64	14,047.90
b.	Total fuel consumption from renewable sources	GJ	0.00	0.00	0.00	0.00

HKEX ESG Reporting Guide Reference/GRI Reference						
Reference	Indicator	Unit	2018	2017	2016	2015
KPI A2.1	Total direct and indirect energy consumption by type					
	Total energy consumption	'000 kilowatt hours (kWh)	48,440.67	49,161.89	52,092.75	52,731.33
	Total electricity consumption	'000 kWh	44,722.51	45,332.38	46,841.74	47,543.79
	Total heating purchased for consumption	'000 kWh	509.83	449.17	991.39	469.48
	Total cooling purchased for consumption	'000 kWh	178.33	164.72	657.22	815.87
	Total fuel consumption from non-renewable sources (towing & vehicle fuel)	'000 kWh	3,029.99	3,215.63	3,602.40	3,902.19
	Total fuel consumption from renewable sources	'000 kWh	0.00	0.00	0.00	0.00
GRI 302-3	Overall energy intensity of the Group by Gross Floor Area	GJ/m ²	0.75	0.73	0.71	0.73
KPI A2.2	Water consumption					
	Total consumption of municipal fresh water	m ³	94,581.11	96,726.70 ⁷	106,257.03 ⁷	Data not available
	Water intensity per square metre of GFA	m ³ /m ²	0.43	0.50 ⁷	0.54	Data not available
GRI 306-2 KPIA1.4	Paper consumption and waste					
	Total paper used	tonnes	887.13	977.68	1,096.31	1,066.14
	Total paper recycled	tonnes	455.11	524.6	557.25	467.96
	Recycling rate	%	51.3	53.7	50.8	43.9
GRI 306-2 KPI A1.4	IT Products					
	Total weight of IT products collected for recycling or reuse	tonnes	10.21	8.55	9.19	12.67
GRI 306-2 KPI A1.3	Medical waste (Blue Care only)					
	Weight of waste disposed	tonnes	0.12	0.14	0.13	0.09

HKEX ESG Reporting Guide Reference/GRI Reference						
Reference	Indicator	Unit	2018	2017	2016	2015
KPI A1.1	Emissions from gaseous fuel consumption in Hong Kong					
	NOx	kilograms (kg)	7.88	7.80	7.66	Data not available
	SOx	kg	0.04	0.04	0.04	Data not available
KPI A1.1	Emissions from vehicles in Hong Kong					
	NOx	grams (g)	404,798	485,994	546,367	Data not available
	SOx	g	1,423	1,418	1,604	Data not available
	PM	g	36,231	43,445	47,849	Data not available
KPI A1.2	Total greenhouse gas (GHG) emissions in Hong Kong					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	853.6	356.01	361.06	Data not available
	Scope 2 emissions	tonnes CO ₂ e	11,276.03	12,211.87	13,947.21	Data not available
	Scope 1 & 2 emissions	tonnes CO ₂ e	12,129.63	12,567.72	14,308.12	Data not available
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.18	0.18	0.17	Data not available
KPI A1.2	Total greenhouse gas (GHG) emissions of BEA China					
	Scope 1 emissions ⁸	tonnes CO ₂ e	1,402.62	1,541.10	1,397.28	Data not available
	Scope 2 emissions	tonnes CO ₂ e	15,416.05	15,869.82	16,221.54	Data not available
	Scope 1 & 2 emissions	tonnes CO ₂ e	16,818.67	17,410.92	17,618.82	Data not available
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.12	0.12	0.12	Data not available
Workforce data						
GRI 102-7	Total workforce				No. of people: 9,647	
				Male	Female	
				%	%	
GRI 102-8 a.	Total workforce by employment contract and gender					
	Permanent Contract			39.5	59.4	
	Fixed Term/Temporary Contract			0.6	0.5	
GRI 102-8 c.	Total number of employees by employment type and gender					
KPI B1.1	Full-Time			39.6	58.8	
	Part-Time			0.5	1.0	

HKEX ESG
Reporting Guide
Reference/GRI

Reference	Indicator	2018				
KPI B1.1	Total workforce by region and gender	Male	Female			
		%	%			
	Hong Kong	23.2	31.0			
	Mainland China	14.3	25.3			
	Macau & Taiwan	0.7	1.0			
	Overseas	1.9	2.6			
KPI B1.1	Total workforce by region and age	Below 30	30–50	Above 50		
		%	%	%		
	Hong Kong	11.3	32.1	10.8		
	Mainland China	8.1	30.2	1.3		
	Macau & Taiwan	0.4	1.1	0.2		
	Overseas	0.6	2.7	1.1		
GRI 102-8 b.	Total workforce by employment contract and region	Hong Kong	Mainland China	Macau & Taiwan	Overseas	
		%	%	%	%	
	Permanent Contract	53.2	39.6	1.7	4.4	
	Fixed Term/Temporary Contract	1.0	0.0	0.0	0.1	
GRI 401-1 a.	Total no. of new hires by region and gender, and region and age (permanent full time staff only)	No. of people: 1,857				
		Male	Female	Below 30	30–50	Above 50
		%	%	%	%	%
	Hong Kong	28.2	32.7	25.8	31.9	3.3
	Mainland China	14.1	17.0	15.7	15.0	0.3
	Macau & Taiwan	1.5	1.7	1.6	1.6	0.1
	Overseas	2.4	2.4	1.3	3.0	0.4
GRI 401-1 a.	Rate of new hires by region and gender, and region and age (permanent full time staff only)	Overall: 19.8%				
	Hong Kong	24.5	21.3	49.3	19.5	6.2
	Mainland China	19.0	12.9	37.2	9.6	4.8
	Macau & Taiwan	38.9	34.8	80.6	26.6	10.5
	Overseas	24.9	18.3	44.6	21.5	6.9
GRI 401-1 b.	Total employee turnover by region and gender, and region and age (permanent full time staff only)	No. of people: 1,954				
	Hong Kong	21.8	28.2	16.0	27.6	6.4
	Mainland China	16.2	26.8	11.1	30.7	1.2
	Macau & Taiwan	1.0	1.7	1.2	1.2	0.3
	Overseas	1.7	2.6	1.2	2.4	0.7

