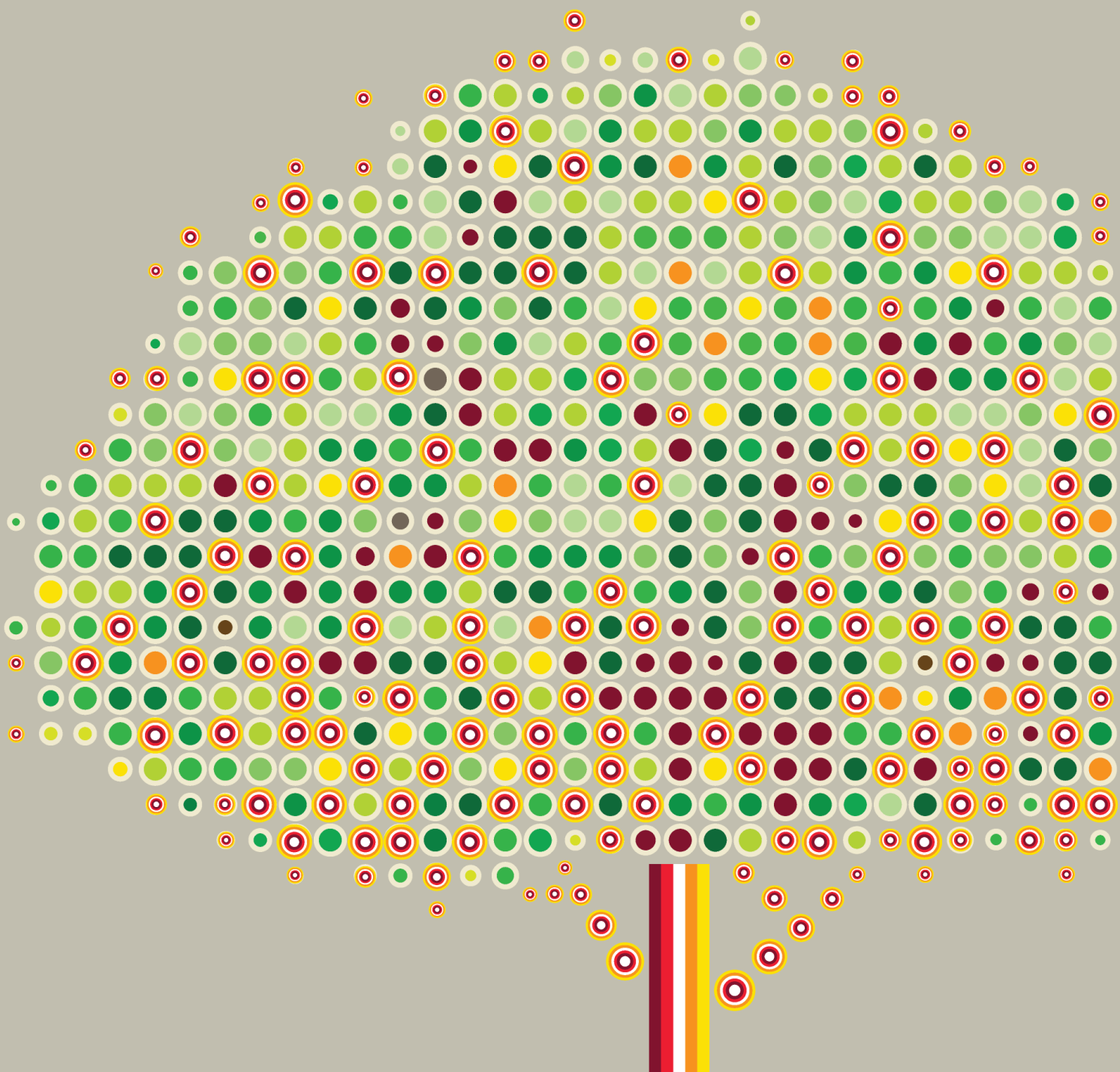




BEA 東亞銀行

(Stock Code 股份代號 : 23)

ENVIRONMENTAL
SOCIAL AND
GOVERNANCE REPORT
2021 環境、社會及管治報告





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2021 ESG HIGHLIGHTS

BEA AT A GLANCE 2021

(as at 31st December, 2021)¹



102 Years in
business



Network coverage
in Mainland China

38 cities



Worldwide
outlets

~150



Total
employees

8,822

Total
consolidated assets

**HK\$
907.5
billion**

(US\$116.4 billion)

Total capital ratio

21.6%

Operating income

**HK\$
16.3
billion**

Dividends per share

**HK\$
0.7**



3 Charitable
organisations

The Bank
of East Asia
Charitable
Foundation

The Shanghai
Soong Ching Ling
Foundation –
BEA Charity Fund

The Shanghai
Charity Foundation –
BEA Charity Fund

東亞銀行
THE BANK OF EAST ASIA

1. Figures in this 2021 ESG Report may differ slightly from the Group's [Annual Report 2021](#) due to differences in reporting scope.

MESSAGE FROM THE EXECUTIVE CHAIRMAN



The banking industry has a pivotal role to play in encouraging sustainable development, and guiding the transition to a low-carbon future. Our 2021 Environmental, Social, and Governance ("ESG") Report outlines the ways in which we are embracing our role as a champion of sustainability, reforming our business practices to reduce our impact on the environment, and adopting policies that mitigate climate change.

Transformation, digitalisation, and collaboration

In each of our two largest markets, Hong Kong and Mainland China, we have established an ESG Steering Committee and ESG Work Group to shape and oversee progress on sustainability. We are in the midst of a multi-year programme to improve the efficiency of our work systems and practices, bringing digital innovation to every corner of our business and using digital tools to reinforce our customer relationships. We are combining our enhanced digital capabilities with proactive measures to build a more risk-aware bank culture so as to strengthen our risk management capabilities.

We have adopted an ESG strategy framework that maps our long-term vision on the role of ESG as we strive to reach our goal to be the sustainability leader among financial institutions in Greater China and beyond.

Transparency and recognition

We were among the very first listed financial companies in Hong Kong to commit to report on our ESG performance. Subsequently, we included ESG goals on our Bank-wide scorecard, demonstrating our commitment to managing the impact of our activity and embedding ESG throughout the Bank. In a year in which we made a concerted effort to integrate ESG into our ways of working and enhance our reporting, my colleagues and I were highly gratified to see the Bank included in the Hang Seng Corporate Sustainability Benchmark Index for the first time. This achievement places our Bank within the top 20% of the 500 companies on the Hang Seng Composite Index. We were also named a "Carbon Neutrality Partner" by the Environment Bureau of the Hong Kong government. These recognitions have only been achieved through the hard work of all at BEA.

Climate action

Following the 2021 UN Climate Change Conference in November, nations of the world pledged to make

the current decade a bellwether for climate action and support. The action plan calls for securing global net zero in carbon emissions by mid-century, building resilience to climate change and mobilising finance. Our Bank supports action at all levels, and we look forward to building on our existing efforts to contribute to the decarbonisation of Hong Kong and the world. To this end, we will be developing a carbon neutrality roadmap in 2022.

Our success depends on the continued success and prosperity of our key markets. Having established a green and sustainable finance strategy in 2021, we will focus on helping our clients transition to a low carbon economy while reinforcing our commitment to provide services that are trusted and relied upon by our customers.

I invite you to read this report to understand how we are strengthening our Bank and delivering on our commitments to our stakeholders. I hope that you will also be inspired to action, and I wish you good health, success and prosperity in the year ahead.

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

MESSAGE FROM THE CO-CHIEF EXECUTIVES



Adrian Li

Brian Li



In 2021, the COVID-19 pandemic continued to have an extraordinary impact on our customers, businesses, community, and the economy. The challenges we have faced have provided us with the opportunity to come together as a Bank, integrate ESG into our operations and enable BEA to better navigate an uncertain future.

Our primary development has been the creation of our ESG strategy, which will guide our activities on the most material topics grouped around three key pillars: how we conduct our business, how we operate, and how we contribute as a responsible corporate citizen.

Responsible business

Our maiden ESG goals, achieved in the previous year, built a solid platform from which we aim to make further progress in the years to come. This year, we narrowed our focus to integrating ESG risk into our risk appetite framework and driving the development of green and sustainable finance. We also strode

forward with the support of internal and external stakeholders who helped identify new areas for goal setting across a longer time frame, and which will require greater internal collaboration to achieve.

We put in place key policy instruments to address opportunities in green finance including the Bank's Green and Sustainability-linked Lending Policy, qualitative ESG risk appetite statement, and Group Responsible Investment Policy. Our new green and sustainable finance strategy will guide the Bank Group in the coming years as it assists customers in transitioning to a low-carbon economy, including the provision of financing for renewable energy solutions that will support companies in their efforts to achieve carbon neutrality.

To expedite growth in this area, secondment arrangements between our Corporate Banking and Sustainability functions will be made to encourage collaboration.

Responsible operations

Our attention is not only on our banking activities but also on ways to mitigate our impact on the environment in line with the strategies of the governments of Hong Kong and Mainland China. In 2021, we made good progress on our Group target to reduce emissions from our own operations by 32% by

2030. Through initiatives including the upgrade of our air-cooled chiller at BEA Tower and reducing our car fleets in Hong Kong and on the Mainland, we achieved a 6.9% reduction in emissions – equivalent to over 2,300 tonnes of carbon. Achieving our interim target is a key step on our road to decarbonisation. Through our roadmap we will explore opportunities across the region that will enable us to reduce our emissions and support global efforts to achieve carbon neutrality by mid-century.

Responsible citizen

While we look to seize new opportunities, we are mindful of staying true to our core values and our existing commitments. In 2021, as the pandemic brought continued challenges in all our markets, our BEA Volunteer Team maintained the relationships it has forged with our non-governmental organisation ("NGO") partners, and through The Bank of East Asia Charitable Foundation ("BEA Foundation") we delivered financial aid to those worst affected. At the end of the year, we unveiled our "Beyond Environmental Arts Festival", which we aim to grow into a flagship community programme that will engage under-resourced children and young local artists on the subject of environmental protection through arts. In May, BEA and its strategic partner "la Caixa" Banking Foundation sponsored an international virtual symposium in Hong

Kong organised by The Salvation Army Hong Kong and Macau Command ("The Salvation Army") to mark a decade of support for The Palliative Care in Residential Care Homes for the Elderly Programme.

Looking Ahead

At BEA, the phrase 'the new norm' increasingly refers not just to the new ways of working during the pandemic,

but also involves the application of an ESG lens to all that we do. Going forward, we will provide further investment in relevant areas to accelerate the integration of ESG into our business activities. We will strengthen internal capability to realise our sustainability objectives by developing a more strategic approach to training efforts and by sharing expertise throughout the Group.

We are pleased with the impressive progress the Bank made over 2021. We have shown ourselves to be adept at maturing our ways of operating to ensure our Bank is future fit. These achievements are a testament to the strengths of our internal transformation process and the skill of our people, which stand us in good stead. We look forward to building on this momentum and achieving more in 2022 and beyond.

Adrian Li

Co-Chief Executive

Brian Li

Co-Chief Executive



Hang Seng Corporate
Sustainability Index
Series Member 2021-2022



BEA was selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index; a testament of our dedication to operating responsibly and to our colleagues' ongoing hard work in the ESG arena.

BEA has joined over 2,300 organisations around the world as a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") and its recommendations, and thereby pledged to create a more resilient financial system and safeguard against climate risks through better disclosure.

BEA has been awarded the Certificate of Excellence in the Hong Kong Sustainability Award Programme 2020/21 by the Hong Kong Management Association in recognition of its exemplary sustainability performance.

BEA was named a "Carbon Neutrality Partner" by the Environment Bureau of the Hong Kong government in recognition of its efforts to decarbonise Hong Kong, and for its pledge to support government efforts to achieve carbon neutrality before 2050.

ESG HIGHLIGHTS 2021

(as at 31st December, 2021)

RESPONSIBLE BUSINESS



Refreshed our sustainability materiality assessment and developed our new ESG strategy



Completed BEA's first Climate Risk Stress Test to assess the baseline of the Bank's climate risk exposure



Established a Green & Sustainability-linked Lending Policy and Group Responsible Investment Policy



Developed a green and sustainable finance strategy and achieved internal green loan targets



Nearly
70%
increase in
compliments
received



81%
digital
customer
satisfaction²
(+8 percentage
points compared
with 2020)

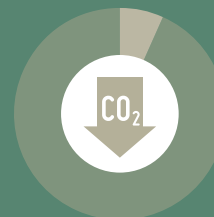
RESPONSIBLE OPERATIONS

HK\$
25.7+
million
invested in training
and development

40+
hours
training per
employee
(on average)



13%
internal mobility
rate achieved
(+4 percentage points
compared with 2020)



6.9%
carbon emissions
reduction³
(Scope 1 and 2)

RESPONSIBLE CITIZEN

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

7,800+
hours
contributed by
staff volunteers

2. Digital customer satisfaction is measured through transaction surveys, which are conducted to monitor customer satisfaction at key touch points of digital channels.
3. Compared with 2020

ESG PERFORMANCE SUMMARY

The recent past has reminded us that risks to our way of living can come swiftly. The pandemic has brought many of the world's ongoing challenges into sharp focus. Today's biggest challenges, from climate change to social inequality affect us all. Now more than ever is the time for action.

Through our core business and philanthropy, we can address some of society's greatest challenges. To realise our Group's potential to navigate risks and build trust with our stakeholders, we developed and implemented our new ESG strategy in 2021.



Pillar

RESPONSIBLE BUSINESS



Aim

To operate with sound governance and risk management, treat our customers fairly, and manage the social and environmental impacts of our business activities responsibly

Material topics

- Business ethics
- Cybersecurity and data privacy
- ESG risk management
- Sustainable finance
- Financial literacy
- Treating customers fairly

RESPONSIBLE OPERATIONS



To provide a positive and enabling work environment for our staff, manage the direct environmental impacts of our operations, and encourage our suppliers to adopt sustainable practices

- Talent attraction and retention
- Training and development
- Diversity and equal opportunity
- Health, safety, and wellbeing
- Carbon emissions reduction
- Sustainable resource use
- Responsible supply chain management

RESPONSIBLE CITIZEN



To work with partners in local communities who share our focus on education, social welfare, and the environment, and promote staff volunteerism with the communities we serve

- Community partnerships
- Volunteering

“To achieve our ambitions, we will need to collaborate, develop greater capacity, and foster an ever-more ESG-conscious organisation. We are confident in the ability and commitment of our team.”

Mr Brian Li

Co-Chief Executive, BEA

NEW STRATEGY. SAME VALUES.




Our new ESG strategy will ensure that we remain focussed on the aspects of our ESG performance that matter most to the Group and our stakeholders. We also enhanced our ESG vision to align with our corporate vision. It serves as a clear and inspirational statement to communicate BEA's ambition and guide decisions and initiatives to achieve our vision.

Our strategic framework comprises an ESG vision, pillars, and topics, which were developed through extensive stakeholder engagement and strategic input from our ESG Steering Committee and approved by the Board-level ESG Committee.

It was clear that some issues cut across stakeholder groups. In response, we have created a set of three pillars built of the ESG aspects that relate to our vision. Under each pillar, we aim to continue managing and communicating on our material topics in ways that address each stakeholder group's expectation.

From 2022 onwards, we will set our goals for each topic as well as the actions required to achieve each goal. We will then determine how we will measure performance and set short and longer-term targets.

Our targets and progress:

Pillar	Key ESG goals in 2021	Status by year end
RESPONSIBLE BUSINESS 	Incorporate climate change and wider ESG risks into BEA's risk appetite framework.	COMPLETED
	Set target and strategy for green lending and responsible investment.	COMPLETED
	Foster greater adoption of digital banking services among customers 60+ by developing and launching a pilot peer buddy programme.	COMPLETED
RESPONSIBLE OPERATIONS 	Retain talent by achieving the internal mobility rate of 20% by the end of 2022.	ON TRACK
	Reduce carbon emissions of the Group by 19% by 2023 (baseline year 2019)	ON TRACK
RESPONSIBLE CITIZEN 	Establish a flagship community programme that promotes environmental education for disadvantaged groups and inspires participants to adopt a sustainable way of life.	COMPLETED

RESPONSIBLE BUSINESS

GETTING TO GRIPS WITH CLIMATE RISK

We in the financial services industry have a crucial role to play in the transition to a low carbon economy, and we have been preparing our Bank to answer this call.

In December, the Hong Kong Monetary Authority ("HKMA") [published](#) a report on the potentially significant

adverse impacts of climate risks on the banking sector and the need for banks to take early action to manage them. The results came in the wake of the [2021 United Nations Environment Programme Emissions Gap Report](#) that called out the shortcomings of recently made national carbon emissions reduction commitments for leaving the planet on track for 2.7°C of warming (far outside of the Paris Agreement target of well below 2°C).

In recent years we've been getting to grips with our understanding of potential climate impacts on our lending and investment portfolios. In 2021, we gained clarity on our current position of climate risk exposure and developed a qualitative risk appetite statement for climate risk and other ESG risks. The Risk Management Division began implementing the Bank's ESG and climate-risk action plan, and produced a roadmap for enhancing our ESG risk management.

Our ongoing activities include:

A strong suite of policies



Revise and expand the prohibited lending list, explicitly listing the activities we do not associate with

Develop a policy for each identified industry sector to document the Bank's stance and approach in doing business with customers in the respective sector

The aims are:

- (i) to gradually reduce the Bank's exposure to brown sectors
- (ii) to support borrowers in those brown sectors to transit to a low carbon economy

Risk management, metrics, and monitoring



Implement the Bank's ESG and climate-risk action plan

Enhance our existing ESG checklist that is part of our credit approval workflow system

Define ESG risk metrics and introduce continuous monitoring

Review portfolio composition in terms of greenness

Communication and awareness raising



Promote awareness and capability of ESG risk management

Begin reporting in accordance with the TCFD recommendations (read more in the [Responsible Business](#) section of this report)

“The Bank has made it a priority to facilitate the transition to a low-carbon economy by providing green finance products and services.”

Mr Adrian Li

Co-Chief Executive, BEA

RESPONSIBLE INVESTMENT

In 2021, we set about developing strategies and setting internal targets for green lending and responsible investment. We established a group strategy on green and sustainable finance, which will enable us to support our customers in achieving carbon neutrality. Through the financing we provide, our customers can improve their energy efficiency, increase renewable energy use, build sustainable supply chains, and more.

GREEN LOANS AND GREEN HOMES

Under a Memorandum of Understanding (“MoU”) signed with the Hong Kong Quality Assurance Agency (“HKQAA”), we now promote green proliferations and further extend the scope of HKQAA’s green collaborations. HKQAA provides green finance and related certification and assessment services for customers including small and medium enterprises (“SMEs”), a key customer group of our Bank that we have begun to engage on green and sustainable finance-related business programmes.

For aspiring homeowners, we launched our [Green Mortgage Plan](#) to promote green living and sustainability in Hong Kong by encouraging customers to purchase property in sustainably designed and constructed buildings as rated by the Building Environmental Assessment Method (“BEAM”) Plus New Buildings/Existing Building scheme

of the Hong Kong Green Building Council. In addition to cost savings from their new energy efficient homes, buyers who submit applications for the Green Mortgage Plan also receive an extra cash rebate in addition to BEA’s standard cash rebate to incentivise uptake.

“Our new Group Responsible Investment Policy provides guidance on investment themes that either enhance or undermine sustainable development to assist investment managers in their investment appraisals.”

Mr Samson Li

Deputy Chief Executive, BEA



In October 2021, BEA signed an MoU with HKQAA. Under the MoU, BEA and HKQAA will cooperate in promoting green and sustainable finance in Hong Kong.



HKQAA bestowed on the Bank the “Outstanding Award for Green and Sustainable Loan Facilitator (Printing & Communication Industry) – Visionary Green Loan Framework” at the Hong Kong Green and Sustainable Finance Awards 2021.

RESPONSIBLE OPERATIONS

AN ECOSYSTEM OF OPPORTUNITY

Despite the ongoing challenges posed by the pandemic during the year under review, we continued to make progress on our commitment to our people. The service excellence that our customers have come to expect from our 8,800-strong team requires us to operate at a consistently high level. Hence, employee development and internal mobility have been our key focusses in 2021.

In Hong Kong, we focussed on talent development through our newly introduced Future Leader Accelerated

Programme, which broadens the networking and learning experience of high-potential employees and enhances talent mobility management. In Mainland China, more than 160 managers enrolled in our newly launched Great Leader, Great Banker Programme to enhance leadership and management knowledge and skills, and 29 young high-potential staff enrolled in our 5th Junior Eagle Plan – 839 Talent Development Programme. We also nurtured young talent in Hong Kong and the United Kingdom (“UK”) through a range of programmes to develop the skills of fresh university graduates.



**HK\$
25.7
million+**
invested in training
and development

40+
hours
of training
(on average)
per employee

CASE STUDY

FUTURE LEADER ACCELERATED PROGRAMME

The 2020 cohort is the first batch of high-potential executives (“HIPOs”) who have embarked on a two-year leadership development programme to support their growth and development as the Bank’s future leaders. The first programme will be completed by September 2022 and so at the midway point we took stock of the programme’s effectiveness in meeting developmental needs through a participant survey. It was

clear from the engagement that our HIPOs found several key aspects of the programme beneficial and felt it effective in supporting them in their career trajectory.

Feedback from participants underscored the programme’s value as senior leader insights helped to broaden perspectives, while stretch assignments and cross-departmental projects expanded networks, strengthened leadership competencies, and improved confidence and motivation.

Highlights of the programme:



Growth Mindset
Training



Meetings with the
Co-Chief Executives



Executive
Mentoring
Scheme

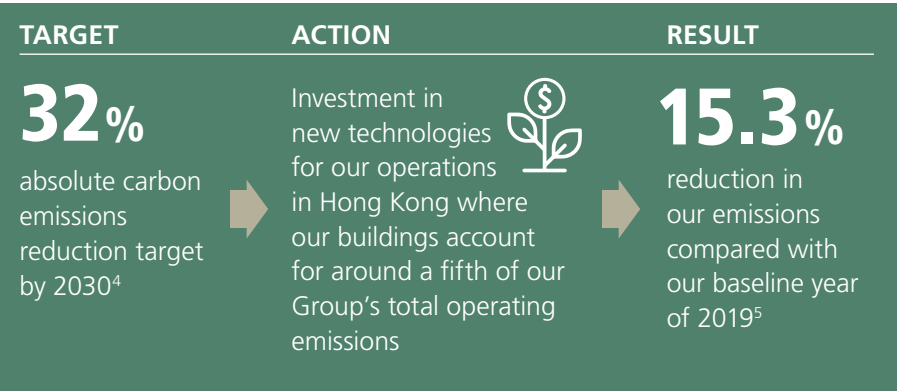


Leadership insights and
sharing sessions with
General Managers

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Highlights	ESG Performance Summary	ESG Approach and 2021 Performance
				Responsible Business	Responsible Operations
					Responsible Citizen

ZEROING IN ON CARBON AND SUSTAINABILITY

While our greatest opportunity to affect the transition to a low carbon future lies in our business, our attention is also firmly fixed on reducing emissions from our own operations.