HKEX ESG Reporting Guide Reference/GRI Reference						Indicator						2018	
GRI 401-1 b. KPI B1.2		Rate of employee turnover by region and gender, and region and age (permanent full time staff only)									Overall: 20.8%		
			Male %	Female %	Below 30 %	30–50 %	Above 50 %						
		Hong Kong	19.9	19.3	32.1	17.7	12.8						
		Mainland China	22.9	21.4	27.7	20.6	18.5						
		Macau & Taiwan	26.4	37.0	66.7	21.1	31.6						
		Overseas	19.2	20.8	41.1	18.1	13.9						
GRI 401-3		Return to work and retention after parental leave, by gender											
									Male	Female			
a.		Proportion of total workforce entitled to parental leave							94%	96%			
b.		Number of people who took parental leave							140	356			
c.		Number of people who returned to work after parental leave							129	259			
d.		Total employees retained 12 months after returning from parental leave							150	248			
e.		Return to work rate							92%	81%			
f.		Retention rate							80%	75%			
GRI 403-2 a. KPI B2.1		Total number of work-related fatalities									0		
GRI 403-2 a.		Injury rate per 1,000 employees									Overall: 3.01%		
		Hong Kong							1.8	4.7			
		Mainland China							0.7	1.6			
		Macau & Taiwan							69.4 ⁹	0.0			
		Overseas							0.0	4.0			
KPI B2.2		Lost days due to work related injury									1,037		
GRI 403-2 a.		Lost day rate									Overall: 0.04%		
		Hong Kong								0.06%			
		Mainland China								0.03%			
		Macau & Taiwan								0.00%			
		Overseas								0.00%			
GRI 403-2 a.		Absentee rate									Overall: 2.01%		
		Hong Kong								2.13%			
		Mainland China								1.84%			
		Macau & Taiwan								1.64%			
		Overseas								2.21%			

HKEX ESG

Reporting Guide

Reference/GRI

Reference	Indicator	2018				
GRI 405-1	Composition of the Board of Directors	Male	Female	Below 30	30–50	Above 50
		%	%	%	%	%
	by gender	94	6			
	by age group				18	82
GRI 103-2	Number of grievances about labour practices filed, addressed and resolved					3
Human rights and society						
GRI 406-1	Total number of incidents of discrimination and corrective actions taken					0
GRI 205-3 KPI B7.1	Confirmed incidents of corruption and actions taken					0
GRI 419-1	Monetary value of significant fines for non-compliance with laws and regulations (HKD)					0
GRI 419-1	Total number of non-monetary sanctions for non-compliance with laws and regulations					0
Product responsibility						
GRI 417-1	Total number of 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					8
GRI 419-1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (HKD)					0

6 Restated

7 Restated — Water consumption data has been restated to include municipal fresh water only.

8 Restated — For the consistency and enhancement of the calculation of greenhouse gas emission, the 2016-2017 figures for GHG emissions from fuel consumption were restated.

9 The relatively high injury rate was due to minor injuries sustained by male staff members of Macau Branch during a local sports competition. Going forward, the Branch will provide personal safety awareness to staff, and ensure that alternates are arranged so that staff members have sufficient opportunities to rest during events.

APPENDICES

HKEX ESG REPORTING GUIDE CONTENT INDEX

A. Environmental		Page
A1 Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	64
A1.1	The types of emissions and respective emissions data	40
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	40
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	39
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	39 (partially disclosed)
A1.5	Description of measures to mitigate emissions and results achieved	34–37
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	34–37
A2 Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	64
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)	39
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	39
A2.3	Description of energy use efficiency initiatives and results achieved	34–36
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Not material
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not material
A3 The Environment and natural resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	64
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	34–37

B. Social		Page
B1 Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	64
B1.1	Total workforce by gender, employment type, age group and geographical region	41
B1.2	Employee turnover rate by gender, age group and geographical region	42
B2 Health and safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	64
B2.1	Number and rate of work-related fatalities	42
B2.2	Lost days due to work injury	42
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	64
B3 Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	64
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	22
B4 Labour standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	64
B4.1	Description of measures to review employment practices to avoid child and forced labour	Not material
B4.2	Description of steps taken to eliminate such practices when discovered	Not material

B. Social		Page
B5 Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain	11
B5.1	Number of suppliers by geographical region	15
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	14–15 (partially disclosed)
B6 Product responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	65
B6.1	Percentage of products subject to recalls for safety and health reasons	Not material
B6.2	Number of product and service-related complaints received and how they are dealt with	19
B6.3	Description of practices relating to observing and protecting intellectual property rights	Not material
B6.4	Description of quality assurance process and recall procedures	Not material
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	19, 65
B7 Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	65
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	43
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	13–14
B8 Community investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	65
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	25–26
B8.2	Resources contributed (e.g. money or time) to the focus area	25

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GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page	Remarks
GRI 100: Universal Disclosures 2016		N/A	
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	2	
102-2	Activities, brands, products, and services	51	
102-3	Location of headquarters	2	
102-4	Location of operations	2	
102-5	Ownership and legal form	—	Listed on the Stock Exchange of Hong Kong; Also refer to Annual Report 2018
102-6	Markets served	51	Refer to Annual Report 2018
102-7	Scale of the organisation	2	
102-8	Information on employees and other workers	41–42	
102-9	Supply chain	52	
102-10	Significant changes to the organisation and its supply chain	52	
102-11	Precautionary principle or approach	1, 13–15	
102-12	External initiatives	52	
102-13	Membership of associations	53–54	
102-14	Statement from senior decision maker	3	
102-16	Values, principles, standards, and norms of behaviour	8–9	
102-18	Governance structure	10	
102-40	List of stakeholder groups	56	
102-41	Collective bargaining agreements	61	
102-42	Identifying and selecting stakeholders	56	
102-43	Approach to stakeholder engagement	56	
102-44	Key topics and concerns raised	56	

GRI Standard	Disclosure Number and Title	Page	Remarks
102-45	Entities included in the consolidated financial statements	2	Refer to Annual Report 2018
102-46	Defining report content and topic boundaries	61	
102-47	List of material topics	62	
102-48	Restatements of information	63	Relevant restated information was detailed in Data Performance section.
102-49	Changes in reporting	63	
102-50	Reporting period	2	
102-51	Date of most recent report	—	CSR Report 2017 published in June 2018
102-52	Reporting cycle	—	Annual
102-53	Contact point for questions regarding the report	2	
102-54	Claims of reporting in accordance with the GRI Standards	2	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	47–50	
102-56	External assurance	—	No external assurance for report content
Material Topics			
GRI 200: Economic Topics 2016			
GRI 201: Economic Performance 2016			
GRI 103	Management Approach 2016	13–14	
201-1	Direct economic value generated and distributed	13–38	Refer to Annual Report 2018
GRI 205: Anti-corruption 2016			
GRI 103	Management Approach 2016	13, 65	
205-3	Confirmed incidents of corruption and actions taken	43	
GRI 300: Environmental Topics 2016			
GRI 301: Materials 2016			
GRI 103	Management Approach 2016	35, 37	
301-1	Materials used by weight or volume	35, 39	

GRI Standard	Disclosure Number and Title	Page	Remarks
GRI 302: Energy 2016			
GRI 103	Management Approach 2016	64	
302-1	Energy consumption within the organisation	39	
302-3	Energy intensity	39	
302-4	Reduction of energy consumption	36, 39	
GRI 306: Effluents and Waste 2016			
GRI 103	Management Approach 2016	34–37, 64	
306-2	Waste by type and disposal method	35, 39	
GRI 400: Social Topics 2016			
GRI 401: Employment 2016			
GRI 103	Management Approach 2016	64	
401-1	New employee hires and employee turnover	41–42	
401-3	Parental leave	42	
GRI 402: Labour/Management Relations 2016			
GRI 103	Management Approach 2016	23–24	
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.
GRI 403: Occupational Health and Safety 2016			
GRI 103	Management Approach 2016	23–24, 64	The Group operates in the 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.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	43	

GRI Standard	Disclosure Number and Title	Page	Remarks
GRI 404: Training and Education 2016			
GRI 103	Management Approach 2016	22, 64	
404-1	Average hours of training per year per employee	22	
GRI 405: Diversity and Inclusion 2016			
GRI 103	Management Approach 2016	23, 64	
405-1	Diversity of governance bodies and employees	43	
GRI 406: Non-discrimination 2016			
GRI 103	Management Approach 2016	23, 64	
406-1	Incidents of discrimination and corrective actions taken	43	
GRI 413: Local Communities 2016			
GRI 103	Management Approach 2016	25–31, 65	
413-1	Operations with local community engagement, impact assessments, and development programs	25, 31	
GRI 417: Marketing and Labelling 2016			
GRI 103	Management Approach 2016	16–17	
417-3	Incidents of non-compliance concerning marketing communications	43	
GRI 418: Customer Privacy 2016			
GRI 103	Management Approach 2016	65	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43	
GRI 419: General Compliance 2016			
GRI 103	Management Approach 2016	65	
419-1	Non-compliance with laws and regulations in the social and economic area	43	

APPENDICES

SUPPLEMENTARY INFORMATION

GENERAL DISCLOSURES

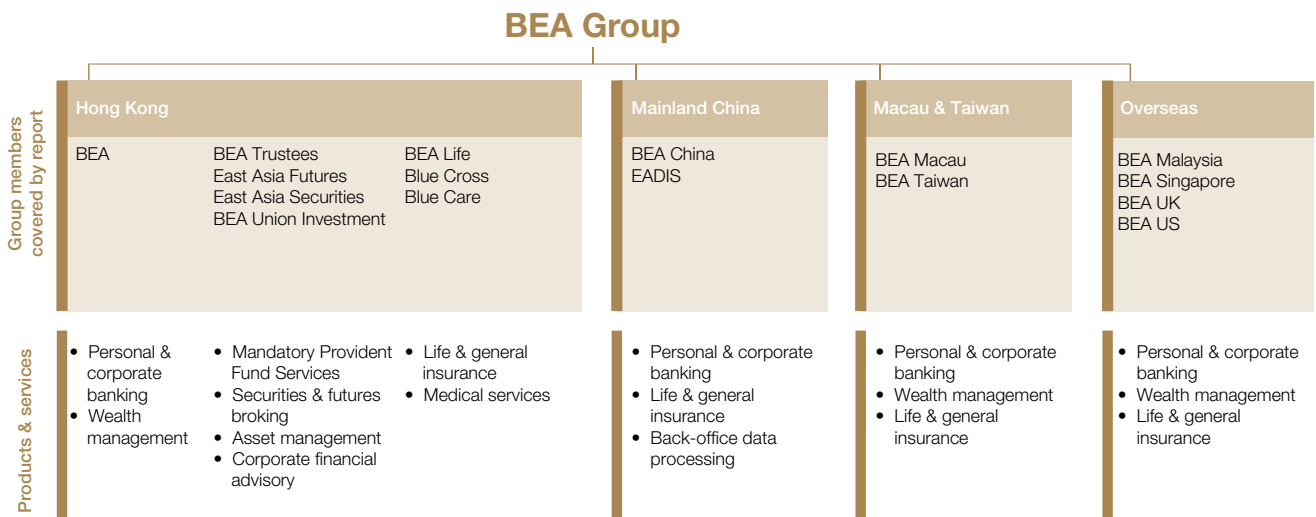
Primary Brands, Products, and Services (GRI 102-2)

BEA has long been known for the comprehensive range of corporate and personal banking, financial, and insurance services that it provides to a diverse customer base. Wholesale and personal banking services are delivered through the Bank's Corporate Banking, Personal Banking, Wealth Management, Insurance & Retirement Benefits, Treasury Markets, China, and International divisions.