4. Scope 1 and 2 emissions target based on 2019 baseline
5. The impact of the pandemic is undetermined

WHAT'S NEXT?

2022

Scope 3 emissions screening and measurement of financed emissions in high carbon-emitting sectors

Development of carbon neutrality roadmap

Our decarbonisation efforts will focus on reducing emissions in the Group's business and operations as far as practicable before other solutions like carbon offsetting are considered.

To learn more about how we're improving our environmental performance check out the [Sustainable Resource Use](#) section of this report.

HONG KONG CARBON NEUTRALITY PARTNERSHIP

In October, we joined with the Environment Bureau of the Hong Kong government in its Carbon Neutrality Partnership. With partners from sectors including property development, public utilities, finance, and professional bodies, we pledged support for Hong Kong's goal of achieving carbon neutrality before 2050.

Our support comes on the heels of our carbon emissions reduction setting as we look to establish our carbon neutrality roadmap for the measurement and reduction of all of our Group's direct and indirect emissions. We look forward to helping to finance the green economy and helping our clients transition to a low-carbon future.



CASE STUDY

OPENING THE DOORS ON OUR SUSTAINABLY REFURBISHED CAFÉ 23



In August, the staff canteen at our Head Office, reopened as Café 23 – a fresh sustainability conscious collaborative communal space.

Constructed with Hong Kong Green Building Council and Green Guard-certified materials, and incorporating upgraded facilities to reduce power and

water consumption, Café 23 has been designed with sustainability in mind.

Aside from the indoor canteen, an outdoor terrace has been created for staff members to gather in a more informal setting. This environmentally friendly social space will offer staff a place to relax and enjoy healthy, nourishing meals.

“The new canteen incorporates sustainability in its design features and provides a collaborative space to work together and generate new ideas.”

Mr Tong Hon-shing
Deputy Chief Executive, BEA

WRITING A NEW CHAPTER ON PAPER REDUCTION

In 2021, BEA made significant progress on paper reduction. In 2020, we had assessed our paper use and confirmed that we can make strong improvements in paper reduction at BEA Hong Kong. Through the promotion of paper saving and various digitalisation initiatives, we reduced overall consumption by 31%⁶ in 2021. Going forward we will continue to drive improvements across our operations to reach our 2023 paper reduction target.



2023

We aim to reduce paper consumption by

70%+

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

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Highlights	ESG Performance Summary	ESG Approach and 2021 Performance
			Responsible Business	Responsible Operations	Responsible Citizen

RESPONSIBLE CITIZEN

A DECADE OF SUPPORT FOR PALLIATIVE CARE

A key aim of our philanthropy is to improve social welfare. A decade ago, in response to our aging population, we saw a need for health systems to focus on care for terminal illnesses, specifically palliative care, while focussing on people-centred care. In response, the BEA Foundation joined forces with “la Caixa” Banking Foundation and The Salvation Army and established the Palliative Care in Residential Care Homes for the Elderly Programme (“Palliative Care Programme”).

Since its inception, the programme has helped raise awareness of end-of-life planning and helped drive palliative care policy change in Hong Kong.

In 2021, at the International Virtual Symposium on Promoting Personhood for Older Adults at End Stage of Life and Challenges during the COVID-19 Pandemic (the “Symposium”) we marked a decade of our commitment to the programme.

The Symposium provided a useful forum to share knowledge, experience, and best practices from 10 years of action that will help drive the future development of palliative care in the wider region.

The BEA Foundation looks forward to continuing on this journey to bring dignity and comfort to those in need in our community.

“The dedication that this programme has demonstrated over the past 10 years, and continues to demonstrate each and every day, is the basis for the success of a programme that aspires to contribute to humanising end-of-life processes.”

Dr Isidro Fainé
Chairman of the Board of Trustees of “la Caixa” Banking Foundation

Over the past decade, the programme:

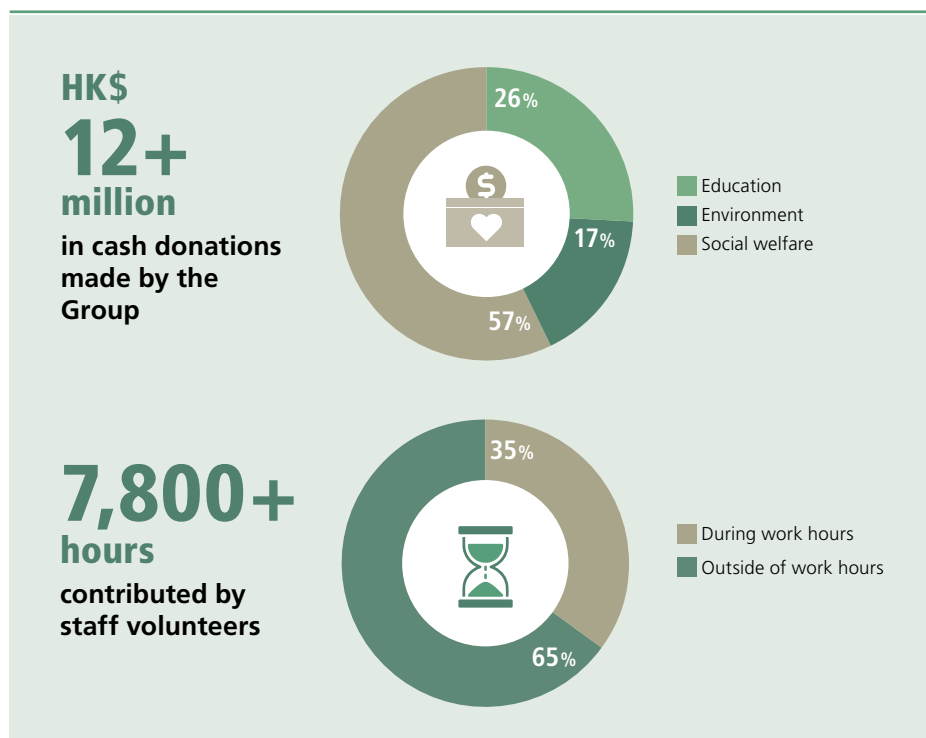
Published Hong Kong’s first palliative care practice manual in the residential care home setting		Provided input to a government white paper on the advance directives regarding end-of-life care	
360+ Cases taken	360+ Family members counselled	~6,800 Care home staff members trained	30,600+ People engaged as part of its outreach programme



In May, BEA marked a decade of support for the Palliative Care Programme with an international virtual symposium in Hong Kong.

FRESH FOCUS ON YOUTH EDUCATION

To instil a sustainability focussed mindset in local youth and raise public environmental awareness, we unveiled the “Beyond Environmental Arts Festival” (“BEA Festival”) along with the Hong Kong Youth Arts Foundation (“HKYAF”). The themes for the first three years of the BEA Festival are “waste”, “nature”, and “climate change”. Each year, starting in 2022, BEA will organise various programmes such as school workshops with artists in residence, artworks commissions from young local artists, and volunteer team engagement in green activities to promote green living among local youth.



Local artist Ms Agnes Pang guided participants in crafting seasonal works of art. Participants took their finished works of art home as Christmas decorations to mark the start of a sustainable holiday season.



In December, BEA hosted a prelude to the BEA Festival. BEA's management, as well as over 100 participants including volunteers and children from local schools attended the Wreath Recycled Art Workshop held at BEA Tower to share the festive joy.

In addition to social welfare and the environment, our philanthropy focusses on education. Across the markets we serve, we have introduced initiatives in local communities and for our colleagues' families to help provide children with the education and mindset needed to be successful.

HONG KONG



We continued to operate scholarship programmes in 2021

The Bank of East Asia Scholarship*

27
recipients

The BEA University Scholarship for Staff Member Dependents**

10
recipients

The BEA Inspiring Student Scholarship***

10
recipients

MAINLAND CHINA

The Shanghai Soong Ching Ling Foundation – BEA Charity Fund continued to organise a series of public welfare projects to improve education resources in rural areas. These included:

3

new
Firefly
Centres

5

Firefly
Centres
upgraded#

1,200+

underprivileged
students received
Firefly Backpacks

~4,000

online training hours
for over 200 teachers
and 40 principals

The Ninth Financial Education Campus Tour focussed on minimising financial risks and fostering understanding of internet finance and rational consumption. The Campus Tour engaged:

80,000+

students

120+

secondary schools



The Firefly Centres are equipped with libraries, computers, and other equipment in rural schools. Since its founding more than 10 years ago, the "Firefly Project" has been extended to more than 100 rural schools in 28 provinces, municipalities, and autonomous regions.



Co-hosted with Shanghai Middle School Student Ethical Development Centre and Shanghai Education News Group, the Campus Tour helped students improve their financial intelligence and build a solid foundation for their futures. The event included a quiz on student's financial knowledge, an essay competition, and a speaking contest.

CASE STUDY

FLOOD RELIEF RESPONSE

HK\$ 3.6 million +
donated

In addition to the ongoing impact of the COVID-19 pandemic, China experienced devastating floods brought on by severe rainfall, which swept through Henan Province and its capital, Zhengzhou. In total, nearly 14.8 million people across the province were affected by the disaster. Our donation helped to provide swift relief and support post-disaster reconstruction in the local communities.



In January, BEA China joined hands with the Shanghai Charity Foundation and Huashan Hospital in support of medical workers in the battle against COVID-19. CNY1 million was donated to Huashan Hospital for front-line medical workers, training for nurses, and more.

* The Bank of East Asia Scholarship is awarded to academically outstanding students studying at selected universities in Hong Kong.

** The BEA University Scholarship for Staff Member Dependents recognises the academic, extracurricular, and philanthropic achievements of our staff members' children who are pursuing bachelor's degrees.

*** The BEA Inspiring Student Scholarship aims to help alleviate the financial burden faced by students with special educational needs and their families.

Centres upgraded and made enhancements to school dormitories, canteens, reading rooms, etc.



ESG APPROACH AND 2021 PERFORMANCE

ABOUT THIS REPORT

[GRI 102-10, 46, 49:50, 53:54]

Our 2021 ESG Report is approved by the Board and is prepared in accordance with the following regulations and standards:

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

This report provides information that enables our stakeholders to make an informed assessment of how we manage our most significant impacts on society and the environment. Detailed economic information is published in our [Annual Report 2021](#).

We publish our report in two main sections. The 2021 ESG Highlights section (pages 1-15) is provided to inform stakeholders of major developments. How we manage our material ESG topics and our annual performance are presented in the [ESG Approach and 2021 Performance](#) section as well as the [Appendices](#).

Reporting boundary

The information in this report covers BEA and its major subsidiaries (collectively the "BEA Group" or the "Group") for the period from 1st January to 31st December, 2021. During the reporting period, there were two significant changes in our scope of business; BEA Life was sold to AIA Group Limited in March 2021 and our Labuan Branch closed in December 2021. We have changed our reporting boundary respectively for our 2021 ESG Report.

The Bank of East Asia, Limited ("BEA" or the "Bank")	www.hkbea.com
The Bank of East Asia (China) Limited ("BEA China")	www.hkbea.com.cn
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 Securities Company Limited ("East Asia Securities")	www.easecurities.com.hk
East Asia Futures Limited ("East Asia Futures")	www.eafutures.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

We welcome your feedback

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

Feedback on this report: Sustainability@hkbea.com

Customers and suppliers: info@hkbea.com

Investors: FD-IR@hkbea.com

Community investment: CSR@hkbea.com

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

ABOUT BEA

[GRI 102-1:8, 45]

BEA is a leading Hong Kong-based financial services group listed on the Stock Exchange, with total consolidated assets of HK\$907.5 billion (US\$116.4 billion) as of 31st December, 2021.

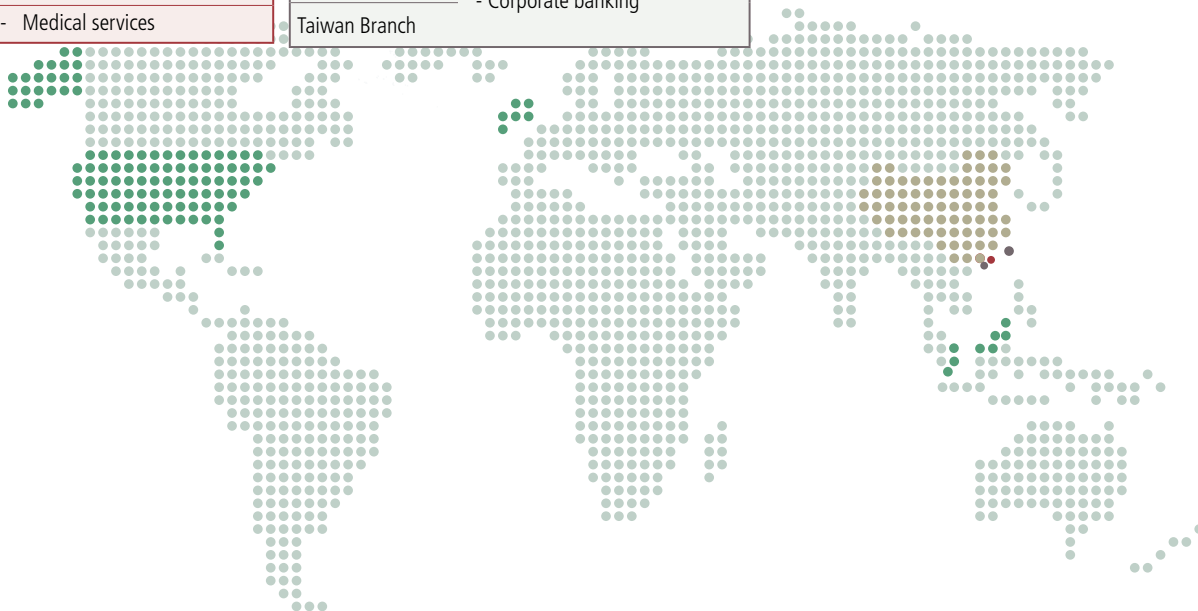
Worldwide, the Group’s 8,800 employees serve our customers through approximately 150 outlets. We provide a comprehensive range of corporate banking, personal

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

BEA Group

HONG KONG		MAINLAND CHINA		OVERSEAS	
Group members covered by report	Products & services	Group members covered by report	Products & services	Group members covered by report	Products & services
BEA	- Personal & corporate banking - Wealth management - Treasury services	BEA China	- Personal & corporate banking - Life & general insurance	Kuala Lumpur Representative Office	- Liaison services
BEA Trustees	- Mandatory Provident Fund (“MPF”) services	EADIS	- Back-office operations services (e.g. customer contact centre, data processing)	Singapore Branch	- Corporate banking
East Asia Securities	- Securities broking			US Branches	
East Asia Futures	- Futures & options broking			UK Branches	- Personal & corporate banking
BEA Union Investment	- Asset management - Corporate financial advisory				
Blue Cross	- General insurance				
Blue Care	- Medical services				

MACAU & TAIWAN	
Group members covered by report	Products & services
Macau Branch	- Corporate banking
Taiwan Branch	



OUR APPROACH TO SUSTAINABILITY

[GRI 102-11, 16]

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





Our corporate vision

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

Our corporate mission

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

Our core values

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



Our strategy on a page




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

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

Progress towards achieving our vision will see us further integrate sustainability into our ways of working. A three-tier ESG governance structure and a suite of policies relating to our focus areas guide the Group's strategic approach to

sustainability.⁷ We evaluate our performance in our focus areas by setting and achieving long-term targets. Achieving these targets requires enhanced interdepartmental collaboration, awareness raising on why sustainability matters to BEA, and capacity building to deliver on our commitments.

We recognise that embedding sustainability in our ways of working takes time. To ensure our people understand that what they do is helping to achieve our vision, we have built ESG goals into our Bank-wide scorecard, linking ESG performance into the annual performance review for all staff, including Senior Management. A summary of key ESG goals and achievements in 2021 is outlined in the [ESG Performance Summary](#) section. Updates on our performance are provided in the '2021 Performance' subsections in each chapter of this report.

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

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

Corporate Governance

[GRI 102-18]

BOARD STATEMENT

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

The Board is supported in conducting these activities by three key governing bodies as detailed below. Established in 2020, these governing bodies ensure accountability for ESG performance at BEA extends throughout the Bank’s operating levels and across its markets.



ESG 2021 Highlights	About This Report	About BEA	Our Approach to Sustainability	Our Sustainability Pillars	Our Performance	Appendices
			Corporate Governance	Our Material ESG Topics		

Supporting aspects of ESG governance

- **The Audit Committee** reviews related policies (under the Corporate Governance Framework) annually after the ESG Committee’s endorsement, or as required, and makes recommendations to the Board.
- **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 ESG initiatives, and reports directly to the Senior Management. The GM and Head of HR&CCD is also Chair of the ESG Work Group and a Director of the BEA Foundation. The following units report directly to the GM and Head of HR&CCD:
 - **Corporate Communications Department** is responsible for executing and coordinating the corporate social responsibility (“CSR”) initiatives of the Bank and the BEA Foundation. The Department is also responsible for communicating sustainability-related information internally and externally.
 - **Human Resources Department** manages the Staff Relations Team and the Staff Sports & Recreation Club (“SSRC”).
 - **Sustainability Section** is dedicated to ensuring that BEA is operating in line with ESG listing regulations and keeping abreast of relevant sustainability developments and engaging internally to help the formulation and implementation of ESG goals. The Section is also responsible for the development and production of the annual ESG report.
- **Cross-function work streams** support ongoing ESG efforts such as reporting and disclosure, and drive achievement of specific ESG goals.
- **The BEA Foundation, the Shanghai Soong Ching Ling Foundation – BEA Charity Fund (“BEA Charity Fund”), and the Shanghai Charity Foundation – BEA Charity Fund** support the Group’s major community investment initiatives in Hong Kong and Mainland China.

- **BEA Volunteer Team Committee** comprises active members of the BEA Volunteer Team, which consists of staff members appointed by the heads of the Bank’s divisions and other Group members based in Hong Kong.

GUIDING POLICIES
Anti-Bribery and Corruption Statement
Corporate Governance Policy (internal)
Community Investment Guidelines (internal)
Environmental Policy
Green & Sustainability-linked Lending Policy (“Green Lending Policy”) (internal)
Group Responsible Investment Policy (internal)
Human Rights Policy
Responsible Investment Statement
Slavery and Human Trafficking Statement
Statement on Anti-Money Laundering and Counter-Financing of Terrorism (“AML/CFT”)
Supplier Code of Conduct
Sustainability Policy
Whistleblowing Statement

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



Our Material ESG Topics

[GRI 102-40, 42:44, 46:47]

We conduct a comprehensive materiality assessment every five years, or in response to significant changes in our operating environment. We also conduct targeted annual pulse checks through ongoing stakeholder engagement.

In 2021, we began our most recent materiality assessment as part of our sustainability strategy development process, timed to coincide with the development of our business plan. We engaged ELEVATE, a leading sustainability consultancy to conduct an independent external review of potentially material topics and to conduct two workshops with the ESG Work Group and ESG Steering Committee to prioritise and validate the topics that should be the focus of the strategy. The outputs of this process were discussed and approved by the ESG Committee.

As part of the process, we sought to improve the alignment of our material topics with industry terminology, and topics specified by our regulators and the Global Reporting Initiative. For example, *Treating Customers Fairly* incorporates the previously separate topics *Fair design and marketing of products and services*, *Financial inclusion*, and *Customer feedback channels*.

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

Determining what matters:

1. Identification

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

2. Prioritisation

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

3. Validation

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

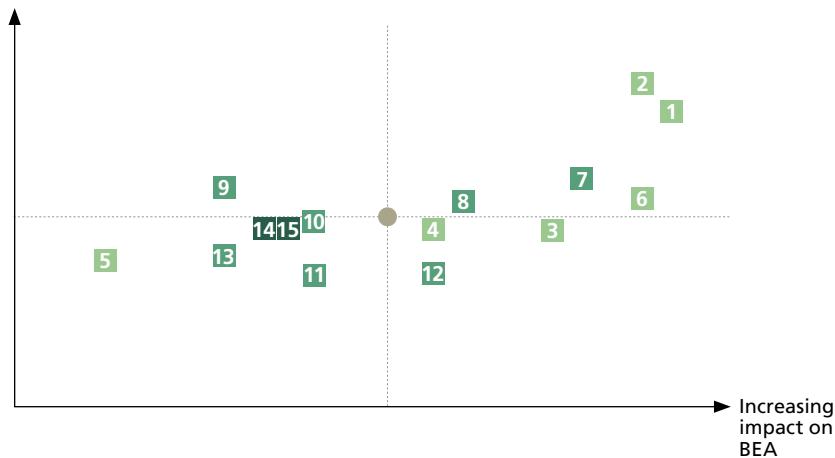
4. Evaluation

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



Relative priority of ESG topics

Increasing impact on stakeholders



Responsible Business

- 1 Business ethics
- 2 Cybersecurity and data privacy
- 3 ESG risk management
- 4 Sustainable finance
- 5 Financial literacy
- 6 Treating customers fairly

Responsible Operations

- 7 Talent attraction and retention
- 8 Training and development
- 9 Diversity and equal opportunity
- 10 Health, safety and wellbeing
- 11 Carbon emissions reduction
- 12 Sustainable resource use
- 13 Responsible supply chain management

Responsible Citizen

- 14 Community partnerships
- 15 Volunteering

● Average

Stakeholder engagement

We value regular, honest, and open dialogue with our stakeholders. We undertook a comprehensive mapping of our stakeholders in past reporting cycles and we revisit this each year to ensure it remains relevant. An overview of the topics that are relevant for each stakeholder group is

provided in the [Appendices](#) of this report. The views of our key stakeholders shown below, and others including our strategic partners and public sector bodies directly inform our sustainability strategy, help us to identify and manage our ESG impacts, and shape our ESG reporting.

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

OUR SUSTAINABILITY PILLARS

[GRI 102-44]



Responsible Business

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

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

BUSINESS ETHICS

[Aspect B7] [GRI 201, 205, 207, 419]

Why it matters

Over the past decade, there has been an overall improvement in public trust in our industry, however financial services remain one of the least trusted customer-facing industries among the general public.⁸ Continuing to build trust must be a key objective of those operating in our industry. We are aware of how much individuals and businesses rely on us, and the expectations of our regulators and therefore know how important it is that we create and distribute value responsibly. We understand that banking stability is crucial to building and maintaining confidence in the financial industry, protecting the assets of those who bank and invest with us, and supporting economic development.

Management approach

The Group maintains the highest standards of business conduct, including a zero-tolerance position on bribery and corruption, and a commitment to addressing major business ethics risks. We have an established and robust governance structure, led by a Board of Directors with a strong independent element. Supporting the Board, an experienced Senior Management team ensures activities and processes at the Bank are conducted with integrity and in compliance

with all applicable legal and regulatory requirements. The Group's requirements are stipulated in the Bank's suite of Board-approved policies, which have been developed with reference to relevant legislation.⁹ Our staff members are expected to act ethically, upholding the utmost levels of professionalism and integrity.

Anti-corruption and anti-fraud

The Group takes a strong stance against all forms of bribery and corruption. Employees are expected to adhere to the Bank's anti-bribery and corruption policies and rules in relation to the Prevention of Bribery Ordinance. 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. The Bank also publishes its [Anti-Bribery and Corruption Statement](#) on our website for general public access.

The Bank's anti-corruption policies are clearly communicated to all staff members in the Bank's Code of Conduct¹⁰, and through regular training, and refresher training. Made available via BEA's intranet, the Code sets out what is considered acceptable behaviour for those who represent the Group. All directors, agents, contractors, suppliers, associated persons are also expected to act in compliance with our applicable policies, laws, rules and regulations related to anti-bribery and corruption in the execution of their duties for or on behalf of BEA. The Bank reserves the right to terminate any business relationship that violates BEA's zero-tolerance policy against bribery and corruption, in accordance with our Group Policy on Anti-Bribery and Corruption.

Our strategy to address fraud is outlined by a risk management mechanism that coordinates and leverages the efforts of its staff and business partners. In doing so, we combat fraud by way of prevention, detection, investigation and corrective actions to enhance the effectiveness of anti-fraud capability and fraud resilience culture in coping with the dynamic fraud landscape. BEA's subsidiaries and joint ventures have similar policies that are in line with the Bank's stipulations and values.

8. 2021 Edelman Trust Barometer

9. Links to several publicly available policies are available on page 77 of this report

10. Internal policy document

Anti-corruption measures

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

AML/CFT

The Board of Directors is committed to instilling a strong anti-money laundering and counter-financing of terrorism ("AML/CFT") culture and directs the implementation and continuous improvements of AML/CFT policies, procedures, and controls to adequately mitigate the nature and level of money laundering/terrorist financing risks assumed by the BEA Group. The Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism ("Group AML Policy") covers tax evasion risk and sanction risk and provides governing principles and minimum standards on meeting the customer due diligence and record-keeping requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

All Group members must comply with the Group AML Policy to the extent permitted by local laws. Group AML/CFT policies take precedence over all other considerations. Relevant guidelines relating to AML/CFT are developed by the Bank to provide detailed guidance and assist Group members in understanding, implementing, and complying with the Group AML Policy. Regular training on AML/CFT including international sanctions compliance and tax evasion is covered in the AML/CFT related training materials of relevant Group members.

The Group AML Policy and guidelines are kept under regular review to ensure they remain responsive to legal and regulatory changes. The Group 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.

We have in place a Compliance Risk Management Manual through which individual departments of the Bank and relevant units of Group entities are required to report regulatory compliance related matters, non-compliance, potential non-compliance incidents and irregularities to the Compliance Division. The Bank's [Whistleblowing Statement](#) provides a mechanism through which external stakeholders who are aware of malpractice can confidentially and anonymously report concerns to the Bank without fear of retaliation. The Bank regularly reviews and enhances the effectiveness of the Group AML Policy, Anti-Bribery and Corruption, and whistleblowing mechanisms.

BUSINESS ETHICS POLICIES (internal)

Directors' Code of Conduct and Policy on Conflicts of Interests

Code of Conduct

Conflict of Interest Policy

Disciplinary Guidelines and Procedure

Whistleblowing Policy and Procedure

Guideline on Information Classification and Handling

Guideline on Cost Control Mechanism

Guideline for Procure-to-Pay Process

Third Party Risk Management Guideline

[Supplier Code of Conduct](#)

Risk management and internal audit

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

The Group's Compliance Division is responsible for overseeing and mitigating the compliance risks of the Group. The Compliance Division is responsible for reviewing regulatory requirements, reporting to Senior Management, and delivering compliance advice to affected business units to ensure adherence.

The Compliance Review Department conducts risk-based regulatory compliance reviews on a regular or on-going basis in accordance with the annual compliance review plan, which is approved by the Group Chief Compliance Officer and concurred by the Deputy Chief Executive & Chief Operating Officer. After issuance of the summary of findings and recommendations and obtaining the reply from the concerned unit, the Compliance Review Department follows up with any concerned unit on the implementation of any agreed actions. To determine the extent to which the Group's risk management framework and internal control processes are effective, the Internal Audit Division independently assesses its design and operating effectiveness, reporting findings directly to the Group's Audit Committee.

Details of our approach on ESG risk management are available on page 29 of this report. A description of the governance bodies responsible for ESG management at the Group can be found in the [Corporate Governance](#) section of this report. Detailed information relating to corporate governance is available in our [Annual Report 2021](#).

Tax risk management and strategy

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

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

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

DEVELOPMENT ON THE MAINLAND

In August 2021, The People's Bank of China ("PBOC") introduced The Measures for the Supervision and Administration of Anti-Money Laundering and Counter-Terrorist Financing of Financial Institutions ("Measures"). In response, BEA China reviewed its existing AML internal control system and sought to build awareness and capacity among our people in Mainland China. The Anti-Money Laundering Department of BEA China organised anti-money laundering internal control system training focussing on anti-tax evasion control, anti-money laundering, anti-tax evasion risk, and sanction risk control, which was attended by all available staff.

SETTING A ZERO-TOLERANCE TONE FROM THE TOP

Since 2015, specific training material on AML has been prepared by the Compliance Division and provided to the Board with refresher training annually as a means of providing relevant updates regarding the latest AML and anti-corruption requirements, developments, and our regulators' expectations.

This year, the training included evolving risks from the digitalisation of banking processes and transactions, the

use of big data to monitor potential transactions in high-risk locations and measures taken to mitigate risk amid increased online activities as remote work becomes more normal due to the impacts of the pandemic.

Training content emphasised the Bank's expectation of Directors regarding ethical behaviour, and the potential impacts of falling short were illustrated using recent disciplinary cases.

2021 PERFORMANCE

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

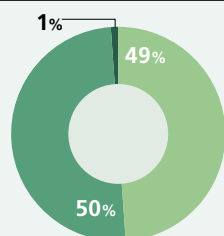
>50% of our operating income comes from our operations in **Hong Kong**

Economic value generated: **HK\$ 17,502 million**

Employee compensation and benefits: **HK\$ 5,521 million**

Payments to providers of capital: **HK\$ 2,856 million**

Operating costs: **HK\$ 2,817 million**



Cash donations to charitable organisations:

HK\$ 12+ million

■ Hong Kong
■ Mainland China
■ Overseas

100% of Directors received AML and anti-bribery and corruption training materials

100% employees attended "Code of Conduct Refresher" training, which covers integrity and anti-bribery and corruption

ESG RISK MANAGEMENT




[Aspect A4] [GRI 201]

Why it matters

The climate emergency is at the forefront of government agendas in the markets where we operate. Immediate action on climate change mitigation and adaptation has strong potential to disrupt business as usual across high-emitting industries due to the introduction of divestment policies and mechanisms such as carbon taxes and cap and trade schemes. These developments pose regulatory and financial risks to our Group through lending and investments. We have also identified the physical impacts of climate change as having the potential to affect the properties or businesses of customers holding mortgages or commercial loans with the Bank, putting credit at risk. Integrating ESG criteria into the Group's services and lending practices prepares the Bank for government policy response and mitigates such risks.

Management approach

The Group Chief Risk Officer sits on the ESG Steering Committee and is tasked with managing and reporting on ESG risks. An internal taskforce chaired by the Group Chief Risk Officer and composed of individuals with expertise of different risk types drives and executes ESG risk management related initiatives. The taskforce has developed a three-year ESG and climate risk action plan with a focus on three streams of action with reference to the framework of recommendations developed by the TCFD and the expectations of our regulators.

Policy and Framework 	Assessment and Monitoring Mechanism 	ESG Talents 
Strengthening Policy and Framework	Refining Assessment and Monitoring Mechanism	Nurturing ESG Talent Internally
<ul style="list-style-type: none"> Rationalise composition of brown sectors Establish sector policies for brown sectors Extend list of prohibited transactions 	<ul style="list-style-type: none"> Revamp ESG checklist Define key risk metrics Digitalise assessment processes 	<ul style="list-style-type: none"> Promote awareness of ESG risk and sustainability

We closely communicate with HKMA on its expectations of us to understand, mitigate, and report climate-related risks through the HKMA's pilot climate change stress testing exercise. The climate risk stress test ("CRST") was conducted in 2021, and reviewed by the Board, as one of several initiatives carried out by our internal taskforce to strengthen our risk management infrastructure, and integrate identified ESG risks, including climate risk, into our risk management framework. In 2021, the taskforce:

- Established a qualitative risk appetite statement ("RAS");
- Identified the relevant indicators, including green and sustainability linked loans, and exposure to seven high-emitting industries, to monitor the Bank's progress in delivering our commitments in the RAS;
- Established a Green Lending Policy;
- Completed the Bank's first CRST to assess the baseline of the Bank's climate risk exposure;
- Enhanced the Bank's ESG risk assessment checklist for credit applications by incorporating climate risk considerations; and
- Organised training for risk officers and risk managers on ESG risk identification.

The Board-approved RAS now guides the Bank Group's business activities and internal processes. The Green Lending Policy, approved by the Credit Committee, provides guidance to facilitate the growth of BEA's green lending and sustainability-linked lending portfolios.

In our credit underwriting assessment, we have put in place an ESG assessment tool in the form of a checklist, which focusses on the potential environmental and social impacts of the projects we finance. For non-retail lending and debt and equity investments with exposure of more than HK\$50 million, ESG assessment is required for all customers including those engaged in high-emitting industries identified by HKMA such as property development, energy, utilities, transportation, construction, metals and mining, and manufacturing coming under particular scrutiny. The checklist is a living document that will be constantly enhanced to ensure it is in line with the latest trends in the rapidly changing ESG risk landscape.

Business units also conduct the ESG assessment through multiple measures including the "Know Your Customer" process to understand the company's business operations and those of its business partners. Potential ESG impacts, including our exposure and risk mitigation, are evaluated and submitted to the Bank's Credit Committee for deliberation before credit is approved.

Taskforce on Climate-related Financial Disclosures

Governance

BEA's robust sustainability governance framework enables the Bank to ensure accountability for ESG performance throughout our operations and across markets. At the core of this commitment, is our 3-tiered ESG governance structure, which bolsters our holistic approach to sustainability beginning from our Board-level strategies and risk management, whilst extending through to the Bank's select department heads for implementation.*

Strategy

Through our risk assessment monitoring mechanisms, in which ESG considerations are integrated, we have identified emerging climate risks and opportunities which may materially affect our business and operations. Below, we have included select examples of physical and transition climate risks and opportunities that the Bank has identified. Moving forward, we will continue to monitor the progression of these identified risks whilst staying vigilant to emerging potential focus areas.

Risk Management

As detailed in the management approach section of this chapter, we have a strong foundational framework integrated across our business to manage climate risks. Our comprehensive Enterprise Risk Management framework incorporates ESG and climate-related considerations, and includes mechanisms to classify potential risks as current and emerging, to empower the Board and other responsible parties to prioritise and allocate resources and better manage these issues.

Metrics and Targets

BEA has developed, and continues to pursue, several key metrics to monitor our performance and risk exposure to climate and ESG-related issues. Our current key targets include a Group-wide 32% absolute carbon emissions (Scopes 1 and 2) reduction target by 2030 based on a 2019 baseline. We are working to develop and implement new programmes to further our sustainability journey, which includes, but is not limited to, concentration limits from brown sectors, Scope 3 emission assessments, and carbon neutrality roadmap. Once these programmes are developed and respective key metrics are set, progress indicators will be monitored by the ESG Steering Committee under our sustainability governance structure.**

Risk/Opportunity Description	Potential Impact to BEA
CLIMATE RISKS	
1. The financial sector is faced with growing expectations from diverse stakeholder groups to proactively manage ESG risks and opportunities as ESG awareness has been steadily rising over recent years. It is therefore crucial for the Bank to build capacity over time to measure and mitigate climate risks.	<p>Failure to meet growing expectations to manage ESG risks could lead to negative impact on business performance, operations, and reputation of the Bank.</p> <p>On a macro scale, climate change has the potential to pose major risks to the growth of the global economy and it has become common consensus that climate risks could significantly impact the financial sector.</p>
2. Extreme climate events, such as rising sea levels and intensifying typhoons, are a physical risk which may lead to the devaluation of property collaterals and investment portfolio of our Bank.	Operational capacity and cost expenditure of the Bank could be negatively impacted if extreme climate events cause significant damage to BEA's office premises and other assets including, retail branches and automated teller machines ("ATM") machines.
3. An acute and fast-paced transition to a low carbon economy could degrade the asset quality of the Bank's loans and advances to, as well as investments in, high-emitting industries.	These transitional risks may manifest through means such as increased expenses or decreased revenue due to carbon tax, stranded fixed assets, and shifts in market sentiment. Moreover, if profitability of borrowers and security issuers are adversely affected by a sharp transition to a low carbon economy, it may substantially affect repayment abilities.
CLIMATE OPPORTUNITIES	
1. Investors and other stakeholders are increasingly assessing how BEA is integrating environmental and climate-related issues into our operations, products, and services before making their investment decisions.	Effective demonstration of the Bank's ability to approach and manage ESG risks may open new financial channels with easier access to lower cost of funds.
2. We recognise that ESG risk management is becoming a global language for investors and clients and is essential for the integration of environmental and climate-related issues into our operations, products, and services.	Integrating environmental and climate-related issues into our operations, products, and services could provide increased access to international capital markets, while helping to reduce our exposure to bad debt and investment risk.

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

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

2021 performance

In 2021, the Bank developed and began implementing a RAS for ESG risks, including climate risks. The CRST completed was based on the methodologies and hypothetical assumptions prescribed by the HKMA. Based on the results, we were able to identify our current position of climate risk exposure.

In October 2021, Risk Management Division conducted an internal ESG Risk Strategy Day to produce a roadmap for ESG risk management, including defining brown sectors, establishing sector policies, and embedding an enhanced ESG checklist in credit proposals.

Outlook

The Bank will be setting appropriate strategy in the coming years to ensure we mitigate our exposure to climate risk while growing our green and sustainable banking businesses.

The results from our CRST will be incorporated in the Bank's Green and Sustainable Banking strategy which serves as a starting point to mitigate negative ESG impacts and identify business opportunities in the journey of transitioning to a low-carbon economy. The CRST exercise helped us identify the gaps of our current systems, workflows, and capabilities in risk assessment and data availability pursuant to HKMA guidelines, which will be addressed in the coming year.

We will be developing policies for high-emitting or "brown" sectors to help them transition to cleaner ways of operating while mitigating our own exposure to ESG risk. In addition, as part of our commitment to environmental and social responsibility, we will revise and expand the prohibited transaction list, explicitly listing activities which we will not be associated with.

Looking ahead, the Bank will incorporate climate considerations into governance, strategy, risk management, and disclosure by following the guidance set forth in HKMA's Supervisory Manual model on climate risk management and the recommendations of the TCFD.

SUSTAINABLE FINANCE

[GRI 201]

Why it matters

As a financial service provider, BEA is uniquely positioned to have a positive impact on businesses and the economy. A successful global transition to a low carbon economy that averts the worst effects of climate change requires capital to finance the development and deployment of new technologies to reduce emissions from across high-emitting industries. By taking the ESG factors of an economic activity or project into account when making lending and investment decisions, we can identify opportunities for our Group to help provide capital that contributes towards that transition.

Management approach

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

The Investment Committee, Board-level ESG Committee and ESG Steering Committee work together to ensure a sound ESG investment direction. The Investment Committee is responsible for general oversight as well as monitoring and evaluation of the overall investment strategies, while the ESG Committee and the ESG Steering Committee are responsible for oversight and monitoring of the Bank's ESG investment. The Treasury Markets Division, as well as relevant business units, are responsible for developing and implementing their respective action plans, to ensure compliance with this Group Responsible Investment Policy.

Our asset management company, BEA Union Investment, has established an ESG Committee comprising investment, product development, risk management and compliance team members. Its objectives are to develop and monitor the implementation of our Responsible Investment Policy and process, and to ensure transparency on reporting and communication on progress.

With the aim to delineate ESG considerations in the Group's investment decisions, the Responsible Investment Policy governs both the financial and strategic investment activities of the Group. Through the adoption of exclusionary screening, the Bank considers ESG factors in the investment selection process as well as portfolio building and monitoring. In accordance with the Policy, investment managers are required to adopt ESG integration, which is a mainstream, process-focussed investment strategy that involves incorporating ESG factors into portfolio-level analysis. The Policy not only presents the Group's commitment to integrate ESG factors into the investment decision process, but also our commitment to engage with companies on ESG issues.

Green finance

The Bank proactively explores investment opportunities with the aim to increase the portion of green assets in our bond portfolio. We support our corporate clients in their transition to a low-carbon economy by issuing green loans and mobilising capital market financing via green bond issuance. A dedicated ESG Portfolio was established in 2021, to exclusively invest in ESG bonds with an internal target established for these bonds as a percentage of our overall debt portfolio. Our wealth management businesses also help our customers achieve their sustainable investment preferences while meeting their financial goals by offering a range of sustainable investment products.

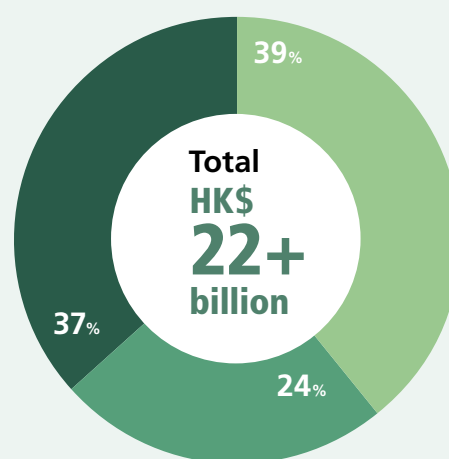
BEA China prioritises green loans. It has developed branch and regional green credit performance indicators and set annual green credit targets. This measure incentivises the provision of loans with environmentally friendly elements so long as all other criteria for credit approval have been met. In order to strengthen the management of green credit facilities, BEA China has enhanced the Corporate Business Management System with a green credit information module, which was launched at the end of 2021.

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

2021 performance

This year, we set a green and sustainable lending target for the Group and developed our green finance strategy statement and action plan. The Group strategy on green and sustainable business will guide the Bank in supporting its corporate customers in their transition to a low-carbon economy. Our strategy includes the provision of finance for improving energy efficiency, building a sustainable supply chain, and increasing renewable energy use to assist clients in their efforts to achieve carbon neutrality. We saw a fivefold increase in the growth rate of approved green lending year on year from around HK\$4 billion in 2020 to over HK\$22 billion in 2021.

GREEN AND SUSTAINABILITY-LINKED LOANS IN 2021



Hong Kong	HK\$8,836 million
Mainland China	HK\$5,493 million
Overseas	HK\$8,220 million

SUPPORTING OUR CUSTOMERS' EFFORTS TO GREEN OUR MARKETS

Across our markets we are approving finance for customers with green ambitions that will positively impact society and the environment.

- This year, we approved a HK\$800 million sustainability-linked term and revolving loan for Kerry Properties Limited, a leading property developer in Asia. Through achievement of KPIs, the loan also recognises the client's efforts to facilitate long-term ESG investments in its property development and throughout the life cycle of project management.
- China Everbright Environment Group Limited is a leading player in China's environmental protection industry and one of the first one-stop integrated environmental solution providers in the country. In 2021, we facilitated a HK\$780 million loan for

the company's waste-to-energy projects, helping to reduce the environmental impacts brought by household waste.

- Our London Branch supported Flender International GmbH, a leading global supplier of mechanical and electrical drive systems for wind turbines, via a syndication participation with a HK\$520 million loan. The business will be tested on the basis of the growth in annual installed wind power general capacity in gigawatts (GW) powered by gearboxes supplied by the Group and the loan's interest margin adjusted accordingly. In addition, at least 50% of any interest savings shall be contributed to third party charitable organisations for social and environmental development.

In October 2021, the Bank signed an MoU with HKQAA. Under this agreement, programmes will be developed to encourage customers to engage in green and sustainable finance-related certification and assessment services. The Bank is also collaborating with international consultancies to provide training to staff on energy and sustainability in the real estate sector, which will further enhance its capabilities in green financing and certification.

As a participant in the Mainland's onshore green investments, BEA ranked second in the "Top Five Foreign Institutional Investors in Green Bonds in the China Interbank Bond Market" in the first half of 2021. The ranking was conducted by the National Association of Financial Market Institutional Investors, the regulatory organisation for the over-the-counter bond market in China.

We are also exploring new opportunities to directly engage retail customers and were proud to launch our Green Mortgage Plan in December 2021 to promote green living and sustainability in Hong Kong. The Plan encourages

customers to purchase property in sustainably designed and constructed buildings that have a valid provisional / "Platinum" or "Gold" rating under the BEAM Plus New Buildings / Existing Buildings scheme of the Hong Kong Green Building Council. Incentives include an additional cash rebate on top of our standard cash rebate for our mortgages, and preferential mortgage rates as low as HIBOR plus 1.3%.

Outlook

Looking ahead, BEA is preparing a green and sustainable finance framework as well as measuring emissions in the activities it finances in order to identify the Group's major indirect emission impacts. In the coming year, BEA Union Investment's ESG Committee will be formalising and introducing an evaluation mechanism to test the effectiveness of its policies and progress and adjust the ESG scores of investee companies when necessary to test and strengthen its approach.