Products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings,

remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, broking services, Mandatory Provident Fund services, and general and life insurance.

In addition to the Bank's core offering, other members of the BEA Group broaden the range of products and services available to individual and corporate customers. BEA's wholly-owned subsidiaries BEA Life and Blue Cross serve as underwriters of life insurance and general insurance products, respectively.



Supply Chain Description (GRI 102-9)

The Group's primary suppliers include providers of information technology and telecommunications services, premises and equipment, legal and professional advice, advertising services, and communications, stationery, and printing. We are committed to supporting local economies and the majority of our suppliers are located in our country of operation.

For further information please see the Growing Our Business Responsibly section of the report.

Significant changes to organisation size, structure, ownership, or supply chain (GRI 102-10)

There were no significant changes to BEA's organisation structure in 2018.

Charters (GRI 102-12)

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

Memberships (GRI 102-13)

The BEA Group is actively involved in the community. We are a corporate member of the industry associations, NGOs and chambers listed below, and our Chairman & Chief Executive, Deputy Chief Executives, and senior

executives hold key positions in universities, associations, chambers, and NGOs, which enable them to contribute to the long-term development of the communities we serve.

Title Held/Level	Name of Association, NGO, Chamber
BEA	
<i>Hong Kong</i>	
Corporate	Asian Bankers Association
Corporate	The Chamber of Hong Kong Listed Companies
Corporate	Employers' Federation of Hong Kong
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
<i>Macau</i>	
Vice Chairman of Supervisory Board	The Macau Association of Banks
<i>Taiwan</i>	
Director	Hong Kong Business Association in Taiwan
<i>Malaysia</i>	
Member	Association of Labuan Banks
<i>UK</i>	
Member	Association of Foreign Banks
Member	Hong Kong Association
Member	Hong Kong Trade Development Council
Member	UK Chinese Bankers Association
Member	Hong Kong Economic Trading Office
Member	The Guild of International Bankers
BEA China	
Corporate (Vice President)	China Banking Association
Director	Shanghai Banking Association
Deputy Director General	Shanghai Financial Association
Vice President	China Banking Association
Director	Foreign Bank Work Committee at the China Banking Association
Member	The CPPCC of Shanghai

Title Held/Level	Name of Association, NGO, Chamber
Blue Cross	
Director	Chinese Insurance Association of Hong Kong Limited
Member of Task Force on Greater China Affairs	The Hong Kong Federation of Insurers
Member of Task Force on Healthcare Reform	The Hong Kong Federation of Insurers
Member of Election Committee — Insurance Subsector	Electoral Affairs Commission, HKSAR
Member of Insurance Authority Working Group	The Hong Kong Association of Banks
EADIS	
Member	Guangzhou Association of Service Trade & Outsourcing
Member	Guangdong Service Outsourcing Industry Association
BEA Union Investment	
Member	Hong Kong Investment Funds Association
Member of Ethics Review Committee	Hong Kong Institute of Certified Public Accountants
Member of Human Capital Committee	Financial Services Development Council
Member	CFA Institute
Member of Executive Committee	Hong Kong Investment Funds Association

AWARDS AND RECOGNITION

BEA

1. "President's Award" (for the 19th consecutive year), "Diamond Award" in the Corporate & Employee Contribution Programme 2017/2018 (for the 24th consecutive year), "6th Top Fund-raiser Award" in the Dress Casual Day 2017 Programme, and the "Outstanding Walk Team Award" in the Hong Kong & Kowloon Walk 2017/2018 from The Community Chest of Hong Kong;
2. Named "Caring Company" by HKCSS (15th consecutive year for BEA, 10th consecutive year for Blue Cross, and first year for BEA Life);
3. Good MPF Employer Award 2017/2018 from the Mandatory Provident Schemes Authority (received by BEA, BEA Life, Blue Cross, and BEA Union Investment);
4. Named one of the top 20 companies in the 3rd Hong Kong Business Sustainability Index;
5. "Best ESG Report — Large Cap (Grand Award)" from Alaya Consulting Limited;
6. "Outstanding Partner Award" (for the second consecutive year) and "Community Engagement Gold Award" (for the fourth consecutive year) from the Senior Citizen Home Safety Association;

BEA

-  **7.** “Triple Gold Awards” (for the Bank’s website and mobile app) in the Web Accessibility Recognition Scheme 2018/19;
-  **8.** Social Capital Builder Logo Award (for the third consecutive year) from The Community Investment and Inclusion Fund of the Labour and Welfare Bureau;
-  **9.** Financial Education Champion Award from the Investor and Financial Education Council;
-  **10.** “Manpower Developer” by the Employees Retraining Board (for the seventh consecutive year);
-  **11.** Family-Friendly Employers 2017/18 in the Family-Friendly Employers Award Scheme co-organised by the Home Affairs Bureau and the Family Council;
-  **12.** Special Mention 2017/18 (Gold) in the Family-Friendly Employers Award Scheme co-organised by the Home Affairs Bureau and the Family Council;
-  **13.** Awards for Breastfeeding Support 2017/18 in the Family-Friendly Employers Award Scheme co-organised by the Home Affairs Bureau and the Family Council;
-  **14.** One of the “Top 10 Volunteer Groups 2017–2018” from Feeding HK;
-  **15.** Gold Award for Volunteer Service in 2017 (for the 5th consecutive year) from the Social Welfare Department — Central Office for Volunteer Service;
-  **16.** Charter on External Lighting “Platinum Award” from the Environment Bureau;
-  **17.** “Gold Award” in the Servicing and Trading Industry category in the Hong Kong Awards for Environmental Excellence Programme;
-  **18.** “Certificate of Merit” in the Asia Pacific Best Managed Sustainability Program Award category from the Hong Kong Chapter of the International Facility Management Association;
-  **19.** Indoor Air Quality Certificate (Good Class for BEA’s Head Office Building and Excellent Class for BEA Tower) from the Environmental Protection Department (“EPD”) and the Hong Kong Accreditation Service of the HKSAR Government;
-  **20.** Wastewi\$e Certificate from Hong Kong Green Organisation Certification (“HKGOC”); (Excellent Class for BEA’s Head Office Building and BEA Tower);
-  **21.** Energywi\$e Certificate from HKGOC; (Excellent Class for BEA’s Head Office Building and BEA Tower);
-  **22.** Quality Water Supply Scheme For Buildings — Fresh Water (Management System) from Water Supplies Department (Gold) for BEA’s Head Office Building;
-  **23.** Certificate of Appreciation in O Park1 from EPD;
-  **24.** Tree Conservation Scheme Certificate 2018 from the Hong Kong Environmental Protection Association;
-  **25.** Human Capital Partnership Award (received by Singapore Branch) from the Tripartite Alliance for Fair and Progressive Employment Practices;

BEA

-  **26.** NS Mark Gold Award (received by Singapore Branch) from the Advisory Council on Community Relations in Defence, Ministry of Defence of the Government of the Republic of Singapore;
-  **27.** Total Defence Award – NS Advocate Award 2018 (received by Singapore Branch) from the Advisory Council on Community Relations in Defence, Ministry of Defence of the Government of the Republic of Singapore;
-  **28.** National Safety and Security Watch Group Outstanding Individual Award 2018 (received by Singapore Branch for the second consecutive year) from National Safety and Security Watch Group;

BEA (China)

-  **29.** 2017 Best Practice of Social Responsibility Award from the China Banking Association (for the third consecutive year); and
-  **30.** Best Practice Award in the 2018 YICAI CSR Rankings in China from YICAI.

Stakeholder Engagement Process and Results (GRI 102-40, GRI 102-42 to 102-44)

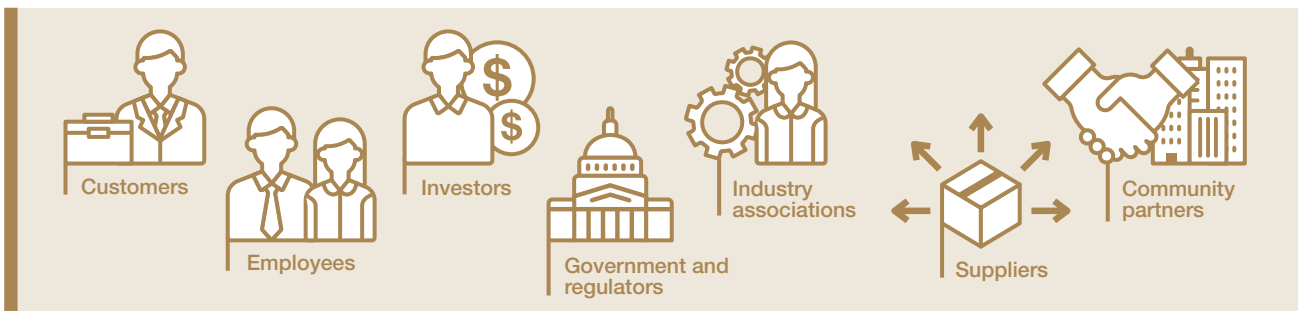
We value regular, honest, and open dialogue with our stakeholders. Stakeholder views have directly informed our CSR strategy, and helped us to identify the economic, environmental, and social issues that we need to manage and report on.

In daily operations, our people build strong relationships with customers, investors, regulators, and the wider community through meetings, events, newsletters, and other communications channels. Regular engagement allows us to respond quickly to stakeholder needs and market developments, effectively manage risks and seize opportunities to create value for our business and the communities in which we operate.

Every year since 2013, we have also systematically engaged stakeholders across our business and countries of operation specifically for the purpose of reviewing our CSR performance and material issues. An independent third party is commissioned to facilitate focus groups and interviews to ensure participants can speak freely.

In 2018, we engaged back-office staff of the Group, as well as representatives from suppliers, community partners, academia and customers. Individuals invited to participate in the engagement exercise had not previously been engaged, and were selected for their familiarity with the Bank's business and/or sustainability topics. Feedback from this stakeholder engagement exercise has informed the content of this report, and will be used to shape our CSR strategy going forward.

The BEA Group's key stakeholders



Responding to Stakeholder Feedback

Building on our engagement of different stakeholder groups in recent years, we sought the views of male employees aged 40 to 60 during this reporting cycle. The

table below highlights feedback from two focus groups conducted by a third party and our responses to that feedback.