CYBERSECURITY AND DATA PRIVACY

[Aspect B6] [GRI 418]

Why it matters

For more than a century, our business has thrived by delivering quality products and services with integrity, while innovating to meet the diverse and evolving needs of our existing and prospective customers. Our approach to future-proofing our business has centred on digital transformation. Digital banking is growing at pace, with our second largest market, Mainland China, moving towards being a cashless economy and the fintech industry expanding across the globe. With these transformations come risks of cyberattacks and the increasing need to protect customer data privacy. New personal data protection legislation is being introduced in our markets at a time when cyberattacks on the financial services sector are on the rise.¹¹ The impact of data breaches on consumer trust in banking institutions cannot be overstated. As treasurers of our customers' data, we have a responsibility to ensure our systems are fit for purpose and our staff act with probity.

Management approach

The Bank fully complies with the Hong Kong Personal Data (Privacy) Ordinance and respective local personal data privacy laws and regulations in all jurisdictions in which it operates. We have implemented a suite of policies and guidelines to protect our customers' data privacy and protect personal data. Our [Privacy Policy Statement](#) outlines our approach to the collection and retention of personal information in accordance with the regulatory requirements. It is our policy to provide individuals with a [Personal Information Collection Statement](#) informing them of the purpose of data collection, classes of persons to whom the data may be transferred, their rights to access and correct the data, and other relevant information. This ensures BEA obtains personal data through lawful and transparent means, with explicit consent of the data subject where necessary.

We protect user data from increasingly sophisticated cyberattacks through a system of governing and monitoring bodies and related policies and procedures. The foundation of cybersecurity and data privacy governance at BEA lies on

the 'Three Lines of Defence' risk management model. The model helps the Bank to capture and monitor cyber security and data risks while at the same time providing clear roles and responsibilities for the committees involved.

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

Our Technology Risk Management Working Group, Technology Risk Management Manual, Cybersecurity Policy, Information Security Policy, and guidelines on Handling Phishing Email help govern and manage cybersecurity at the Bank. We have in place multiple levels of monitoring. The Bank's emergency response team provides direction on managing any cyberattack situation and ensures effective precautionary and contingency measures are in place. The integrity of our approach is assessed through regular internal and external independent audits, including but not limited to customer facing applications.

We conduct privacy risk assessments to identify and detect any potential data privacy risks, while mitigation measures are developed to ensure the identified risks are addressed. The Bank requires that all staff become actively involved and aware of their responsibilities to properly safeguard the Bank's information. Through staff training and regular and ongoing awareness raising we have developed a culture of compliance with data privacy and security at its centre.

Each year, all staff members are required to successfully complete a refresher course on personal data protection through our internal e-learning platform. The Head of BEA's Compliance Division serves as Group Data Protection Officer and is appointed to oversee the implementation of the Bank's commitment to protect personal data privacy. In Hong Kong, individual Data Protection Officers have been appointed for every branch. Other Group members develop their own personal data protection policies and procedures by making reference to their local regulatory requirements and the Bank's approach, defined in our [Privacy Policy Statement](#) and General Guideline on Personal Data

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

Protection. Both our [Privacy Policy Statement](#) and General Guideline on Personal Data Protection, and all other data privacy-related policies and guidelines, are subject to annual review.

Through an annual cybersecurity programme, we plan key cybersecurity projects for the next year according to our audit observations and emerging cyber threats. We continually invest to improve our security measures and leverage our digital platforms to communicate key security updates to our users in order to keep them informed and their data secure.

POLICIES TO PROTECT CUSTOMER DATA

Cybersecurity Policy (internal)

Information Security Policy (internal)

[Privacy Policy Statement](#)

Staff Code of Conduct (internal)

Programmes and initiatives

Embracing innovation

In line with HKMA's Fintech 2025 vision, BEA aspires to be a digital-forward asset efficient bank. In 2021, we adopted a new approach to accelerate our Digital Transformation. We aim to empower and hold all divisions accountable to digitalise at speed by embedding and building digital competence across the organisation.

Our Board of Directors has endorsed BEA's digital roadmap, covering the key factors required to deliver the fintech initiatives that will allow the Bank to meet its digital objectives:

- accelerate front-to-back digitalisation,
- uplift network and salesforce effectiveness,
- improving risk management and asset quality, and
- focussing on cross-border business integration.

While the Board of Directors will provide top-down guidance for investing in fintech and IT initiatives going forward, our Senior Management has appointed a dedicated Committee to steer the uplifting of innovation capabilities of the Bank. The Committee will be responsible for driving customer engagement and improving the customer experience through time-to-market implementation of innovative ideas, governing the implementation of BEA

fintech strategy, and ultimately building an innovation culture within the Bank.

Our now dissolved Digital & Innovation Office laid the groundwork for the Group to progress to a new operating model to accelerate BEA's digital transformation. A new department, Fintech Development Department, is being set up within the Technology and Productivity Division to work closely with the various business units and support them in driving and delivering on our fintech ambitions. It will tap the wider fintech community to explore, adopt, and implement solutions best suited to BEA's needs.

We aim to be a leader in fintech adoption, staying ahead through data driven insights and fintech innovation, establishing deep fintech partnerships, attracting fintech talent, and contributing to the wider fintech ecosystem in Hong Kong. To groom fintech talents in Hong Kong, we have joined the HKMA's Industry Project Masters Network scheme. As a participating bank, we have proposed two real-life fintech projects for postgraduate students from local universities to work on and will provide guidance and advisory for students to accomplish the projects.

2021 performance

Our Group members reviewed existing processes and continued to strengthen information systems security and capabilities this year, including our security orchestration, automation, and response ("SOAR"), identity and access management, and security monitoring.

In alignment with the Bank's strategic focus, our key digital initiatives for 2021 focussed on:

- accelerating the digital transformation (e.g., Corporate Cyberbanking revamp, Singapore Cyberbanking revitalisation and contact centre infrastructure upgrade),
- expanding application of regtech solutions for effective and efficient risk and compliance controls (e.g., BASEL IV, fraud monitoring),
- improving the productivity of our middle and back-office infrastructure (e.g., Front-to-Back customer journey digitalisation on remittance and account opening), and
- keeping up with risk and compliance requirements (e.g., Interbank Offered Rates).

In response to the introduction of the Personal Information Protection Law of the People's Republic of China in late 2021, we will further revise the Group's data privacy-related policies and guidelines. Our general insurance Group member, Blue Cross, implemented four security solutions to strengthen security for those areas including browsing the internet, identifying and responding to malicious activities, restricting access of external devices to internal platforms, and detecting system vulnerabilities. In addition, group members carried out security audits and phishing email exercises.

Outlook

Our primary focus will be to upgrade our digital banking platform to improve user experience and integration with other ecosystems and continue our efforts to expand regtech adoption focussed on regulatory monitoring, reporting, and compliance. With strong leadership and determination, we are confidently accelerating the Bank's digital transformation and increasing our presence in the wider fintech communities to achieve our 3-year objective.

To support HKMA's initiative in Commercial Data Interchange ("CDI"), BEA will collaborate with different parties to enhance its risk management processes, with an initial focus on leveraging alternative data to facilitate credit assessment process for lending to SMEs, and prevent money laundering and counter-financing of terrorism. BEA will join the CDI in 2022 and will continue to play an active role in building an ecosystem with different stakeholders.

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

Blue Cross will implement email sandboxing – a key component of advanced threat protection, ensuring any email that passes our existing email filter and still contains unknown URL links, file types, or suspicious senders is tested before it enters our network or mail server.

BEA will set up our Fintech Co-Working space to engage the fintech community and develop innovative solutions that meet the evolving banking needs of clients, with an aim to drive innovation, and instil an innovative culture within BEA.

TREATING CUSTOMERS FAIRLY

[Aspect B6] [GRI 417]

Why it matters

Since its founding more than a century ago, BEA has grown together with the people of Hong Kong. We feel we have a duty to the local population and are purpose-driven to ensure underserved people in our society also have access to financial services, a key focus of our regulator.¹²

To increase access and deliver high levels of customer satisfaction, we must respond to shifting preferences. This means maintaining an extensive network of outlets, preferred by older demographics, while providing recommendable services both digital and in-person, to respond to the needs of younger customers and the digitally savvy.¹³

Management approach

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 strive to provide them with best-in-class service to ensure positive customer experiences. Our approach ensures that we comply with applicable regulations set out by the HKMA, the Securities and Futures Commission ("SFC"), and the Insurance Authority ("IA") regarding the provision of financial services to customers.

A principled approach

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

12. HKMA, 'Financial inclusion', <https://www.hkma.gov.hk/eng/key-functions/banking/banking-conduct-supervision/financial-inclusion/>

13. PWC, '2019 Consumer Digital Banking Survey' (2019)

To identify, evaluate, and enhance TCF practices, BEA Hong Kong established a TCF Steering Group in 2019. In light of the Bank's progress in meeting the expectations of the TCF Charter, starting from 2021 the Key Risk Indicators of TCF have been incorporated into the ongoing monitoring conducted by the respective business units. To provide management oversight, TCF indicators have also been incorporated into the Bank Culture Work Group to ensure each department operates in line with the principles.

Product approval

Our new products approval procedure ensures products to be launched by the Bank go through a robust evaluation including risk assessment, business and financial analysis and TCF assessment. Once approval is secured, relevant departments receive training on the product before and again shortly after launch.

Enabling informed decision making

All banking services come with product information as well as related terms and conditions, which are brought to the attention of customers upon account opening, particularly regarding situations that could have financial consequences for the customer such as fees for late credit card payments. To enable our customers to make the right financial choices in support of their financial wellbeing, we provide education about market trends, product features and more through a wide range of channels. Each year, we hold an Economic and Market Outlook Seminar for corporate and personal customers, to keep them abreast of the latest developments in different asset classes. In addition, we conduct a wide range of webinars and videos to keep our customers well informed.

Protecting and supporting retail customers

Unlike general banking services, investment and insurance services carry relatively greater financial risk for customers, and therefore such services are provided in a distinct area within the branch that can only be accessed by customers who have been evaluated for their risk tolerance level or insurance needs.

We comply with applicable regulations set out by the HKMA, the SFC, and the IA in regard to the provision of financial services to customers. We also follow strict internal credit guidelines and references reports from credit reference agencies such as TransUnion to ensure

personal loans and other forms of credit are not extended to customers who may be over-burdened financially. In addition, the Bank offers solutions for customers who do find themselves over-extended financially, such as credit card debt consolidation plans, which help customers consolidate and manage repayments.

Vulnerable customers¹⁴ are given a choice to be accompanied by a family member or close friend who can help ensure that the customer understands the product before making any decision. In accordance with its commitment to the TCF Charter, our sales staff do not coerce customers into buying products nor do they impose unreasonable barriers on customers to switch banks.

Investing in research and innovation

We are assisted in our effort to deliver best-in-class banking services by making significant investments in advanced technology. The rapid digital transformation of the financial industry has provided the Group with an opportunity to extend its product and service offerings. Today, about 96% of BEA's financial and non-financial banking transactions in Hong Kong are performed via e-channels. Technological advances improve access to our services and build upon our extensive network of outlets.

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. We evaluate the quality of our services and satisfaction of our customers through quarterly reviews of customer feedback. Cross-departmental improvement plans are developed and implemented in our drive for customer service excellence.

Programmes and initiatives

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

14. Vulnerable Customers are classified based on age, education level, mental/physical challenges, income, and net worth.

Our commitment to local businesses

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

We enable businesses to establish and grow through our commercial loan products backed by the Hong Kong Mortgage Corporation Insurance Limited ("HKMCI") and provided via the SME Financing Guarantee Scheme.

The i-Payment Hub provides a comprehensive solution for merchant customers to accept multiple payments through a variety of digital payment methods and manage different types of transaction records. This functionality brings a range of benefits to users and their customers across a variety of industries, including greater convenience, reduced operating costs, and enhanced cash management.

Cashless transactions, contactless services and mobile wealth management

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

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

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

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

2021 was the first full year in which our corporate banking customers could subscribe to unit trusts through Corporate Cyberbanking. Corporate Cyberbanking offers a wide range of services i.e. fund search and comparison, online trading functions, order status and transaction history enquiry, market news and fund knowledge, and more. There are more than 300 available funds in around 1,000 share classes from over 20 renowned providers for customers to trade. The above channels help Corporate Banking customers assess unit trust services and make comparisons easily.

Incentivising green business

Our Bank offers corporate customers with preferential rates on interest or fees based on sustainability key performance indicators and targets that the customer achieves. These can include incentives for strong performance on sustainability ratings, green building certification, and more.

Senior citizens and customers with special needs

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

For senior citizens, we offer:

- preferential interest rates;
- service charge concessions;
- fee waivers;¹⁵
- HKMC Reverse Mortgage Programme; and
- FastCash Card abridged ATM banking service.

Barrier-free banking services

We aim to ensure all customers can access our banking services with convenience. We engage our customers and provide feedback channels to help us understand where to invest to remove any existing barriers. This has led to the installation of Active Listening Systems at counters and meeting rooms in 59 branches to support customers with hearing impairments. To further support them, a recent digital development is the extension of conversational live chat service to the BEA website and BEA App.

15. Participants of the Comprehensive Social Security Assistance Scheme only.

Customers in remote areas

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

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

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

Microfinance

To help build the social capital of Hong Kong, BEA was a participating bank in the HKMC's Microfinance Scheme from its launch in 2012. While the Scheme was closed in 2019, our Bank continues to seek ways to help customers to become business owners, make the transition to self-employment, and invest in their careers.

Non-governmental organisations

We recognise the importance of charitable donations reaching their target beneficiaries. Our Online Donations Services, developed in collaboration with the Hong Kong Council of Social Services ("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.

Meeting customer expectations

Our quest to ensure positive customer experience is guided by ISO 10002 Quality Management: Customer Satisfaction. Applying this standard helps us identify trends, external and internal issues, interested parties, and eliminate causes of complaints, leading to the continual improvement of our operations, products and services.

Our Customer Experience Research surveys conducted by an external consultant over the past five years have indicated that how we manage our environmental and social impacts is important to our customers and the general public. In response, we have enhanced our key communication channels to keep our customers well informed about our ESG performance. Our ESG reporting continues to mature alongside our approach to ESG, and our media efforts provide customers with updates throughout the year.

At the beginning of 2021, our Customer Experience Research was replaced by Net Promoter Score ("NPS"). The Bank has conducted a quarterly review of customer feedback from the NPS study and the responses will help us shape our service delivery in a manner that meets and exceeds customer expectations. To gain deeper insights, we also review our performance through a quarterly Transactional Survey and an annual Mystery Shopper Study to monitor customer satisfaction at key touch points including in-branch, with relationship managers and through our digital channels. To communicate expectations internally, we have launched "Complaint Watch", an internal complaint newsletter that reinforces operations and service standards, and began issuing broadcasts on the corporate intranet featuring complaint case handling, customer feedback, and best practice sharing, which helped promote high service standards and prevent the recurrence of sub-standard service delivery.

Feedback and complaints received via our range of communication channels are reviewed and responded to promptly in accordance with guidelines governing the handling of customer enquiries established by the HKMA.

CUSTOMER COMMUNICATION CHANNELS

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

Pandemic support for corporate and personal customers

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

Corporate customer support

Principal payment holiday applicable to eligible commercial loans, trade loans, vehicle finance and mortgages

Strongly support HKMCI 100% SME Financing Guarantee Scheme ("SFGS") to relieve SME cashflow pressure

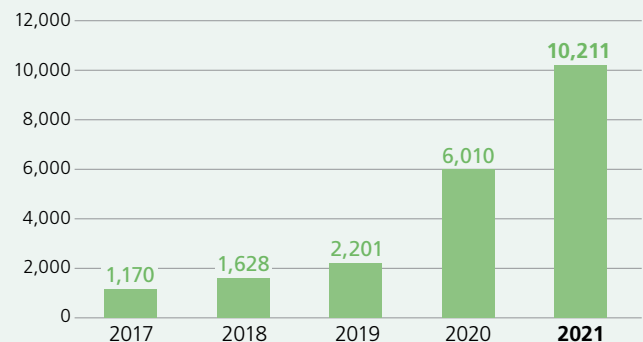
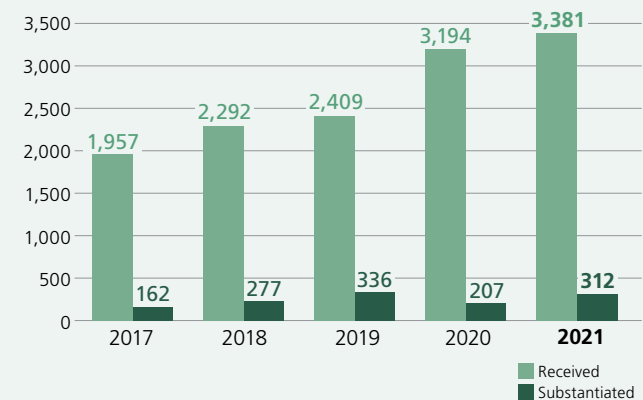
Waiver of application fees for SFGS and a rebate of guarantee fees (if applicable) up to a limit of HK\$50,000 for eligible customers

Waiver of penalty charges and any penalty interest on past due loan repayments on case by case basis

Personal customer support

Mortgage Principal Moratorium Programme allowing customers to switch to interest-only payments and receive handling fee waiver

Personal Loan Guarantee Scheme of up to \$100,000 to eligible borrowers who suffer from cessation of main recurrent incomes during the COVID-19 pandemic

NUMBER OF COMPLIMENTS**NUMBER OF COMPLAINTS**

In addition to the measures listed above, Blue Cross offered a 6-month deferral of the effective date and free vaccine cash allowances for travel insurance policies, extended coverage of up to 3 months for new Job Changer Medical Protection policies, Pet Love cash allowance, additional hospital cash allowance for designated medical and general insurance plans, and a simplified claims procedure for COVID-19 related coverage.

2021 performance**CUSTOMER SATISFACTION & SERVICE QUALITY EVALUATION****+12**

NPS of BEA Hong Kong

81%Digital customer satisfaction
(+8 percentage points compared with 2020)**100%**branches reached satisfactory level
(for two consecutive years)

- In 2021, the Group received 10,211 compliments and 3,381 complaints from customers in regard to products and services, an increase of nearly 70% and 6%, respectively, compared with 2020.

- Group members report that compliments received were related to professional and proactive service delivery of our staff. Such achievement was attributed to service quality and customer experience enhancement initiatives. The sharp increase was the result of proactive engagement with our retail customers to obtain actionable feedback.
- After investigation, the total number of substantiated complaints amounted to 312, a 51% increase compared with the figure reported for 2020. A large proportion of the complaints related to internal capacity constraints brought about by a large volume of dispute requests in the wake of a data leakage incident at online payment platform AsiaPay. This led to delays in resolving cases which resulted in the increase. All complaints were handled in line with our internal procedures and relevant regulatory complaints handling requirements.

Outlook

Proactive engagement with customers led to a sharp increase in compliments in 2021. To leverage the high level of response from retail customers we have designed a customer feedback form to gather feedback received, devise further improvements and address any pain points.

FINANCIAL LITERACY [GRI 203]

Why it matters

As a major financial services provider, it is our responsibility to promote financial literacy and inclusion in our areas of operation, especially among the most vulnerable groups. Financial literacy allows individuals to make informed and effective decisions including personal financial management, budgeting, and investing. As many socioeconomic issues can be exacerbated by poor money management, we feel obligated to help our customers, stakeholders and communities to gain the fundamental financial knowledge and skills.

Management approach

As a signatory to the TCF Charter and supporting the Investor and Financial Education Council ("IFEC"), we are committed to improving financial literacy in Hong Kong and in the other markets we serve. To achieve this, we explore different approaches on how we can integrate financial education into our service delivery and how we can adapt our approach to target different demographics and markets. Through financial literacy and inclusion workshops with external stakeholders specialising in financial education and BEA staff members, we discuss the diverse issues faced by our customers and how best to resolve them.

Programmes and initiatives

Youth development/Students

We have a strong focus on youth as we believe that financial literacy is a critical building block to their development. Through initiatives aimed at school students we aim to strengthen financial knowledge and cultivate young people's correct views on money, consumption and values. Since 2013, BEA China has organised a Financial Education Campus Tour together with the Shanghai Middle School Student Ethical Development Centre and Shanghai Education News Group.

We pride ourselves on contributing to financial education and inclusion in the markets we serve. In Shanghai, BEA China again co-organised the Financial Education Campus Tour for its ninth consecutive year. The initiative attracted more than 80,000 students from more than 120 secondary schools in the city participating in activities to broaden their financial horizons, improve their financial intelligence and build a solid foundation for their futures. The event included a quiz on student's financial knowledge, an essay competition and a speaking contest.

Ageing population/Senior citizens

We devised a peer buddy programme to further promote digital adoption among mature customers. For three months, designated staff at six branches promoted digital banking services to elderly customers with materials specially designed for the elderly. Through the pilot programme, the Bank collected promising response data which will be used as a reference when planning for future financial literacy programmes. Digital penetration among mature clients of pilot branches grew to 32%, and more than 300 mature clients registered for the mobile banking service.

Outlook

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

Responsible Operations

TALENT ATTRACTION AND RETENTION [Aspect B1] [GRI 401, 402]

Why it matters

To deliver the level of service and financial products our customers expect, we need a dedicated, motivated, and capable workforce. According to recently published independent research, the turnover rate for employees in the banking sector who voluntarily leave¹⁶ their employer is around 10%.¹⁷ In addition to facing fierce competition in searching for and attracting talent to the Group, we are also under considerable pressure to retain our people and develop talented teams to ensure a positive experience for our customers and outperform other financial institutions.

Management approach

Our strong, capable workforce depends upon our ability to develop and maintain a talent pool. To forecast hiring needs, our Human Resources Department works closely with line management on manpower planning to address emerging business needs. We proactively identify talent and are continually diversifying our sourcing channels.

We also conduct Strategic Workforce Planning on an ongoing basis where workforce mix and overall manpower demand are reviewed and defined according to the Bank's latest business strategy. This, along with the projected attrition situation, will form the basis for the forecast of hiring needs.

To provide for continuity in the smooth functioning of the organisation, a pragmatic management succession plan for key executive positions of the Bank is in place. Management succession planning is managed by the Nomination Committee and guided by the Group's Management Succession Policy. Our approach ensures that individuals with the most relevant experience, competence and integrity are appointed to take up the executive positions at the Bank.

We reward our talents with competitive remuneration and comprehensive benefit packages that include medical and life insurance, paid leave, retirement plans, and preferential rates on a range of banking services.¹⁸ Increasingly, we have focussed on modernising our ways of working and providing opportunities for improved work life balance. We see an energised and engaged workforce as key to retaining staff to deliver consistent customer excellence.