Employee Feedback	BEA Group Response/Actions
<p>Developing our people Training and development: Employees generally felt that BEA provides sufficient and diverse training opportunities. However, they felt that training had a stronger focus on compliance and less on capacity-building for staff.</p> <p>Turnover and retention: Arrangements for internal transfers could be more flexible, according to some focus group members. It is difficult to change teams within the Bank, and opportunities that do arise may not necessarily be more attractive to current employees than opportunities outside the company.</p>	<p>Compliance with Bank and regulatory requirements is mandatory, and is supported by annual refresher courses and other forms of training. Since all staff members are required to complete such training, it may seem as if the Bank's training programme focusses on compliance. However, compliance-related training courses actually comprise just 23% of all training courses currently available for employees. BEA provides a wide range of training solutions that enable employees to gain the knowledge and skills they need for their jobs, from product and financial knowledge to customer service, personal effectiveness, and leadership training. Going forward, the Bank will remind supervisors to inform their team members of the training opportunities available to them.</p> <p>Employing over 5,300 people across a wide range of operations in Hong Kong, BEA offers opportunities for staff members to transfer to other units within the Bank. While the Bank endeavours to assist staff members who request transfers, the reality is that not every transfer request is successful. Many job functions require specific skills and candidates are required to undergo an assessment process to ensure that they fulfil the competence requirements of the positions they apply for. Staff members interested in internal transfer opportunities should seek advice from their supervisor or the Human Resources Department. The Bank will continue to regularly review its internal transfer process.</p>

Employee Feedback

BEA Group Response/Actions

Succession planning:

Focus group members are keen to learn about succession planning within the Bank. They want to know what is being done to prepare capable employees to assume new roles.

The succession planning exercise is conducted annually and the target positions for succession planning are division heads, department heads, section heads and other critical positions identified by individual divisions/departments. Division/department heads are requested to formulate development plans for the successors. The development activities include but are not limited to on-the-job coaching, training programs, project assignments, and job rotation. Division/department heads are encouraged to discuss career development with their subordinates during the annual performance appraisal process.

Growing our business responsibly

Supply chain management:

There is a new internal requirement on checking the risk profiles of suppliers and contractors every time BEA makes procurement orders. This, however, hinders the effectiveness of operations because for some relatively low-risk suppliers or long-time partners, the risks of violating certain environmental and social requirements are not that high. Less frequent reviews would serve the purpose of monitoring environmental and social risks within the supply chain and improve efficiency.

BEA has striven to strike a balance between operational efficiency and risk appetite when developing its ESG risk assessment process for suppliers. We have adopted a risk-based approach to oversee our suppliers' risk profile and we pay particular attention to contracts of a relatively large monetary amount and suppliers with relatively high levels of ESG risk. Staff members who have any questions related to the supplier risk assessment process are welcome to contact the Bank's OSSD for assistance.

Contributing to the community

Stakeholder perceptions:

Most employees were aware of BEA's community efforts, some of whom felt that BEA is performing quite well in its community involvement. However, some employees felt that BEA volunteers have contributed a great deal, but their great work has not been communicated enough internally, with quite low visibility within the company.

At present, BEA communicates the work of its staff volunteers via a permanent banner, "BEA Cares", via the Bank's intranet. Selected volunteer work is also reported in BEA's CSR and staff e-newsletters. We will explore other ways to communicate the work of the volunteers, and opportunities for staff members to take part.

Employee Feedback

BEA Group Response/Actions

Enhancing our environmental performance

Resource consumption:

Employees are aware of BEA's efforts to encourage customers to go paperless by using fax or receiving e-statements. However, it was perceived that there is a lack of recycling facilities at BEA's Head Office after the recycling bins were removed from the lobby.

A suitable location for recycling bins could be not identified in the Bank's Head Office lobby following its renovation in 2014. However, bins have been placed in the cargo lift lobby on the 4th floor of the Head Office Building.

In addition, cleaners working at the Bank's Head Office will sort trash and most paper waste that is shredded/collected for destruction is recycled by our vendor. Employees with a large volume of non-confidential waste can contact the Head Office Control Room to arrange special collection.

The Bank will consider other locations where recycling bins could be set up and, in the meantime, the location of the existing recycling bins will be more clearly communicated to staff.

Employees also cautioned that when the Group implements paper saving initiatives, some staff may need dual monitors to read documents if not using paper copies, which are not available in every department and may require extra investment.

The Bank strives to ensure that its employees are equipped with the equipment they need to perform their duties efficiently. The Bank's IT Department regularly receives requests for additional monitors and it plans to procure even larger monitors in the future that will allow staff members to comfortably view more than one screen at a time. Staff members should discuss their equipment needs with their supervisors to find a suitable solution.

The Bank should consider printing the English and Chinese versions of annual reports separately and ask shareholders to choose either version to read to reduce paper used.

The Bank issues its annual report in bilingual form to simplify production and minimise wastage that may result from the overproduction of any particular language version. To help reduce paper consumption and protect the environment, every three years, the Bank reviews and, if appropriate, reminds shareholders who receive printed corporate communications that they can opt for the website versions instead of receiving hardcopy material. It should be noted that since the launch of website communications in 2010, the number of printed annual reports has decreased by about 74%.

Employee Feedback

BEA Group Response/Actions

Serving Our Customers

Digitalisation:

In addition, some furniture has been removed, resulting in more space but fewer options for customers to rest when waiting to be served. Could digital queuing be used to help this?

While branches have become fully digitalised, the process is yet to be completed for some internal systems and processes. Efficiency could be improved if all process were digitalised.

To enhance the comfort of customers queuing for counter services, the Bank has set up a task force to study the feasibility of implementing a ticketing system in selected branches. As an interim measure, branch colleagues will make special arrangements for elderly customers and those with special needs who require assistance such as seating.

BEA considers digitalisation an ongoing process, and ultimately aims to achieve end-to-end digitalised operations.

Mobile account opening is under development and will streamline the account opening process. In addition, robotic process automation is being implemented to support manual account opening procedures, increase efficiency, and reduce processing time.

Collective Bargaining Agreements (GRI 102-41)

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, 20% of BEA's employees are covered by collective bargaining agreements.

We maintain clear and open grievance channels for employees to raise concerns.

Materiality Assessment (GRI 102-46)

In preparation for this report, we undertook a comprehensive materiality assessment in 2017 and engaged a total of 130 internal and external stakeholders. Our material topics represent the most significant economic, environmental and social impacts of our business, and the issues that are of most interest or concern to our stakeholders.

Materiality Assessment Process

IDENTIFICATION

- Compiled a shortlist of 28 sustainability topics that could merit inclusion in this year's report by referencing the GRI disclosures, international sustainability frameworks and trends, media coverage, ongoing engagement with stakeholders, and the Group's existing commitments.

PRIORITISATION

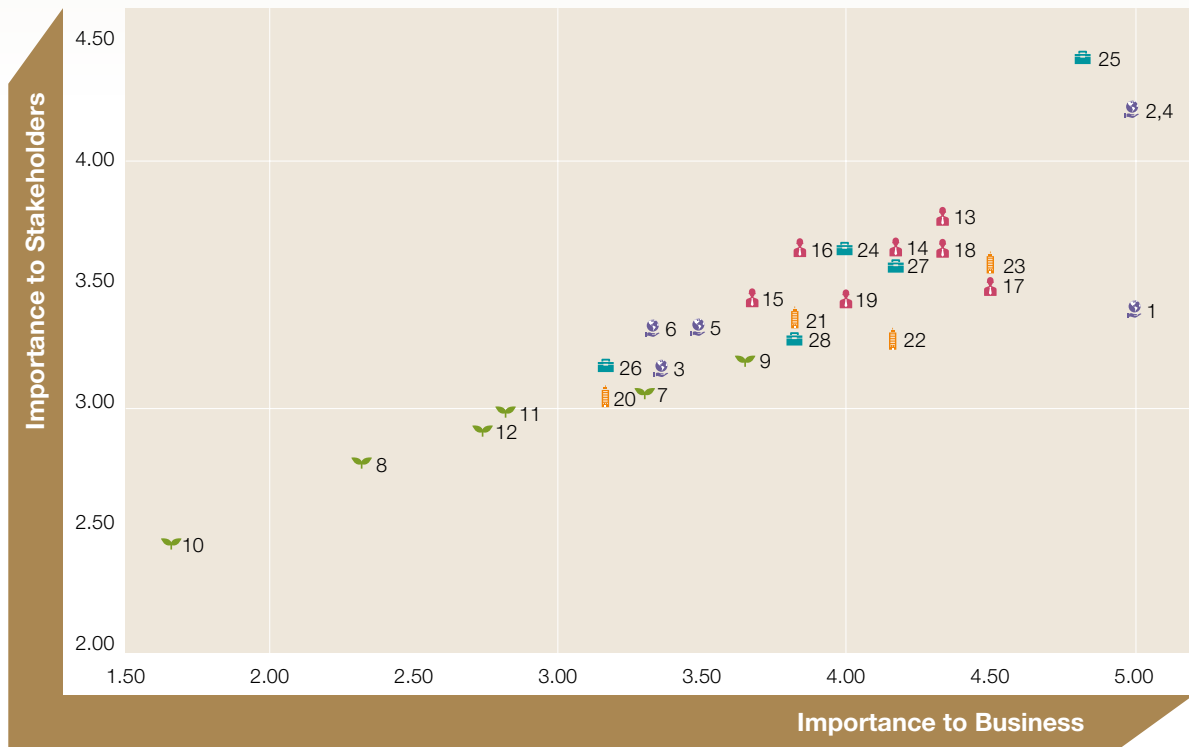
- Conducted focus groups and phone interviews to gather stakeholder views on the material topics.
- Conducted two online surveys to rate the importance of each relevant issue from a stakeholder or a business perspective, using a scale of 0 to 5, where 5 is most important.
- Plotted a materiality matrix based on the average scores for each issue.

VALIDATION

- Senior Management reviewed the materiality matrix and validated that the materiality assessment results in 2018 were consistent with the 2013 results. The BEA Group's material topics remain unchanged.

Materiality Matrix (GRI 102-47)

BEA MATERIALITY MATRIX



Business
 Environment
 Employees
 Society
 Customers

Business

- 1 Economic value generated and distributed
- 2 General compliance with laws and regulations
- 3 Sustainable procurement that integrates environmental and social considerations into the procurement process
- 4 Anti-corruption
- 5 Integrating ESG considerations into financing decisions
- 6 Integrating ESG considerations into risk assessment

Environment

- 7 Energy consumption
- 8 Water consumption
- 9 Paper consumption and waste
- 10 Biodiversity
- 11 Greenhouse gas emissions
- 12 Use of materials

Employees

- 13 Employee benefits and turnover rates
- 14 Promoting equal opportunities
- 15 Grievance mechanisms
- 16 Communication between employees and management
- 17 Occupational health and safety
- 18 Training and career development
- 19 Succession planning

Society

- 20 Providing access to financial services for marginalised groups
- 21 Contribution to the community
- 22 Anti-competitive behaviour
- 23 Non-discrimination

Customers

- 24 Customer feedback
- 25 Customer data privacy
- 26 Promoting financial literacy
- 27 Fair design and marketing of products and services
- 28 Customer health and safety

Restatements of Information (GRI 102-48)

Environmental data for 2016 and 2017 has been restated. Data has been recalculated to exclude BEA Rural Bank and Credit Gain.

Aspect Boundary (GRI 103-1)

To further focus our strategy, we have mapped where the most significant impact of each material issue is located along our value chain. A tick indicates that the material issue is relevant for that stakeholder group.

Changes in Scope and Aspect Boundaries (GRI 102-49)

There were no significant changes to BEA's organisation structure in 2018.