Programmes and initiatives

We outline the Bank's expectations through our Code of Conduct and Staff Handbook to all new joiners. Both have been developed to address regulatory requirements and laws in each of our markets. They set out our commitments to our employees and help them to understand the standards we expect of them.

Employee engagement at the Bank has been improving year on year to ensure that from day one to retirement, or a time when our employees move on, our people have a grasp of what's changing in the industry and at the Bank and know that their opinion matters. During quarterly Group-wide and divisional town halls, Senior Management share developments from within the industry and our Bank and listen to the opinions of our people. In 2021, our Bank began holding exchange sessions with Senior Management which serve as channels for management to understand deeper the areas of concern of the staff and collect ideas for improvement.

We are keen to reward positive behaviour that reinforces the Bank's core values. Staff members who live out our core values in their daily work are rewarded through the 'Employee of the Quarter' and 'Employee of the Year' Awards. In recent years, we have expanded the number of awardees and increased the value of the cash prizes. Staff members can also express gratitude to colleagues by sending them e-Thank You cards via the Bank's intranet.

16. An individual that voluntarily leaves an organisation does so without contract termination, dismissal, or retirement.

17. AON, '2020 Q4 McLagan Consumer/Commercial Banking turnover rate study in Hong Kong', (2020)

18. The following branches and subsidiaries have a staff remuneration policy: BEA's branches in Macau, Taiwan and overseas; BEA China; and Blue Cross.

To drive retention, we build on our benefits and competitive remuneration packages with investment in training and development (pages 45-48), and the Bank's inclusive and engaging culture (pages 48-50). We reinforce our internal talent mobility by promoting employee referrals and re-engaging unsuccessful candidates to assure them of their needed contributions within our ranks and continue their professional development. We track voluntary turnover and factor in exit interviews to evaluate the employee experience we offer. We then review and adjust our policies and processes as necessary to ensure the experience can meet expectation.

To build awareness of the insurance industry and our Bank Group, we also operate a Summer Intern Programme in Blue Cross with the support of the Vocational Training Council. Through the programme, university and other tertiary students are provided hands-on learning opportunities in the operation of middle and back office of the insurance industry.

2021 performance

In 2021, we continued to focus on improving employee work life balance. We built on our existing commitment to new parents in Hong Kong by providing fathers with more paternity leave than is required by the local labour law, and by adding two weeks to the maternity leave offered to expecting mothers. We also boosted annual leave by an extra day for all employees of manager grade and below who joined in the past three years. Retaining quality talent is always a priority and given the relatively high turnover rate for the banking industry, we set a 2-year goal to retain talent by achieving an internal mobility rate of 20% by the end of 2022. To help the Bank achieve this goal, we put in place a mobility policy focussed on a talent pipeline for management positions. An internal promotional campaign saw the revamp of our job board and introduction of an internal job fair to expose our people to new opportunities. To better provide flexibility for staff mobility, we adopted a merit and competence-based approach for talent engagement by removing academic qualifications and length of service criteria in staff upgrade and promotion

deliberations. We also introduced a tracking mechanism for internal hiring and each division's internal mobility statistics have been factored into the division's scorecard to encourage progress.

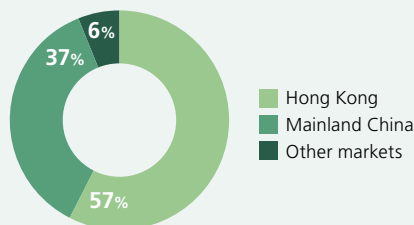
We saw encouraging results regarding talent retention and succession planning. For example, BEA China filled over 20 positions through internal promotions. Department Heads, Division Heads, Branch and Deputy Branch Managers and an Executive Vice President were all promoted from within our ranks.

In 2021, our overall turnover rate for full-time employees (including both voluntary and involuntary leavers) increased by 4.1 percentage points. Our Hong Kong operations experienced turnover of 22.4%. The increase in turnover was mainly driven by those under 30 years of age leaving the Bank as the pandemic situation improved during 2021. It was also related to the surge in emigration, and the staunch competition in retail wealth management frontline sales, digital and technology talent in the market. The Bank took a number of measures in retaining talent including targeted compensation review and a revamp of our titles, grades and pay structure. We conducted exit interviews with all colleagues that moved on and will seek to use insights from these to introduce further policies and benefits that enhance our employee experience.

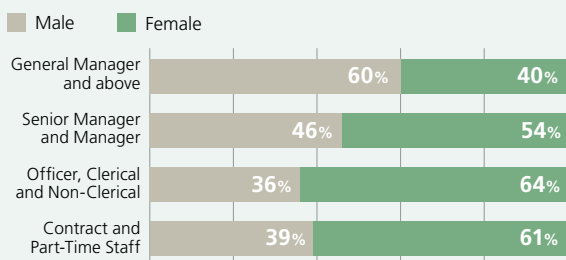
Outlook

We aim to expand the talent pool within the banking sector, and provide opportunities to those outside of it. The objective is to build strength by providing opportunities to individuals with diverse skills and who can help us build on the momentum made to date. To strengthen our ability to retain talent we will promote internal mobility, grow our internal talent population by launching trainee programmes in specific business areas, review career paths for key job roles and upgrade our remuneration framework. To further enhance our employer branding and better communicate what we offer, we will participate in industry and proprietary talent programmes.

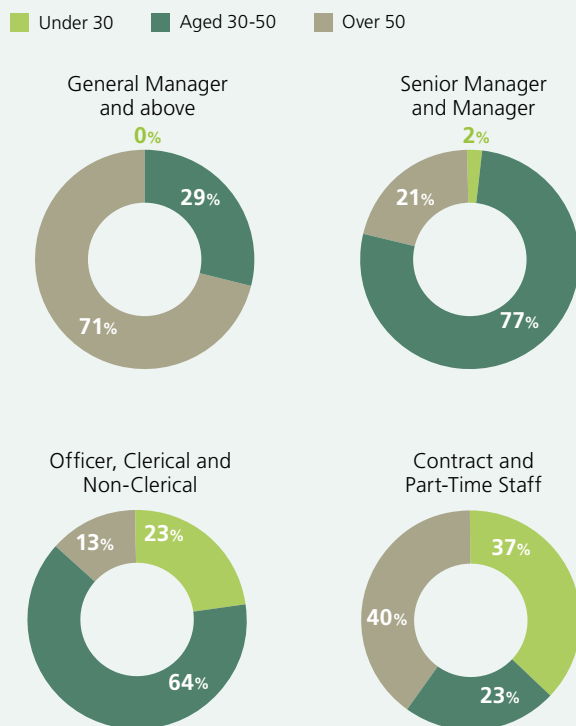
EMPLOYEES BY MARKET



EMPLOYEES BY GENDER



EMPLOYEES BY AGE GROUP



TRAINING AND DEVELOPMENT

[Aspect B3] [GRI 404]

Why it matters

By supporting the professional and career growth of our colleagues, we show that we value the contribution of every individual staff member. Through ongoing professional development, our staff members are better able to serve the evolving needs of our customers in today's rapidly changing world. Recent research has shown that a staggering 94% of employees would stay at a company longer if it invested in their careers.¹⁹ We therefore approach investment in our people as an investment in our long-term growth.

Management approach

The Training and Development function of the Bank is tasked with the development of our people and leadership. Its key objectives are to support culture building and the Bank's transformation journey.

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 focusses on product and financial knowledge, leadership and management skills, customer service and sales experience, and operational know-how. We understand the importance of providing training that covers social elements including non-discriminatory practices. Various training and refreshers are mandatory to all staff covering topics such as the Code of Conduct, teamwork and the Bank's core values.

We offer a wide range of online and in-person training courses, from beginner to advanced.²⁰ Training is tailored to equip staff members throughout the Group with the skills they need to meet the demands of their current role, to prepare staff for advancement and to build capacity in order to meet the evolving needs of our customers and expectations of our regulators. We also provide subsidies to employees eager for self-development who take relevant accredited courses outside the Bank.

To deliver on our commitment and build staff capacity, we focus on the future of banking. We have stepped up training on technology and data management, ESG and banking in the Greater Bay Area.

19. LinkedIn, 'LinkedIn Learning 2019 Workforce Learning Report', (2019)

20. The following branches and subsidiaries have an employee training and development policy: BEA's branches in Singapore and the UK; BEA China, and Blue Cross.

Programmes and initiatives

Our talent development framework, the “Future Leader Accelerated Programme”, supports high-potential staff members in their professional growth. The framework provides a structured and robust approach to identify employees with strong potential to serve at the senior management and department head levels within the Bank, support their aspirations for growth and development, and groom talent to assume future leadership roles.

To promote the continuous professional development of staff in general, the Bank supports staff members in their pursuit of professional qualifications as guided by the HKMA’s Enhanced Competency Framework. In line with this framework, we invest in a wide spectrum of training, ranging from technical know-how to soft skills training. Our “Learn & Grow” recognition scheme applauds divisions with motivated staff members who are committed to learn and grow with the Bank. Our Senior Management leaders are also engaged with this scheme to further encourage staff capacity building and develop a Learning Culture.

We evaluate our programmes and courses annually to ensure they are fit for purpose and effective in upskilling our people. We refine our programmes through annual training needs surveys, employee satisfaction surveys, and an external benchmark for Hong Kong Qualification Framework-accredited programmes.

All BEA employees undergo regular performance reviews with management to discuss or review career aspirations and set out career development plans. In Mainland China, we set up a sponsorship scheme to support staff to take business-relevant external exams or professional certificates. The “839 Talent Development Project” has run for 10 years and has developed hundreds of executives for the Bank. All permanent full-time staff are eligible to apply for tuition sponsorship for job-relevant master’s degree programmes.

2021 performance

In 2021, we invested over HK\$25.7 million in staff development. We delivered over 40 hours of training on average to employees at all levels of the Bank, equipping them with the skills needed to serve our customers and support the development of the Group.

We focussed on talent development through Future Leader Accelerated Programme by expanding the number of high potential staff members eligible to participate. The development framework facilitates accelerated growth of our high potential employees through the proven “Triple E” development framework of “Experience, Exposure, and Education”.

We developed graduates through our Trainee Programmes and delivered growth mindset training throughout the tiers of the Bank including awareness raising on ESG. New change leadership training was rolled out to help managers to steward our Bank through its ongoing digital transformation, and we focussed on enhancing digital literacy. On the Mainland, we launched our “Great Leader Great Banker Programme” to enhance leadership and management knowledge and skills. More than 160 managers have enrolled in the programme and feedback to date has been very positive.

In 2021, the “2020 Ram Charan Management Practice Award - Human Resources Award” was bestowed on BEA China for its “839 Talent Development Project - Internal Selection, building a Full Ladder Talent Development System”. The programme was also selected in the Harvard Business Review Chinese case library as an important talent strategy and staff development channel that is influencing the industry.

In the UK, we launched our pilot “Junior Executive Management Training Programme”. This consists of four modules of training on change and transformation, systems thinking, soft skills development and leadership. Junior and mid-level managers undergoing the pilot have been identified as strong future candidates to assume more senior managerial roles.

Our insurance member Blue Cross participated in the Hong Kong Federation of Insurers “Elite Talent Development Pilot Programme 2021”. This mentorship programme aims to ensure business wisdom accumulated by experienced experts can be retained and their knowledge shared to a new generation. The Education and Training Policy in place at Blue Cross aims to encourage staff members to pursue continuous development through on-the-job training and in-house training. Blue Cross actively supports staff members to achieve professional qualifications in the insurance industry, roughly 36% of staff applied for and received sponsorship to attend professional training and exams this year.

SPOTLIGHTING SUSTAINABILITY

As concepts related to ESG become increasingly relevant across our Bank, we launched a series of training and awareness raising activities that put ESG at the core. All Group members completed a new **e-Learning module** detailing the concepts of sustainability as well as BEA's ESG performance and goals.

>80% staff members commented that the training was relevant to their jobs

To continually build awareness on ESG developments, our Sustainability Section delivered presentations and conducted a number of **ESG road shows** and spoke at various **Division Town Halls** during the year.

We also invited a local environmentalist and television personality to present an inspiring **Sustainability Sharing Session** for staff members at BEA Tower focussed on our changing climate and green innovations.

88% of respondents were aware of the Bank's ESG performance

FOCUS ON YOUNG TALENT

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

- Greater Bay Area Youth Employment Scheme
- Banking Talent Programme
- Fintech Career Accelerator Scheme
- Financial Industry Recruitment Scheme for Tomorrow
- CityU Career Launch Scheme
- Pilot Apprenticeship Programme for Private Wealth Management Association, Hong Kong

A PEOPLE FIRST, FUTURE-FOCUSED LEARNING JOURNEY

The banking landscape is fast evolving. We aim to empower our employees with the mindset, skills, and capabilities they need to learn and grow today and into the future. This year, we ran a dual series of thematic upskilling programmes to develop our employees and support the Bank's transformation strategies and future development.

The Growth Mindset Series was developed to cultivate growth mindset and our teams' ability to embrace and drive change at the Bank from within.

The Fintech Series comprised webinars and e-learning focussed on providing practical insights into the latest fintech trends and development in the industry. It also featured a Digital Leadership Virtual Bootcamp to guide senior leaders in leading and inspiring their teams to embrace and drive digitalisation through customer obsession, adopting an agile way of working, and nurturing innovation.

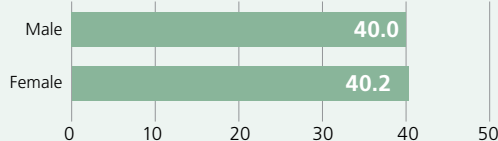
Divisions who actively encouraged and supported their staff members to complete the programmes had the opportunity to earn recognition through a **"Learn & Grow" Recognition Scheme** implemented last year. By year end, 10 divisions received awards for strong performance.

In total, 90% of General Managers and Department Heads attended the 1-day Digital Leadership Virtual Bootcamp, while more than 1,600 participants attended our in-house fintech webinars. One in four employees of BEA Hong Kong partook in the Growth Mindset training programmes including two-thirds of senior managers.

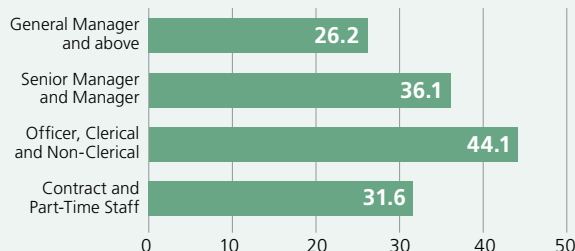
With positive feedback showing participants valued each programmes' contents for their relevance and applicability to their daily tasks, we will be continuing to offer these programmes and rolling out technology and data focussed training on a broader scale in 2022.

AVERAGE HOURS OF TRAINING

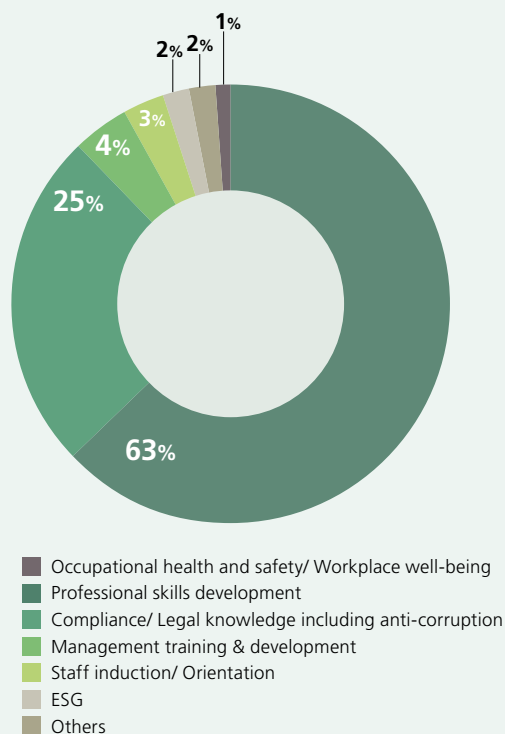
By Gender



By Employment Category



TRAINING CATEGORIES



Outlook

In 2022, we will roll out a new series of upskilling programmes and development initiatives to grow our staff's skill set and leadership capabilities in fintech, ESG and cross-border business. The Bank understands the importance of diversifying graduate development programmes to prepare for future banking developments. To further strengthen the Bank's leadership pipelines, we will expand our mid-career high potential pool to cover senior managers and managers. BEA will focus on building a strong learning culture and take progressive steps to facilitate professional development including the utilisation of technology to make staff learning experiences more effective and rewarding.

ENABLING WORK ENVIRONMENT

[Aspect B1] [GRI 405, 406]

Why it matters

Our future success depends on our ability to attract, develop, and retain the best talent. A key part of this is creating an inclusive workplace environment that is representative of the communities where we work, and that inspires our people to do their best for BEA, our customers, and our community. Listening to our employees helps us to understand the ways in which we can evolve the Group's culture and communication methods to develop an inclusive culture, and to ensure colleagues understand that they are being listened to and that they can grow with us.

Management approach

To provide a work environment that is free from unlawful discrimination, harassment, bullying, victimisation or vilification, the Bank strives to foster a positive working culture characterised by fairness, equity, opportunity, and respect for social and cultural diversity whereby staff members from all backgrounds are empowered to realise their full potential.

Our Bank Culture Work Group monitors and evaluates bank culture status and devises enhancement initiatives that support prudent risk management and internal controls to effectively promote the desired culture. The Work Group is chaired by the General Manager, Human Resources & Corporate Communications Division and overseen by the Bank's Executive Committee. The Work Group aims to foster a sound Bank-wide culture by promoting BEA's core values and developing strategic initiatives in accordance with HKMA's three pillars of governance, incentive systems, and assessment and feedback mechanisms.

Key to these endeavours is our Culture Dashboard, which the Work Group uses to monitor and evaluate Bank-wide performance on a quarterly basis. The dashboard collects employee feedback alongside other key bank culture indicators including customer complaints and compliments, and customer satisfaction rate. This data is used to devise enhancement initiatives that effectively promote our desired culture.

We see diversity and inclusion as a virtue and aim to create a workplace where all individuals feel comfortable and supported to deliver excellent service to our customers. At a foundational level, we comply with all applicable employment ordinances in the markets where we operate. Our Equal Employment Opportunity, Diversity, and Inclusion Policy references the values and principles of the Universal Declaration of Human Rights of the United Nations, and the Fundamental Conventions of the International Labour Organisation ("ILO"). It guides us as we build an inclusive workplace where performance is assessed on professional ability and staff members from all backgrounds are empowered to reach their full potential. The Bank's Code of Conduct, Staff Handbook, and [Human Rights Policy](#) clearly outline our commitment to non-discrimination and equal opportunity. We also incorporate diversity in the induction and training for customer service representatives and personal banking officers.

Our commitment to human rights is set out in the Group's [Human Rights Policy](#), which is aligned with the United Nations Guiding Principles on Business and Human Rights and applies to the Group's operations and business activities worldwide. Two key mechanisms are available for employees to raise concerns: the Staff Grievance Procedure, and our Whistleblowing Policy & Procedure. All complaints are handled in confidence and employees can voice their concerns without fear of retaliation.

Programmes and initiatives

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

This year, BEA and Blue Cross participated in the "20 x 50 Internship Programme" 2021-22 organised by the Employees Retraining Board. The initiative encourages mature adults over 50 years of age with the aspiration and capability to re-enter the employment market to work as interns in different industries so as to better understand contemporary practices and build confidence for re-employment. As an inclusive initiative it also promotes a culture of employment based on ability and encourages participating organisations to employ interns with outstanding performance upon the completion of the programme and according to operation needs.

2021 performance

An annual Bank-wide employee survey gauges the BEA employee experience and perceptions on our core values. Feedback was shared with respective divisions, which developed related action plans to enhance the work environment and Bank culture.

This year, the Bank established a human rights monitoring and reporting system that incorporates indicators from the Bank culture dashboard. With effect from September 2021, any substantiated human rights cases identified through various channels including the Group's whistleblowing procedures are reported on a quarterly basis to the Bank's Senior Management.

In Mainland China, we set up a senior management email box to collect suggestions or feedback from all staff. Throughout 2021, our colleagues on the Mainland collected over 50 suggestions, amongst which 9 were adopted for implementation.

Through participation in the "20 x 50 Internship Programme", Blue Cross provided full-time employment to one of its interns under General Insurance Claims.

EMPLOYEE SURVEY

Findings from our Employee Survey, which had an impressive response rate of 89% in 2021, reflect the fact that our Bank has a highly engaged workforce.

89%

response rate to the employee engagement survey



> 4 in 5 colleagues indicated that they feel positive about current levels of employee engagement



3 in 4 are positive about the Bank's ongoing transformation

HEALTH, SAFETY AND WELLBEING

[Aspect B2] [GRI 403]

Why it matters

Employee health and wellbeing is important to BEA. Although we operate in an industry where risk of physical injury is low, we recognise that the demanding pace of the financial services industry in Hong Kong can take a toll on our workforce. This can detract from careers in our industry and increase competition between companies that aim to offer engaging employee experiences and improved work-life balance.

Management approach

Underpinning our approach is an Occupational Health and Safety ("OHS") Policy and Manual that applies to all Bank employees and employees of our subsidiaries. We provide comprehensive health insurance, and to promote a healthy work-life balance, employees in Hong Kong are provided free access to the staff gym and rooftop garden, wellness talks, and healthy lunch options in staff canteens.

For those in need, we provide an "Employee Assistance Programme" that gives staff and their family members access to professional counsellors in person, by telephone hotline, or via email, 24 hours a day. To help mothers return to the workforce after pregnancy, we offer support by providing them with relevant amenities including lactation rooms.

The Bank's General Managers are responsible for the overall implementation of the Bank's health and safety policies, while the Bank Health and Safety Officers, as well as department heads, ensure safe and healthy working conditions are met daily.

To create a positive work environment, we complement employee development opportunities with various volunteering and charitable activities that align with the Group's core values and its employee value proposition.

We continually explore ways to improve work-life balance for our employees. For example, we have extended the scope of early release arrangements for major festivals and our wellbeing time off policy to individuals in need of respite.

Outlook

In 2022, we will conduct a full-scale employee survey to gauge employee sentiment and gather feedback. To further enhance management-employee engagement, we will intensify our "skip-level exchange session" which provides opportunities for sharing, networking and learning from more senior staff, including fireside chats with senior management.

With the incorporation of TCF and Human Rights Breaches monitoring into the Bank Culture Dashboard, Senior Management and Bank Culture Work Group will for the first time have a single view across key dimensions of our Bank which can inform future policy development. We will also further enhance culture-related training across different levels, including change and growth mindset, technology and data and sustainability training.

We will continue to explore new staff recognition initiatives to promote recognition culture and leverage the scheme to publicise BEA core value stories on our intranet.

Programmes and initiatives

As we continue to promote work-life balance and support our colleagues' wellbeing, we provide a two-hour wellbeing time-off per month to all employees. Additionally, as vaccinations started to roll out in the reporting year, the Bank now offers one day leave to all employees who receive the COVID-19 vaccination to show care for our employees and support of local government's vaccination programmes. We have also revised our medical benefits with improvements to inpatient, outpatient, and dental benefits as well as new coverage for mental health.

The global public health situation provided us with the opportunity to find new ways of working to keep our people safe while ensuring business continuity. The Bank has taken steps to substantially increase the proportion of staff able to work from home by granting additional remote access and Webex licenses for meetings. Colleagues can also work at alternative sites to reduce the risk of exposure to COVID-19. All staff are provided with disposable face masks and BEA-branded reusable masks.

It is well documented that the impact of COVID-19 has had a detrimental effect on the mental wellbeing of individuals. In addition to the impact on the individual, this also has the potential to negatively impact business. To support our people, we invited registered industrial psychologists to conduct Resilience Trainings for Bank-wide staff as well as targeted Leadership Resilience for our high-potential staff members to support them in sustaining healthy growth and high performance. The SSRC organises wellness and staff recreational activities such as yoga classes, fencing workshops and urban farming workshops.

2021 performance

In 2021, the Bank completed an ISO 45001 OHS Management System Gap Analysis in Hong Kong as a first step in evaluating the effectiveness of our OHS system and identify gaps in processes. Looking ahead, we will use the findings to further improve our OHS management system.

More than 3,000 staff and their family members attended the 50 SSRC organised events across the year. In the UK, we also launched a Responsibility Allowance for Fire Marshals and First Aiders. With a national focus on the importance



Our rooftop farms at our BEA Tower in Kwun Tong grow leafy greens for our staff and family members to take home.



BEA invited Olympic badminton players Tse Ying-suet and Tang Chun-man to a sharing session for employees in September to speak of their experiences.



Since 2015, BEA and our subsidiary Blue Cross have supported the development of fencing in Hong Kong. We also hold fencing classes for family members of BEA staff.

of essential services, this brought positive attention and a sign of our appreciation to the staff that hold these titles. All members of the HR Department in the UK underwent training in mental health awareness at a time when anxiety and stress have increased in general due to the impact of the pandemic. BEA's HR Department in the UK now initiates a call to all new employees three months after joining to ensure they are feeling supported and have all the help they need.

CARBON EMISSIONS REDUCTION

[Aspect A1] [GRI 305]

Why it matters

The severe impacts of global warming at 2°C, compared to the lower Paris target, were underscored at the 2021 United Nations Climate Change Conference ("COP 26") where additional commitments were made by governments across the globe. Governments in two of our main markets, Hong Kong and Mainland China, have made mid-century carbon neutrality pledges signalling that all companies operating in these locations must prepare to transition to a low carbon economy. As a financial institution, while we have greatest impact on the reduction of global carbon emissions through our loan book and investment portfolio, managing the impact of our own operations is important to us and to our stakeholders.

Management approach

We have committed to reducing greenhouse gas ("GHG") emissions to contribute to climate change mitigation. We have established a Group-wide 32% absolute carbon emissions (scopes 1 and 2) reduction target by 2030 from the baseline year of 2019, which aligns with the Hong Kong government's 2030 carbon intensity target of 65% to 70% (equivalent to a 26% to 36% absolute reduction). Our Sustainability Section works with the Facility Management Department, which is tasked with oversight of emissions management, and explores opportunities to bring our

Group target in line with local and national commitments to achieve net-zero emissions by mid-century. Furthermore, our ESG Steering Committee reviews the Group's performance and approves all emissions reduction initiatives.

Air and GHG emissions are covered by our [Environmental Policy](#), and we track, analyse, and disclose emissions information annually in our ESG reports, as well as to CDP and to the Carbon Footprint Repository for Listed Companies in Hong Kong.

To help us achieve our objectives, we are investing in new technologies for our operations in Hong Kong. The emissions of both buildings account for around a fifth of our Group's total emissions from our own operations. To evaluate the effectiveness of our initiatives and progress towards our reduction target we track emissions across the year.

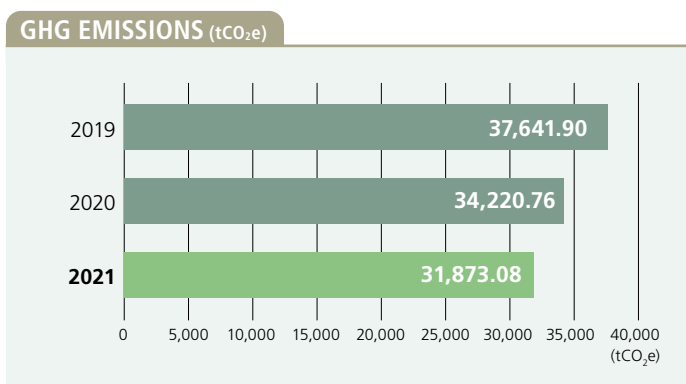
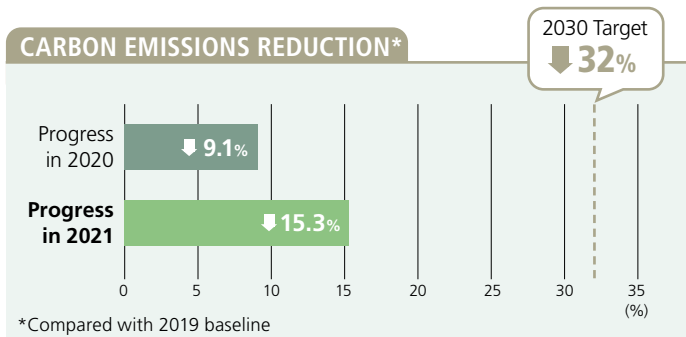
We have begun tracking emissions from business travel and are already making plans to measure the carbon intensity of our portfolios as the first step towards reducing our overall contributions to climate change.

Programmes and initiatives

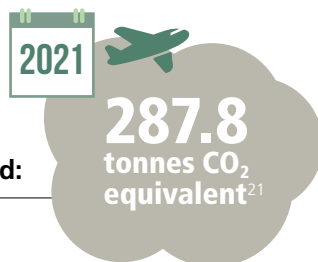
Our carbon reduction efforts are focussed on efficient systems, streamlining work procedures, equipment, business travel, monitoring and reducing our energy consumption, and influencing our colleagues' behaviour. We measure emissions from our vehicles, from electricity consumption and from business travel.

Two main initiatives are progressing on schedule and will drive the Bank's progress towards its 32% emissions reduction target. First, we have set a goal of replacing key installations such as chillers at our Hong Kong offices by 2026. Secondly, we aim to transition half of our Bank's fleet of vehicles in Hong Kong to electric vehicles by 2030. We also seek out lower carbon electricity solutions and are in the process of installing the solar panel array on the roof of BEA Tower in Kwun Tong.

2021 performance



Group emissions from business travel totalled:



Outlook

To support growing calls for more ambitious targets, BEA will screen its scope 3 indirect emissions to identify its main indirect impacts and, in 2022, the Bank will develop a carbon neutrality roadmap. We are also rolling out a new renewable energy plan at BEA Tower in Kwun Tong, which will see the installation of 40 solar panels, capable of generating around 21,500kwh renewable energy annually. Meanwhile, we are also exploring the option of installing solar panels on the roofs of our Head Office Building and a leased office building in Central of Hong Kong.

Scope 3 emissions assessment

In line with the GHG Protocol Standard, we will conduct an initial value chain emissions screening to determine which sources to include in a detailed assessment and which to exclude. We are aware that our financed emissions represent our most significant scope 3 impact and have mapped out a four-stage process to determine carbon intensity of our portfolio in 2022. This includes a review of our current portfolio and a screening of financed activities, collecting data to quantify emissions, and determining our exposure to high-emitting industries through emissions calculation and benchmarking.

Net zero roadmap

This coming year, we will be seeking to review our scope 1 and 2 carbon reduction commitments against the 1.5°C pathway and seeking to enhance our emission reduction measures through a feasibility study and the development of a net zero roadmap for 2030, including an assessment of available offsetting instruments for unavoidable emissions. This process is the forebearer for our deep decarbonisation strategy for scope 3 emissions for 2030 and 2050.

Driving efficiency

Across our operations in Hong Kong and Mainland China we will be continuing to retrofit non-LED lighting, rightsizing our branch footprint and reviewing our cooling mechanisms in our main office buildings, branches and our data centres.

Since 2016, we have participated in CDP's Climate Change questionnaire. The Bank's climate change approach is rated as "Awareness" (C) level.



21. Data includes carbon emissions arising from the business travel of the Group's staff members by air, rail, ferry, and car to/from their offices and destinations outside the vicinity of their workplace. Calculations were made in reference to GHG Protocol's Corporate Value Chain (scope 3) Accounting and Reporting Standard. The significant year on year increase was spurred by our operations in China emerging from the pandemic-related lockdown in 2020

SUSTAINABLE RESOURCE USE
[Aspect A2, A3] [GRI 301, 302, 306]

Why it matters

Our daily operations rely on electricity and paper while they generate waste. The climate change imperative is that we avoid emissions by reducing our electricity consumption to the greatest extent possible. The ongoing digitalisation of our operations drives the Bank to improve energy efficiency and source renewable energy to prevent our emissions from increasing. We apply this same thinking to our vehicle fleet as we look to move away from using combustion-fuelled cars. Decreasing the paper consumption associated with our operations reduces the environmental impact from production, distribution, and waste handling, and avoids emissions from these processes.

The importance of environmental stewardship to our stakeholders drives our efforts to find effective solutions to reduce our impact on the environment. This includes minimising general waste from our offices and branches, and food waste from our staff canteens.

Management approach

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

Implementing the policy, which is reviewed and approved annually by our Board of Directors, helps to ensure we comply with all relevant laws and regulations, including environmental protection legislation, in all locations where we operate. We focus our efforts on reducing energy consumption and waste production and management through initiatives such as:

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

We seek opportunities to leverage the use of technology among employees, customers, and shareholders to move towards efficient paperless systems while introducing initiatives and disincentives to promote environmentally responsible behaviour. We regularly review our paper use and waste production, weigh waste at our main offices in Hong Kong and make relevant investments to manage our environmental impacts. Our healthcare subsidiary, Blue Care, operates in compliance with all relevant laws and regulations regarding proper disposal of medical waste.

Programmes and initiatives

Energy

Since 2018, we have had in place an annual energy reduction target of 1.1% in our two main office buildings in Hong Kong. The target was developed with reference to the local government’s climate policy and each year we have invested in initiatives to meet our reduction objectives. We have achieved green building certification for our wholly owned premises in Hong Kong and China, fitted energy efficient equipment and lighting throughout our branch network and offices.

Phase one chiller replacement works at BEA Tower resulted in a 17.2% reduction, year-on-year, in energy consumed by the chiller plant alone. Upon completion of the chiller system replacement, we expect to reduce annual energy consumption of the chiller plant at BEA Tower by up to 40% from the baseline year of 2019. Similar efficiencies are also being achieved in our newly refurbished Café 23 where high-efficiency and intelligent fan coil units are saving 45% of energy consumption of the motors. Coupled with the use of ceiling fans that improve air movement, the efficiency of the air-conditioning system has been enhanced.

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

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

BEA Tower Kwun Tong, Hong Kong	Hong Kong BEAM (Excellent)
BEA's Leased Office Building 33 Des Voeux Road Central, Hong Kong	Gold Standard Rating in BEAM for New Buildings
BEA China Headquarters Shanghai	Leadership in Energy and Environmental Design ("LEED") 13 Gold
BEA China Shanghai Branch	LEED Gold
BEA China Beijing Branch	LEED Gold

Paper

We continue to digitalise our office systems and processes, which include supporting customer journey of remittance and account, to reduce paper consumption and encourage our staff to save paper and avoid printing, where possible. When paper is required, we source and use FSC-certified office paper.²² Additionally, in the UK, we installed a software called Papercut on the communal printers this year helping staff to monitor their printing and reduce the number of misprints. All paper waste produced in our operations is recycled as far as it is practicable. We engage contractors to recycle shredded confidential documents in Hong Kong, Mainland China, Singapore, the UK, and the US. We record and report annual paper recycling rates to track and review our performance.

We also embrace digital technology to reduce unnecessary paper consumption by our customers, for example from account statements and other communications. We have implemented e-account opening and processing platforms, enabling account opening, processing and investment order placement online. Straight orders can also be placed verbally by phone recording. Pre-selling risk disclosures and necessary prospectus documents are now sent to customers electronically. Meanwhile, relationship managers are equipped with pricing applications so that structured investment products can be quoted online instead of by phone or on paper.

For all new personal and corporate banking accounts, customers are automatically sent e-statements as the default choice of notification. This year, we increased our hardcopy paper statement fees by 50% to encourage more retail banking customers to go paperless.

Waste

We have installed weighing scales at our two main buildings in Hong Kong to accurately measure the weight of waste we are producing, establish baseline waste data and identify initiatives to tackle the issue head on. Our Facilities Management Department has set targets and environmental improvement plans on waste reduction and avoidance. Our efforts in Hong Kong have resulted in our two main buildings receiving the Wastewi\$e certification from the Hong Kong Green Organisation Certification.

In 2021, BEA became the first financial institution in Hong Kong to work with local non-profit association and certification body, Green Council, to participate in the Environment and Conservation Fund's waste charging pilot scheme. Through the collaboration, we aim to build on our waste measurement programme that began in 2020 to expand waste measurement and reduction initiatives to our BEA Tower offices in Kwun Tong. Our efforts will also help ensure that our Bank is able to adapt readily to any policy changes concerning waste management in Hong Kong.

Across our operations we seek to extend the life of the IT products we use by having them refurbished and donated to those in need through local charities. In Hong Kong, we participate in the Environmental Protection Department's Food Waste Recycling Partnership to recycle food waste generated at our staff canteen in BEA Tower. We have discontinued the use of single-use plastic cutlery and most food containers at our staff canteens in Hong Kong. For employees who wish to take food away from the canteens, bio-degradable paper pulp lunch boxes and corn starch cutlery are now provided. In our Kwun Tong office, we also offer discounts to encourage our employees to bring their own reusable containers.


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

Awareness

To foster a culture of environmentally responsible behaviour, we regularly communicate relevant 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.

CASE STUDY

BOOSTING ESG AWARENESS WITHIN BEA

1.  We rolled out **e-learning modules** on ESG for all BEA colleagues.
2.  **Sustainability Sharing sessions** provided a casual setting to discuss pressing environmental topics such as waste and climate change.
3.  Our ESG Team delivered tailor-made **training and roadshow modules** to Legal, Secretarial & Tax, Finance, Operations, and Treasury Markets divisions.
4.  Heightened **visibility on sustainability** initiatives through enhanced communications on our intranet and tangible changes at Café 23, where we introduced recycled glass tumblers and biodegradable cutlery sets, and provided improved recycling facilities.

Our staff members are also our customers, and they set an example by receiving statements and other customer information in electronic form.

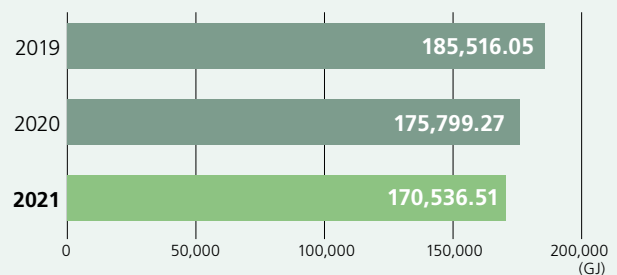
2021 performance

Energy



We used 3% less energy in 2021 than in the previous year. Our energy reduction initiatives will have contributed to this, but the impact of social distancing restrictions may also have had an impact.

TOTAL ENERGY CONSUMPTION (GJ)



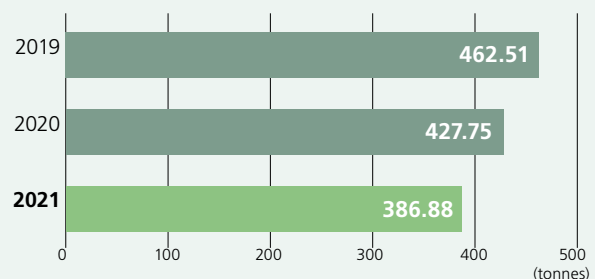
Paper

Through paper reduction promotion and the introduction of various digitalisation initiatives at BEA Hong Kong, we reduced year on year total paper consumption by 31%.²³

By the end of 2021, 37% of the Bank's staff in Hong Kong had switched to our MPF e-statement service, a 12% improvement over the past three years.

93% of BEA credit cardholders had adopted e-statements.

PAPER CONSUMPTION (tonnes)²⁴



23. Figures are calculated using the number of paper ordered, including copy paper, customer statements, pre-printed forms and computer reports, in 2021 compared with 2020.

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

Waste

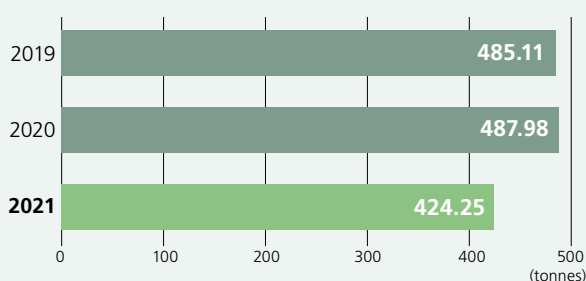


↓ 13%

We achieved a year-on-year paper waste reduction of 13.1%.

Installation of waste weighing scale at BEA Tower to better monitor waste production and outcome of reduction initiatives.

TOTAL PAPER RECYCLED (TONNES)



Outlook

As we progress towards our goal of becoming a leaner, more efficient and sustainable organisation, paper reduction is one of our key aspirations. By 2023, we aim to reduce paper consumption by 70%.

The Bank will continue to enhance our waste reduction initiatives and direct our efforts on driving behavioural change in employees. For example, in Hong Kong, we will offer reusable lunch boxes at a discounted price and implement a fee for the biodegradable cutlery sets we provide. We will also continue to increase the implementation of e-statements for more customers helping to save paper as well as additional mailing services.

PROMOTING A RESPONSIBLE SUPPLY CHAIN

[Aspect B5] [GRI 308, 414]

Why it matters

Recent estimates put the number of people in modern slavery at over 40 million.²⁵ In response to this global challenge, seven G20 countries including the UK, where we have operations, have formally enacted laws, policies,

or practices to stop business and government from sourcing goods and services produced by forced labour. By understanding the potential impact of our procurement practices, we can introduce policies and actions that help to promote responsible business practices in our supply chains. In doing so, we can protect vulnerable groups, promote sustainable products, and reduce our exposure to risk.

Management approach

We recognise the growing importance of responsible supply chain management in mitigating our exposure to environmental and social risks and holding our suppliers to recognised international standards to protect workers. In recent years we partnered with external experts to develop, review, and strengthen policies and procedures; implementing a supply chain risk assessment tool; and delivering training to relevant staff. Our Operations Division and the Sustainability Section oversee responsible supply chain management on a Group level, providing guidance on ESG risk in supply chains and monitoring suppliers for compliance with our [Supplier Code of Conduct](#).

Our Supplier Code outlines our requirements and expectations of suppliers regarding compliance with relevant legislation, social and ethical standards, environmental matters, and their impact on local communities. It is embedded within the procurement process such that all suppliers signing agreements with BEA are confirming that they acknowledge compliance with the Code as a condition of business.

Our [Human Rights Policy](#), applicable to our suppliers, aligns with the UN Guiding Principles on Business and Human Rights. Our business activities are guided by the UN International Bill of Human Rights including the UN Universal Declaration of Human Rights as well as the fundamental conventions of the ILO. These frameworks have also been referenced when developing our [Supplier Code of Conduct](#).

The Bank prohibits slavery and human trafficking in its supply chain. Suppliers must satisfy the Bank's requirement regarding social and ethical standards of conduct as well as conditions of employment including health and safety, wages, working hours, discrimination, harassment, and grievance mechanisms. We are committed to working with suppliers that showcase best practice, while encouraging others to develop and demonstrate improvement within these fields. As a Bank with a global footprint, whereby

25. www.globalslaveryindex.org

laws and regulations may differ in countries and regions in which we operate, we aim to adopt higher standards where possible.

Our [Slavery and Human Trafficking Statement](#), published in line with the UK’s Modern Slavery Act 2015 is available on our website.

For suppliers that have not already made commitments equivalent to those in our [Supplier Code](#) and [Human Rights Policy](#), we provide encouragement to make improvements and better manage associated risks. Where a supplier falls short of our requirements, we are willing to provide a reasonable degree of support to assist in achieving compliance.

Programmes and initiatives

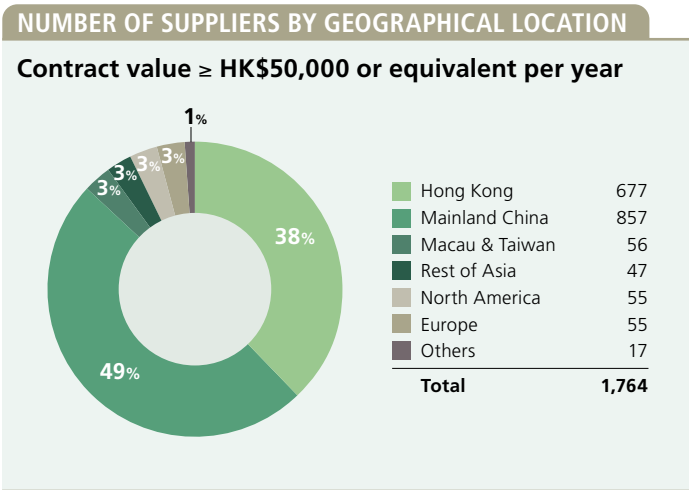
To help guide procurement staff through the responsible procurement process and ensure staff properly manage supplier relationships, we established a Sustainable Procurement Toolkit. The toolkit contains related resources including the procure-to-pay guidelines, [Supplier Code of Conduct](#), procurement workflow, and training materials. The toolkit is available to Hong Kong staff members via the Bank’s intranet.