Material topics	Impact within the Group	Impact outside of the Group			
		Investors	Suppliers	Customers	Wider community and ecosystems
1 Customer data privacy	✓	✓		✓	✓
2 General compliance with laws and regulations	✓	✓		✓	
3 Customer feedback channels	✓	✓		✓	
4 Fair design and marketing of products and services	✓	✓		✓	
5 Economic value generated and distributed	✓	✓	✓	✓	✓
6 Employee benefits and turnover	✓	✓			
7 Communication between employees and management	✓	✓		✓	
8 Training and career development	✓	✓		✓	
9 Occupational Health and Safety	✓	✓	✓	✓	✓
10 Equal opportunities	✓	✓			✓
11 Anti-corruption	✓	✓	✓	✓	✓
12 Non-discrimination	✓	✓		✓	✓
13 Contribution to the community	✓	✓		✓	✓
14 Energy consumption	✓	✓	✓		✓
15 Paper consumption and waste	✓	✓	✓	✓	✓

Please refer to our [GRI Content Index](#) for more information about our material aspects and associated disclosures.

TOPIC-SPECIFIC DISCLOSURES

Environmental

Emissions (HKEX A1)

The Group's Environmental Policy codifies our commitment to managing the environmental impacts of our business. We strive to comply with all relevant laws and regulations, including environmental protection legislation, in all locations where we operate. Blue Care complies with all relevant laws and regulations regarding proper disposal of medical waste.

Paper is one of the main constituents of the waste generated by our business. The Group's Environmental Policy states our commitment to reduce paper consumption and waste, and increase recycling in our offices.

Air and greenhouse gas emissions are also covered by the Policy. The Group does not have a material impact on air emissions, however, we continued to collect and analyse air emissions data for our Hong Kong operations this year.

Use of Resources (HKEX A2)

As stated in the Group's Environmental Policy, we strive to reduce our consumption of energy, paper, water, and other resources throughout our operations. We also continue to leverage technology use among employees, customers, and shareholders to move towards efficient paperless systems.

The Environment and Natural Resources (HKEX A3)

As stated in our Environmental Policy, the Group is committed to managing its direct impacts on the environment. We will explore the integration and consideration of a number of environmental criteria into our business decisions and the services that we provide.

Social

Employment (HKEX B1)

The Group complies with all applicable laws and regulations related to employment. The Bank has a Code of Conduct and Staff Handbook, which clearly explains our commitment to non-discrimination and equal opportunities. In addition, the following branches and subsidiaries have a staff remuneration policy:

- BEA's branches in Macau, Taiwan, and overseas; BEA China; BEA Life; and Blue Cross

Health and Safety (HKEX B2)

The Group complies with all applicable laws and regulations related to health and safety. We have an internal Occupation Safety and Health Manual that is applied across the entire Group. Occupational health and safety training is delivered to all new joiners during staff induction and targeted campaigns on specific issues such as precautionary measures for Middle East Respiratory Syndrome are conducted as needed. The Bank has appointed a Corporate Safety Officer who is responsible for managing occupational health and safety issues, delivering training and conducting annual inspections of our premises.

Development and Training (HKEX B3)

The following branches and subsidiaries have an employee training and development policy:

- BEA's branches in Singapore and the UK; BEA China, BEA Life, and Blue Cross

Labour Standards (HKEX B4)

The Group respects the Universal Declaration of Human Rights and prohibits child and forced labour in its operations and supply chain. The Group has a Slavery and Human Trafficking Statement, available on our website.

Product Responsibility (HKEX B6)

Customer focus is a core value of the Group. We have various policies and guidelines to ensure customer satisfaction and protect their personal data. The Bank has a General Guideline on Personal Data Protection which is referenced by other Group members. In addition, policies to protect customer data include:

1. Information Security Policy
2. Staff Code of Conduct

The Bank fully complies with the Hong Kong's Personal Data (Privacy) Ordinance. Each year, all staff members are required to successfully complete a refresher course on personal data protection. The Head of BEA's Compliance Division serves as Group Data Protection Officer. Other Group members make reference to the Bank's approach to develop their own personal data protection policies and procedures.

General Compliance (GRI 419)

To address the growing regulatory requirements and enhance the "Three-Lines of Defence" model, Compliance Division is charged with overseeing and mitigating the compliance risks for the Group, communicating new regulatory requirements to affected units, delivering compliance advice for the implementation of relevant regulations, conducting regulatory compliance reviews using a risk-based approach, and regularly reporting compliance matters to the Senior Management. The Internal Audit Division independently assesses the design and operating effectiveness of the Group's risk management framework and internal control processes, and has a direct reporting line to the Audit Committee.

Anti-corruption (HKEX B7)

BEA's anti-corruption policies are clearly communicated to all staff members in the Bank's Code of Conduct, which is available via BEA's intranet. All employees are required to review the Code of Conduct on an annual basis, and sign to acknowledge that they understand and agree to the Code. Refresher training is periodically arranged to ensure that all Group employees are aware of the Group's zero-tolerance position on fraud, money laundering, and corruption. BEA's subsidiaries and joint ventures have similar policies that are in line with the Bank's stipulations and values.

The Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism (the "AML Policy") provides guidance on meeting the customer due diligence and record-keeping requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. It is mandatory for all Group Members to comply with the AML Policy to the extent permitted by local laws. Relevant guidelines relating to anti-money laundering and counter-financing of terrorism are developed by the Bank to provide detailed guidance and assist Group Members in understanding, implementing, and complying with the AML Policy. The AML Policy and guidelines are kept under regular review to ensure they remain responsive to legal and regulatory changes. The AML Policy and guidelines are available to staff members 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.

Community Engagement (HKEX B8)

In 2015, BEA introduced a Group-wide policy on support for charitable causes, codified in the document Community Investment Guidelines, to ensure that Group support for charitable causes is in line with the Group's CSR Policy. We regularly engage with local communities in all our locations of operation through our volunteer teams and community investment initiatives.

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