The toolkit also contains a risk assessment tool that is used to review suppliers based on the inherent geographical and product risks for the items and services we source. The risk assessment tool is deployed on purchase orders over a threshold value. It allows us to segment suppliers into four groups: priority, moderate, specialised, and minimum. Each segment has different due diligence requirements based on associated risks.

2021 performance

In 2021, we strengthened our [Supplier Code of Conduct](#) by providing clarity in terms of our Group’s expectations of suppliers. We also revamped the ESG risk assessment tool to provide a more granular assessment based on supplier location and international indices, we updated our Bank’s supplier spend threshold based on 2021 Group spending data and we reviewed and enhanced the assessment mechanism for product and service ESG risk.

We strengthened our approach to supply chain management by revising our Guideline for the Procure-to-Pay Process to enhance its alignment with our [Supplier Code of Conduct](#) and the Sustainable Procurement workflow that was introduced in 2020. To monitor high-risk suppliers for incidents of non-compliance including forced labour and human trafficking, we established a procedure to identify and report suppliers who do not confirm compliance with the Code. Building on the introduction of the Group [Human Rights Policy](#) in 2020, we leveraged existing channels for whistleblowing, staff grievances, misconduct, substantiated customer complaints, and regulatory breaches to cover breaches of our [Human Rights Policy](#). We also introduced an ESG training module for our colleagues and management which covers human rights and social issues including child labour.



Outlook

Going forward, we will be developing a Group-wide Sustainable Procurement Policy, expanding the scope of our sustainable procurement processes and strengthening monitoring to the Group level from Hong Kong. Relevant staff will also be enrolled on refresher training on our responsible procurement, and we will be adding further ESG elements into supplier performance evaluation.

Responsible Citizen

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

COMMUNITY PARTNERSHIPS AND VOLUNTEERING [Aspect B8] [GRI 413]

Why it matters

Social issues such as income inequality, aging populations, and access to education directly impact the development of the local communities and markets we serve. It is our responsibility to contribute to society and in turn strengthen our business. As our employees are eager to support their local community and to help the surrounding environment, we provide opportunities for them to play a role. It is vital to strengthen the Bank's relationship with the community as well as foster a positive workplace culture.

Management approach

We take a long-term view on community projects, aiming to develop protocol to set best practices in serving the community. Through the BEA Foundation and BEA Volunteer Team we support under-resourced members of our community through initiatives that focus on the three pillars of education, social welfare, and the environment. We have established long-standing partnerships with our business partners and NGOs to maximise synergies and make use of complementary resources, knowledge, and skills.

The Bank's 10-year commitment to the Palliative Care Programme showcases this long-term mission, promoting local awareness of end-of-life planning and driving legislative changes on the advanced directive. As part of this initiative, BEA partnered with "la Caixa" Banking Foundation, whose wealth of experience in this space in Spain, lobbying the government and bringing about social change, has been invaluable in our pursuit of better end-of-life care for Hong Kong citizens.

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

We provide support in four main ways:

- **Community giving** through financial and in-kind donations, both directly from Group members and from our two charitable foundations — the BEA Foundation in Hong Kong and the BEA Charity Fund in Mainland China — to registered charities and NGOs.
- **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.
- **Utilising our expertise** to develop informed initiatives and educational experiences that instil good money management habits among attendees.

We regularly evaluate our long-term community-related initiatives. For example, for our new flagship BEA Festival programme, we will conduct pre- and post-event surveys among participants to gauge awareness and changes in attitudes through quantifiable responses. We will also collect feedback for qualitative reporting and communicate on our progress through our annual ESG Report, engagement with NGOs and our stakeholders, and our company intranet.

Programmes and initiatives

HONG KONG

SOCIAL WELFARE

In May, BEA and its strategic partner “la Caixa” Banking Foundation sponsored a virtual conference to mark a decade of support for the Palliative Care Programme. Nearly 300 attendees, including medical professionals, social workers, academics and students, shared knowledge and best practices to help drive the future development of palliative care. In its fourth 3-year phase, The Salvation Army has continued to develop the “CORE-UPHOLD Model” which includes comprehensive assessment, intervention protocols, the creation of sensory kits, and the publication of a training manual. Since 2010, the Palliative Care Programme has seen 17 residential care homes and 7 community-based units established, 363 cases taken on, over 6,800 staff trained, and around 30,600 people engaged through the outreach programme.



EDUCATION

The BEA Parent-Child Reading Programme helped over 2,400 kindergarten and primary school students from disadvantaged families providing them with multiple high-quality books. With an aim to build family relationships, we provided guidebooks and held a competition to encourage parent-child reading. We also rolled out a Train the Trainer Programme in 20 schools to equip parents, librarians and teachers with the skills to motivate children to read books.



ENVIRONMENT

Beyond Environmental Arts Festival

In 2021, we launched a community-based partnership, BEA Festival to raise the public's environmental awareness. The BEA Festival is delivered alongside our local partner, HKYAF. Through partnering with local NGOs and BEA colleagues we can implement large-scale yet targeted community initiatives.

The themes for the first three years of the BEA Festival are “waste”, “nature”, and “climate change”. Each year, starting in 2022, BEA will organise various programmes such as school workshops with artists in residence, commission artworks from local artists, and volunteer team engagement in green activities to promote green living among local youth.



SOCIAL WELFARE

During the year, over 200 volunteers contributed over 3,000 service hours across more than 60 activities. This included writing well wishes to under-resourced families during the Year of the Ox, which were sent together with food boxes and gift packs containing daily essentials.



HONG KONG

SOCIAL WELFARE

The BEA Foundation maintained its partnership with Tung Wah Group of Hospitals to support youths at risk of mental health issues in the “Teen Café Youth Mental Health Promotion Project”. A total of 3,600 participants joined a series of community activities. As the COVID-19 pandemic persisted, the Project also helped 600 students from 12 schools find support through mental health training workshops, sharing conferences and other organised activities.

SOCIAL WELFARE

In March, for the sixth consecutive year, BEA was the title sponsor of “The Community Chest BEA Charity Golf Day”. The event attracted over 200 golfers in 51 teams to support this year’s charity initiative at The Hong Kong Golf Club’s Fanling Golf Course. The event raised over HK\$2.5 million for mental health services funded by The Community Chest of Hong Kong (“The Community Chest”).



EDUCATION

In March, BEA partnered with the IFEC to host a virtual “FinTech Education Workshop”. The event was one of the signature events in the Hong Kong Money Month, which our Bank has supported since its debut in 2017 and is the latest in a series of BEA ESG initiatives aimed at improving financial education amongst the general public and specific target groups. The workshop educated over 330 students from 19 secondary schools on the advancing influence technology has on banking.

EDUCATION

BEA continued its support for the community initiatives of the Hong Kong Association of Banks, by delivering workshops on prudent money management for low-income families including topics such as basic financial knowledge, such as saving, spending, and borrowing.

The BEA Volunteer Team also held a workshop on e-banking services for the elderly to improve understanding of the Bank’s ATM services and the functionality of online and mobile banking. With the support of our volunteers, participants practiced everyday digital banking tasks on simulated ATM software which built user confidence in their safe use.

MAINLAND CHINA

EDUCATION

The BEA Charity Fund opened three more Firefly Centres in 2021 providing basic school needs such as libraries, computers and projectors to rural schools in China. Over the course of the year, the “Firefly Project” upgraded the facilities of existing Firefly Centres and donated the necessary supplies to help improve rural education. Firefly Backpacks containing stationery and reference books to encourage self-learning were distributed to more than 1,200 underprivileged students. The programme also supported more than 3,900 hours of online training for over 200 school teachers and 40 principals.



EDUCATION

In Shanghai, BEA China organised the “9th Financial Education Campus Tour” together with the Shanghai Middle School Student Ethical Development Centre and Shanghai Education News Group. The initiative aims to strengthen financial knowledge and improve financial literacy among middle school students. In 2021, the Campus Tour focussed on minimising financial risks and fostering understanding of internet finance and rational consumption, and the initiative has attracted over 80,000 students from more than 120 middle schools in 2021.



MAINLAND CHINA

SOCIAL WELFARE

BEA China joined hands with the Shanghai Charity Foundation and donated nearly HK\$2.9 million (CNY2.5 million) to establish a new public health fund and contribute to the fight against COVID-19. The first project of the fund, the "Medical Road Peer Programme", provided subsidies for more than 300 frontline medical staff in Huashan Hospital and supported the nurse training programme.

SOCIAL WELFARE

After the sudden Henan Province floods in July, BEA China urgently donated more than HK\$3.6 million (CNY3 million) to the China Charity Federation to help provide swift relief and post-disaster reconstruction in the local communities.

EDUCATION

BEA China also helped more than 50 underprivileged students complete university by providing financial assistance. In addition, BEA China provided financial aid for children on the autism spectrum, elderly people who had lost their only child, palliative care, and more.

ENVIRONMENT

In 2021, BEA China actively participated in Earth Hour, a worldwide movement organised by The World Wide Fund for Nature, and more than 640 volunteers from 20 branches took part in green initiatives to celebrate Arbor Day.

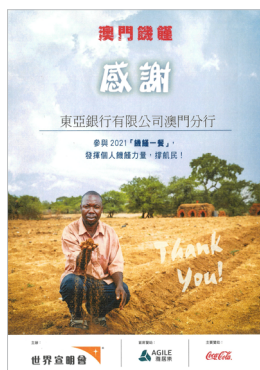
Our volunteers joined various activities including succulents planting, floriculture courses, tree-planting events, etc. to promote environmental protection awareness.



OTHER MARKETS

SOCIAL WELFARE

For the 8th consecutive year, Macau staff members supported the "Macau Famine" by skipping a meal and donating funds in support of World Vision Macau projects. World Vision will use the funds to provide emergency food, nutrition and livelihood assistance to children and families affected by natural disasters in Zimbabwe, South Sudan, and Somalia.



SOCIAL WELFARE

In July, Macau Branch volunteers participated in a workshop at the Happy Art Studio of Fuhong Society of Macau by making herbarium bottles with Society members. The event supported social integration and deepened volunteers' understanding of local rehabilitation services.

SOCIAL WELFARE

ENVIRONMENT

Taiwan Branch staff donated over 370 items of clothing to the Eden Social Welfare Foundation. This donation helped disadvantaged families while at the same time avoided around 1.6 tonnes of carbon emissions that would have been emitted from landfill.



SOCIAL WELFARE

Taiwan Branch donated 252 second-hand books to the Sunshine Social Welfare Foundation for sale. The proceeds raised helped to provide services for burn victims, people with facial disfigurements, and their families.

OTHER MARKETS

SOCIAL WELFARE

In the UK, BEA made a donation in support of the Chinese Community Health & Wellbeing Centre. The Centre’s Chinese-speaking General Practitioners and paramedics offer their free time on Sundays to provide walk-in patients from the Chinese community with medical and mental health consultations, health education and referrals.

SOCIAL WELFARE

BEA made a donation in support of the “Chinese Admiral Nurse” project organised by the Chinese Welfare Trust in collaboration with Dementia UK. The project is the first of its kind and improves the access to mainstream support for Chinese-speaking families with dementia patients.

EDUCATION | SOCIAL WELFARE

In December, New York Branch staff members held an online seminar via Zoom with 36 members of the non-profit organisation Chinese-American Planning Council at the Chinatown Senior Citizens Centre. The seminar provided basic banking and social security scam prevention knowledge and answered participants’ questions on financial scams. In addition, New York Branch donated to the CPC to help them provide solace, aid and social activities for New York’s elderly Chinese.

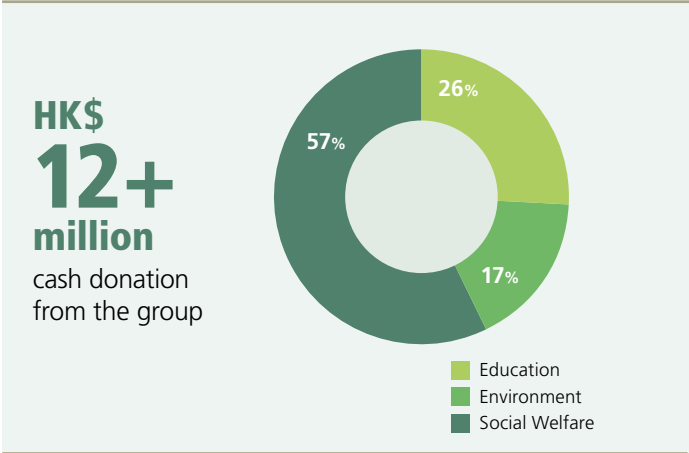
EDUCATION

In October, Labuan Branch donated computers to Medical Awareness Camp Outreach in support of its Computer Literacy project that aims to provide refurbished computers to students in need.

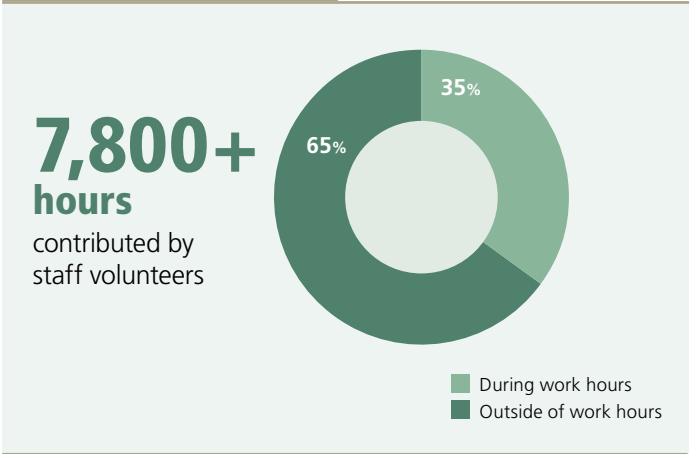


2021 performance

FINANCIAL CONTRIBUTIONS



EMPLOYEE VOLUNTEERING



OUR PERFORMANCE

ECONOMIC PERFORMANCE

GRI Standard Reference	KPI	2021 (HKD Mn)	2020 (HKD Mn)	2019 (HKD Mn)
GRI 201-1	Direct economic value generated and distributed			
	Revenue	17,502	17,678	19,730
	Operating costs	2,817	2,886	3,708
	Employee compensation and benefits	5,521	5,069	5,192
	Payment to providers of capital	2,856	1,958	2,016
	Payments to government in Hong Kong	419	136	879
	Payments to government in Mainland China	4	52	(63)
	Payments to government in Other markets	249	127	208
	Total cash donations to charitable organisations	12	11	9
	Economic value retained	5,624	7,439	7,781
GRI 201-1	Financial donations by location			
	Hong Kong	6	6	8
	Mainland China	6	5	1
	Other markets	-	-	-
	Total cash donations to charitable organisations	12	11	9

ENVIRONMENTAL PERFORMANCE

ESG Guide/ GRI Standard Reference	Indicator	Unit	2021	2020	2019
Energy					
GRI 302-1	Energy consumption within the organisation				
	Total energy consumption	gigajoules (GJ)	170,536.51	175,799.27	185,516.05
	Total electricity consumption	GJ	153,585.29	157,043.88	161,156.73
	Total heating purchased for consumption	GJ	0.00	0.00	0.00
	Total cooling purchased for consumption	GJ	0.00	0.00	0.00
a.	Total fuel consumption from non-renewable sources (Diesel oil, petrol, Towngas)	GJ	17,982.70	18,755.39	24,359.32
b.	Total fuel consumption from renewable sources	GJ	0.00	0.00	0.00
KPI A2.1	Total direct and indirect energy consumption by type				
	Total energy consumption	'000 kilowatt hours (kWh)	47,371.25	48,833.13	51,532.24
	Total electricity consumption	'000 kWh	42,662.58	43,623.30	44,765.76
	Total heating purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total cooling purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total fuel consumption from non-renewable sources (Diesel oil, petrol, Towngas)	'000 kWh	4,995.19	5,209.83	6,766.48
	Total fuel consumption from renewable sources	'000 kWh	0.00	0.00	0.00
GRI 302-3	Overall energy intensity of the Group				
	by Gross Floor Area (GFA)	GJ/m ²	0.76	0.71	0.81
Water					
KPI A2.2	Water consumption				
	Total consumption of municipal fresh water	m ³	113,581.68	104,533.89	83,372.87
	Water intensity				
	per square metre of GFA	m ³ /m ²	0.50	0.43	0.35
Air emissionsⁱ					
KPI A1.1 GRI 305-7	Emissions from gaseous fuel consumption				
	Nitrogen Oxide (NOx)	kilograms (kg)	6.69	6.56	7.78
	Sulphur Oxide (SOx)	kg	0.03	0.03	0.04
	Emissions from vehicles				
	NOx	kilograms (kg)	688.77	705.80	1,535.26
	SOx	kg	6.92	7.27	9.57
	Particulate Matter	kg	58.08	59.66	121.60
Carbon emissions^{ii, iii}					
KPI A1.2	Total greenhouse gas (GHG) emissions in Hong Kong				
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	1,443.34	1,255.75	1,411.36
	Scope 2 emissions	tonnes CO ₂ e	11,806.68	14,271.42	14,089.44
	Scopes 1 & 2 emissions	tonnes CO ₂ e	13,250.02	15,527.17	15,500.80
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.15	0.17	0.18

ENVIRONMENTAL PERFORMANCE (continued)

ESG Guide/ GRI Standard Reference	Indicator	Unit	2021	2020	2019
Carbon emissions^{ii, iii}					
KPI A1.2	Total GHG emissions in Mainland China				
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	3,165.23	2,088.53	4,463.46
	Scope 2 emissions	tonnes CO ₂ e	13,944.48	14,891.41	15,855.56
	Scopes 1 & 2 emissions	tonnes CO ₂ e	17,109.71	16,979.94	20,319.01
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.15	0.12	0.15
KPI A1.2	Total GHG emissions of BEA Group				
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	4,795.49	3,471.32	6,046.85
	Scope 2 emissions	tonnes CO ₂ e	27,077.59	30,749.44	31,595.05
	Scopes 1 & 2 emissions	tonnes CO ₂ e	31,873.08	34,220.76	37,641.90
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.14	0.14	0.16
Waste^{iv}					
GRI 306-3	All waste^v		714.44	732.19	
KPI A1.4	Non-hazardous waste				
	Paper ^{vi}		424.25	487.98	
	Food waste		3.00	6.46	
	Other general non-hazardous waste	tonnes	289.57	225.18	
KPI A1.3	Hazardous waste				
	IT products		0.41	12.43	
	Medical waste (Blue Care only)		0.20	0.14	
GRI 306-4 a	Waste diverted from landfill		431.22	503.89	
GRI 306-4 c	Non-hazardous waste				
	Paper recycled		424.25	487.98	Data not available
	Other recycled	tonnes	6.55	3.48	
GRI 306-4 b	Hazardous waste				
	IT products recycled		0.41	12.43	
GRI 306-5 a	Waste directed to disposal		281.53	229.21	
GRI 306-5 c	Non-hazardous waste				
	Landfill		245.81	192.99	
	Incineration	tonnes	35.66	35.18	
GRI 306-5 b	Hazardous waste				
	Medical waste (Blue Care only)		0.02	0.14	
KPI A1.4	Paper waste intensity	kg per full-time employee	48.35	51.17	

Notes:

- Several of our vehicle fleet were recategorised in 2021. The emissions figures for 2020 data reflect these changes.
- Scope 1 and 2 GHG emissions were estimated according to HKEX's [How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs](#) and the Hong Kong Government's [Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong \(2010 Edition\)](#). Calculations use IPCC Sixth Assessment Report (AR6) Global Warming Potential figures where relevant.
- Scope 2 GHG emissions are calculated based on electricity and Towngas consumed, as well as the corresponding emission factors, as provided by the utility companies in Hong Kong and overseas.
- 2020 was the first year we report in accordance with GRI 306: Waste (2020). Previous waste is available in our past reports.
- The total waste in 2020 has been restated to cover the same waste categories as 2021.
- Paper waste data only includes copy paper and IT paper, which makes up most of the paper used.

WORKFORCE DATA

ESG Guide/ GRI Standard Reference	Employee information	2021	2020	2019
GRI 102-7 KPI B1.1	Total number	8,822	9,536	9,843
	Male	3,596	3,857	3,986
	Female	5,226	5,679	5,857
GRI 102-8 a. KPI B1.1	Permanent Contract			
	Male	3,544	3,787	3,910
	Female	5,171	5,610	5,791
	Fixed Term / Temporary Contract			
	Male	52	70	76
	Female	55	69	66
GRI 102-8 b. KPI B1.1	Hong Kong			
	Permanent Contract	4,981	5,448	5,434
	Fixed Term / Temporary Contract	76	128	130
	Mainland China			
	Permanent Contract	3,189	3,369	3,678
	Fixed Term / Temporary Contract	20	1	0
	Other markets			
	Permanent Contract	545	580	589
	Fixed Term / Temporary Contract	11	10	12
GRI 102-8 c.	Full time			
	Male	3,588	3,838	3,948
	Female	5,186	5,610	5,771
	Part time			
	Male	8	19	38
	Female	40	69	86
KPI B1.1	Under 30	1,204	1,569	1,924
	Aged 30-50	6,105	6,464	6,480
	Over 50	1,513	1,503	1,439

401-1 a.	New hires	2021		2020		2019	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	Overall	1,199	13.8	1,190	12.8	1,919	20.0
	Male	601	17.0	581	15.4	849	21.9
	Female	598	11.7	609	11.0	1,070	18.8
	Under 30	422	36.8	437	29.4	820	45.4
	Aged 30-50	707	11.6	696	10.9	1,020	15.9
	Over 50	70	4.8	57	4.0	79	5.9
	Hong Kong	802	16.2	766	14.3	1,249	23.5
	Mainland China	326	10.2	338	10.0	555	15.1
	Other markets	71	13.2	86	15.0	115	19.7

WORKFORCE DATA (continued)

401-1 b.	Turnover	2021		2020		2019	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	Overall	1,719	19.8	1,462	15.7	1,737	18.1
	Male	773	21.9	687	18.2	741	19.1
	Female	946	18.4	775	14.0	996	17.5
	Under 30	505	44.0	392	26.4	529	29.3
	Aged 30-50	1,030	17.0	905	14.1	1,052	16.4
	Over 50	184	12.7	165	11.6	156	11.6
	Hong Kong	1,106	22.4	717	13.4	929	17.5
	Mainland China	496	15.6	648	19.2	692	18.8
	Other markets	117	21.7	97	16.9	116	19.9

401-3	Return to work and retention after parental leave, by gender	2021		2020		2019	
		Male	Female	Male	Female	Male	Female
a.	Proportion of total workforce entitled to parental leave (%)	96.2	96.6	96.7	96.6	96.1	96.0
b.	Number of people who took parental leave	87	214	127	191	136	351
c.	Number of people who returned to work after parental leave	87	178	119	180	130	299
d.	Total employees retained 12 months after returning from parental leave	96	246	103	208	111	226
e.	Return to work rate (%)	100.0	91.8	94.4	95.7	95.6	89.0
f.	Retention rate (%)	79.3	82.3	79.2	69.6	84.7	73.1

Workplace injuries and fatalities ^{i,ii}		2021		2020		2019	
403-9 a.	No. of fatalities	Total	Rate	Total	Rate	Total	Rate
KPI B2.1	Overall	0	0.00	0	0.00	0	0.00
403-9 a.	High consequence work-related injuries	Total	Rate	Total	Rate	Total	Rate
	Overall	8	0.09	4	0.04	Data not available	
	Hong Kong	8	0.16	4	0.07		
	Mainland China	0	0.00	0	0.00		
	Other markets	0	0.00	0	0.00		
403-9 a.	Recordable work-related injuriesⁱ	Total	Rate	Total	Rate	Total	Rate
	Overall	10	0.11	14	0.15	Data not available	
	Hong Kong	5	0.10	7	0.13		
	Mainland China	3	0.09	4	0.12		
	Other markets	2	0.36	3	0.68		
KPI B2.2	Lost days due to work related injury	Total		Total		Total	
	Overall	749		832		1,466	
	Hong Kong	578		618		1,328	
	Mainland China	169		214		126	
	Other markets	2		0		12	

GRI 405-1	Composition of the Board of Directors	2021
	Male	94%
	Female	6%
	Under 30	0%
	Aged 30-50	24%
	Over 50	76%

Notes:

- i. 2020 was the first year we report in accordance with GRI 403: Occupational Health and Safety (2018). Previous years' injury data is calculated in line with GRI 403 (2016) and is available in our past reports.
- ii. Rates are based on 200,000 hours worked (100 employees working 40 hours per week for 50 weeks) in line with guidance provided by GRI Standards disclosure 403-9.

SOCIAL DATA

ESG Guide/ GRI Standard Reference	Indicator	2021
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	Non-compliance with laws and regulations in the social and economic area	1 ⁱ
Product responsibility		
GRI 417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0
GRI 418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0

Note:

- i. In May 2021, BEA China was fined CNY 11.2 million by the China Banking and Insurance Regulatory Commission ("CBIRC") for violations of laws and regulations identified by the CBIRC during the on-site inspection on the effectiveness of risk management and internal control conducted by the CBIRC in 2018. BEA China always attaches great importance to compliance risk management. BEA China actively rectified the problems pointed out by the CBIRC in the relevant inspection and in accordance with regulatory requirements. BEA China will review its operations from time to time, and further prevent risks and maintain stable operations by continuously improving corporate governance, strengthening risk control, and compliance risk management.

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APPENDICES

ESG GUIDE CONTENT INDEX

Note: Our 2021 ESG Report has been developed in line with the most recent version of the ESG Guide contained in Appendix 27 to The Rules Governing the Listing of Securities on the Stock Exchange.

A. Environmental		Page / Remark
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	52-55
A1.1	The types of emissions and respective emissions data	65-66
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	65-66
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	66 Our operations generate a small amount of hazardous waste relative to our total waste. We therefore report a breakdown in tonnes produced, however an intensity figure for hazardous waste is not considered appropriate.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	66
A1.5	Description of measures to mitigate emissions and results achieved	52-53
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	55-57
A2 Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	54-56
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)	65
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	65
A2.3	Description of energy use efficiency initiatives and results achieved	54-56
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives, and results achieved	Water is not material to the operations of BEA as a commercial bank
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Packaging material is not material to the operations of BEA as a commercial bank
A3 The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	54-56
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	55

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A. Environmental		Page / Remark
A4 Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	29-32
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	
B. Social		Page / Remark
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	43-44, 48-49
B1.1	Total workforce by gender, employment type, age group, and geographical region	45, 67
B1.2	Employee turnover rate by gender, age group and geographical region	68
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	50-52
B2.1	Number and rate of work-related fatalities	68
B2.2	Lost days due to work injury	68
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	50-51
B3 Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	43-47
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	48
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	57-58
B4.1	Description of measures to review employment practices to avoid child and forced labour	Forced labour is not material to the operations of BEA as a commercial bank. We have provided a description of how we manage our supply chain on pages 57-58 of this Report
B4.2	Description of steps taken to eliminate such practices when discovered	

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B. Social		Page / Remark
B5 Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain	57-58
B5.1	Number of suppliers by geographical region	58
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	We are in the processing of revising and strengthening our supply chain management approach including how we monitor our suppliers.
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Please refer to the Promoting a Responsible Supply Chain section of this report for more information
B6 Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	35-38
B6.1	Percentage of products subject to recalls for safety and health reasons	Forced product recalls are not material to the operations of BEA as a commercial bank
B6.2	Number of products and service-related complaints received and how they are dealt with	40-41, 69
B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual property rights are not material to the operations of BEA as a commercial bank
B6.4	Description of quality assurance process and recall procedures	See B6.1
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	35-36
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	26-28
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	69
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	27
B7.3	Description of anti-corruption training provided to directors and staff	26-29
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	59
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	59
B8.2	Resources contributed (e.g. money or time) to the focus area	60-63,64

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GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
GRI 100	Universal Disclosures 2016	N/A	
GRI 102	General Disclosures 2016		
102-1	Name of the organisation	17	
102-2	Activities, brands, products, and services	18	
102-3	Location of headquarters	18	
102-4	Location of operations	18	
102-5	Ownership and legal form	-	Listed on the Stock Exchange of Hong Kong; Also refer to Annual Report 2021
102-6	Markets served	18	Also refer to Annual Report 2021
102-7	Scale of the organisation	18	
102-8	Information on employees and other workers	1, 18, 67	
102-9	Supply Chain	57-58	
102-10	Significant changes to the organisation and its supply chain	17	
102-11	Precautionary principle or approach	19-20, 26-29	
102-12	External initiatives	78	
102-13	Membership of associations	79-80	
102-14	Statement from senior decision maker	2-4	
102-16	Values, principles, standards, and norms of behaviour	19-20	
102-18	Governance structure	21-22	
102-40	List of stakeholder groups	24	Our key stakeholders include: employees, customers, investors and shareholders, regulators and governments, public sector bodies, NGOs, suppliers, strategic partners, local communities, and the media.
102-41	Collective bargaining agreements	-	The majority of the Group's employees are located in Hong Kong and the rest of Greater China, where there are no collective bargaining arrangements. In Singapore, 14% of BEA's employees are covered by collective bargaining agreements. We also maintain clear and open grievance channels for employees to raise concerns.
102-42	Identifying and selecting stakeholders	23-24	
102-43	Approach to stakeholder engagement	23-24	
102-44	Key topics and concerns raised	24	
102-45	Entities included in the consolidated financial statements	17-18	Also refer to Annual Report 2021
102-46	Defining report content and topic boundaries	17, 23-24, 76	
102-47	List of material topics	24, 76	
102-48	Restatements of information	-	Relevant restated information is detailed in Our Performance section.
102-49	Changes in reporting	17	
102-50	Reporting period	17	
102-51	Date of most recent report	-	2020 ESG Report published in May 2021
102-52	Reporting cycle	-	Annual
102-53	Contact point for questions regarding the report	17	
102-54	Claims of reporting in accordance with the GRI Standards	17	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	73-75	
102-56	External assurance	83	Limited external assurance for report content

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
Material Topics			
GRI 200: Economic Topics 2016			
GRI 201: Economic Performance 2016			
GRI 103	Management Approach 2016	26-29, 32-33	
201-1	Direct economic value generated and distributed	29, 64	Also refer to Annual Report 2021
201-2	Financial implications and other risks and opportunities due to climate change	29-34	
GRI 203: Indirect economic impacts 2016			
GRI 103	Management Approach 2016	42	
203-2	Significant indirect economic impacts	42	
GRI 205: Anti-corruption 2016			
GRI 103	Management Approach 2016	26-28	
205-2	Communication and training on anti-corruption	26-27, 29	
205-3	Confirmed incidents of corruption and actions taken	69	
GRI 207: Tax 2019			
GRI 103	Management Approach 2019	28	
207-1	Approach to tax	28	(partially disclosed)
GRI 300: Environmental Topics 2016			
GRI 301: Materials 2016			
GRI 103	Management Approach 2016	54-56	
301-1	Materials used by weight or volume	56	
GRI 302: Energy 2016			
GRI 103	Management Approach 2016	54-56	
302-1	Energy consumption within the organisation	65	
302-3	Energy intensity	65	
302-4	Reduction of energy consumption	56	
GRI 305: Emissions 2016			
GRI 103	Management Approach 2016	52	
305-1	Direct (Scope 1) GHG emissions	65-66	
305-2	Energy indirect (Scope 2) GHG emissions	65-66	
305-4	GHG emissions intensity	65-66	
305-5	Reduction of GHG emissions	52-53	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	65	
GRI 306: Waste 2020			
GRI 103	Management Approach 2020	54-56	
306-1	Waste generation and significant waste related impacts	54-56	
306-2	Management of significant waste-related impacts	54-56	
306-3	Waste generated	66	
306-4	Waste diverted from disposal	66	
306-5	Waste directed to disposal	66	
GRI 308: Supplier Environmental Assessment 2016			
GRI 103	Management Approach 2020	57-58	
GRI 308-1	New suppliers that were screened using environmental criteria	57-58	

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
GRI 400: Social Topics 2016			
GRI 401: Employment 2016			
GRI 103	Management Approach 2016	43-44	
401-1	New employee hires and employee turnover	67-68	
401-3	Parental leave	68	
GRI 402: Labour/ Management Relations 2016			
GRI 103	Management Approach 2016	43-44	
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 2018			
GRI 103	Management Approach 2018	50-51	The Group operates in the financial services industry where the risk of fatalities and severe injuries on the job is minimal. We have chosen to include employee wellness and mental health, as stress is a significant risk in our industry
403-9	Work-related injuries	68	
GRI 404: Training and Education 2016			
GRI 103	Management Approach 2016	45-48	
404-1	Average hours of training per year per employee	48	
GRI 405: Diversity and Inclusion 2016			
GRI 103	Management Approach 2016	48-50	
405-1	Diversity of governance bodies and employees	45, 67-68	
GRI 406: Non-discrimination 2016			
GRI 103	Management Approach 2016	48-50	
406-1	Incidents of discrimination and corrective actions taken	69	
GRI 413: Local Communities 2016			
GRI 103	Management Approach 2016	59	
413-1	Operations with local community engagement, impact assessments, and development programmes	60-63	
GRI 414: Supplier Social Assessment 2016			
GRI 103	Management Approach 2020	57-58	
GRI 308-1	New suppliers that were screened using social criteria	57-58	
GRI 417: Marketing and Labelling 2016			
GRI 103	Management Approach 2016	37-42	
417-3	Incidents of non-compliance concerning marketing communications	69	
GRI 418: Customer Privacy 2016			
GRI 103	Management Approach 2016	35-37	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	69	
GRI 419: Socioeconomic Compliance 2016			
GRI 103	Management Approach 2016	26-29	
419-1	Non-compliance with laws and regulations in the social and economic area	69	

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MATERIAL PRINCIPLES, TOPICS AND BOUNDARIES

[GRI 102-46:47]

Reporting principles

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

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

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

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

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

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OUR ESG-RELATED POLICIES AND STATEMENTS

ESG-related policies	External references
Anti-Bribery and Corruption Policy Statement	<p>Section 4, 8 and Section 9 of the Prevention of Bribery Ordinance (Cap. 201)</p> <p>Guidance issued by the Independent Commission Against Corruption and other similar laws and regulations in other countries/jurisdictions when conducting business there or where appropriate</p> <p>Prevention of Bribery Ordinance</p>
Corporate Governance Policy (internal)	<p>The Articles of Association of the Bank</p> <p>Appendix 14 (Corporate Governance Code) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</p> <p>The Supervisory Policy Manual ("SPM") CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions; SPM CG-5 regarding Guideline on a Sound Remuneration System, Guidance on Empowerment of Independent Non-executive Directors in the Banking Industry in Hong Kong; and Circular on Bank Culture Reform, all issued by the HKMA</p> <p>Other applicable laws and regulations of Hong Kong, other relevant policies and practices of the Bank</p>
Environmental Policy	UN Environment Programme Finance Initiative - Statement of Commitment by Financial Institutions on Sustainable Development
Group Responsible Investment Policy (internal)	<p>International Capital Market Association Green Bond Principles</p> <p>UN Principles for Responsible Investment</p>
Human Rights Policy	<p>UN International Bill of Human Rights</p> <p>UN Universal Declaration of Human Rights</p> <p>UN Guiding Principles on Business and Human Rights</p> <p>Fundamental conventions of the ILO</p>
Green & Sustainability-linked Lending Policy (internal)	Green Loan Principles and Sustainability-linked Loan Principles published jointly by Loan Market Association, Asia Pacific Loan Market Association, and Loan Syndications & Trading Association
Responsible Investment Statement	UN Principles for Responsible Investment
Slavery and Human Trafficking Statement	<p>UN Universal Declaration of Human Rights</p> <p>Fundamental conventions of the ILO</p>
Statement on Anti-Money Laundering and Counter-Financing of Terrorism ("AML/CFT")	BEA's AML/CFT policies (internal)
Supplier Code of Conduct	<p>UN Universal Declaration of Human Rights</p> <p>Fundamental conventions of the ILO</p>
Sustainability Policy	<p>Treat Customers Fairly Charter</p> <p>Personal Data (Privacy) Ordinance</p> <p>Appendix 27 (Environmental, Social, and Governance Reporting Guide) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</p>
Whistleblowing Statement	Personal Data (Privacy) Ordinance

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CHARTERS, MEMBERSHIPS, AWARDS, AND RECOGNITION

Charters

[GRI 102-12]

Charter / Scheme	Name of Association, NGO, Chamber	Year charter was adopted	Locations where charter is applicable
BEA			
Sustainable Procurement Charter	Green Council	2018	Hong Kong
Charter on External Lighting	Environment Bureau	2016	Hong Kong
Wood Recycling & Tree Conservation Scheme	Hong Kong Environmental Protection Association	2016	Hong Kong (BEA Tower)
Quality Water Supply Scheme for Buildings - Fresh Water (PLUS) Basic Plan	Water Supplies Department	2016	Hong Kong (BEA Head Office)
Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme	Labour and Welfare Bureau, the Rehabilitation Advisory Committee, HKCSS, and the Hong Kong Joint Council for People with Disabilities	2015	Hong Kong
Treat Customers Fairly Charter	HKMA	2013	Hong Kong
Blue Cross			
Joyful@Healthy Workplace Charter	Department of Health, Occupational Safety & Health Council and Labour Department	2019	Hong Kong
Mental Health Workplace Charter	Department of Health, Occupational Safety & Health Council and Labour Department	2020	Hong Kong
Good Employer Charter	Labour Department	2018	Hong Kong
Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme	Labour and Welfare Bureau, the Rehabilitation Advisory Committee, HKCSS, and the HK Joint Council for People with Disabilities	2013	Hong Kong

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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 Executive Chairman, Co-Chief Executives, and senior executives hold key positions in universities, associations, chambers, and NGOs that enable them to contribute to the long-term development of the communities we serve.

Title Held / Level	Name of Association, NGO, Chamber
BEA	
Corporate (Full Member)	Asia Pacific Loan Market Association
Corporate	Asian Bankers Association
Corporate	The Chamber of Hong Kong Listed Companies
Corporate	The Hong Kong Institute of Bankers
Institutional Membership	Treasury Markets Association
Member	Hong Kong Association of Banks
Silver Member	WWF - Hong Kong
Jade Member	HKCSS
Chairman of Executive Committee	St. James' Settlement
Chairman of the Advisory Board	The Salvation Army
BEA China	
Vice President (Corporate)	China Banking Association ("CBA")
Director (Corporate)	CBA
Vice President	CBA
Director of the Foreign Bank Work Committee	CBA
Vice President (Corporate)	Shanghai Banking Association ("SBA")
Vice President	SBA
Director of the Foreign Bank Committee	SBA
Deputy Director General (Corporate)	Shanghai Financial Association ("SFA")
Deputy Director	SFA
Managing Director (Corporate)	Shanghai Finance Institute ("SFI")
Managing Director	SFI
London Branch	
Member	Association of Foreign Banks
Member	Hong Kong Association
Member	Hong Kong Trade Development Council ("HKTDC")
Member	UK Chinese Bankers Association
Member	Hong Kong Economic Trading Office
Member	The Guild of International Bankers
Member	Loan Market Association
Macau Branch	
Supervisory Board Vice-Chairman	The Macau Association of Banks
Singapore Branch	
Member	The Association of Banks in Singapore
Member	Institute of Banking and Finance Singapore
Member	The Singapore National Employers Federation

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Memberships (continued)

Title Held / Level	Name of Association, NGO, Chamber
Taiwan Branch	
Managing Director	Hong Kong Business Association in Taiwan
Director	Association of Taiwan Listed Companies
BEA Trustees	
Member	Hong Kong Trustees' Association Limited
Member	The Hong Kong Retirement Schemes Association
Blue Cross	
Director	Chinese Insurance Association of Hong Kong Limited
Executive Committee Member, Insurance Fraud Prevention Claims Database	The Hong Kong Federation of Insurers
EADIS	
Member	Guangzhou Association of Service Trade & Outsourcing
Member	Guangdong Service Outsourcing Industry Association
Member	Guangzhou Volunteers Association
BEA Union Investment	
Member	Hong Kong Investment Funds Association
Member of HKTDC Financial Services Advisory Committee	HKTDC
Member of Ethics Review Committee	Institute of Financial Planners of Hong Kong
Member of Policy Research Committee	Financial Services Development Council
Member	CFA Institute
Member	Institute of Financial Planners of Hong Kong
Member of Executive Committee	Hong Kong Investment Funds Association

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Awards and Recognition

Award	Awarding body
BEA	
1. Outstanding Award for Green and Sustainable Loan Facilitator (Printing & Communication Industry) - Visionary Green Loan Framework	Hong Kong Quality Assurance Agency
2. Ranked second in the "Top 5 Foreign Institutional Investor" of Green Bond in China Interbank Bond Market	National Association of Financial Market Institutional Investors
3. "Award of Excellence" and "Diamond Award" in the Corporate & Employee Contribution Programme 2020/2021 (for the 27th consecutive year)	The Community Chest
4. Named "Caring Company" (for the 18th consecutive year)	HKCSS
5. "Good MPF Employer 5 Years+" (for the seventh consecutive year), "MPF Support Award" (for the fifth consecutive year), and "e-Contribution Award" (for the fifth consecutive year)	Mandatory Provident Fund Schemes Authority
6. ERB Manpower Developer Award Scheme (for the 10th consecutive year)	Employees Retraining Board
7. HKIB Talent Development Awards 2021 (Category I)	The Hong Kong Institute of Bankers
8. Qualifications Framework ("QF") Star Employer	The Government of the Hong Kong Special Administrative Region (Education Bureau)
9. 2021 The Community Chest Virtual Walk for Millions: Outstanding Walk Team	The Community Chest
10. The Salvation Army Orienteering 2021 Certificate of Appreciation	The Salvation Army
11. Inaugural SportsHour Company Scheme Recognised Company (Companies >500 employees)	InspiringHK Sports Foundation
12. UNICEF HK Say Yes to Breastfeeding - the Breastfeeding Friendly Workplace Certificate	UNICEF (UNICEF HK)
13. Hong Kong Sustainability Award 2021/21 – Certificate of Excellence	The Hong Kong Management Association
14. Excellence in ESG Governance – Commendation Award	Hong Kong ESG Reporting Awards
15. Constituent member of Hang Seng Corporate Sustainability Benchmark Index, 2021-2022	Hang Seng Indexes Company Limited
16. Greater Bay Area Business Sustainability Index - Top 20 companies of the Hang Seng Stock Connect Hong Kong Greater Bay Area Index	The Chinese University of Hong Kong Business School
17. "Wastewi\$e Certificate – Excellence Level" for BEA's Head Office Building and BEA Tower	Environmental Campaign Committee
18. "Energywi\$e Certificate – Excellence Level" for BEA's Head Office Building and BEA Tower	Environmental Campaign Committee
19. "IAQwi\$e Certificate – Excellence Level" for BEA Tower	Environmental Campaign Committee

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Awards and Recognition (continued)

Award	Awarding body
BEA China	
20. 2021 Best ESG Practice Bank in China at the Gamma Award	Securities Times
21. 2021 ESG Corporate Star	China Investment Network
22. "Annual Corporate Citizen" at the 2021 China Golden Tripod Award	National Business News
23. "Social Contribution Bank" at the 2020-2021 Annual Excellent Capital Value Corporation Awards	The Economic Observer
Blue Cross	
24. Named "Caring Company" (for the 13th consecutive year)	HKCSS
25. "Good MPF Employer 5 Years+" (for the seventh consecutive year), "MPF Support Award", and "e-Contribution Award"	Mandatory Provident Fund Schemes Authority
26. 2020-21 Joyful @ Healthy Workplace Best Practices Award (Enterprise / Organisation Category) - Grand Award (for the second consecutive year)	The Department of Health, Labour Department, and the Occupational Safety & Health Council
27. Inaugural SportsHour Company Scheme Recognised Company (Companies of 50 - 500 employees) and "CO-FIT" Best Practice Showcase Recognised Company (Companies 51-500 employees)	InspiringHK Sports Foundation

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STATEMENT OF ASSURANCE

[GRI 102-56]



Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by The Bank of East Asia, Limited ("BEA") to undertake independent verification for its 2021 Environmental, Social, and Governance Report ("the Report"). The Report disclosed the sustainability performance and efforts of BEA for the period from 1st January to 31st December, 2021 for its business and operations in Hong Kong, Mainland China, and other markets the BEA Group serves.

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

Level of Assurance and Methodology

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

The verification process included verifying the systems and processes implemented for collecting, collating, and reporting the sustainability performance data; reviewing relevant documentation; interviewing responsible personnel with accountability for preparing the reporting contents; and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

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

Conclusion

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

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

Nothing has come to HKQAA's attention to suggest that the selected sustainability performance information and data contained in the Report have not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Corporate Business
April 2022



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