

Corporate Sustainability

As Hong Kong's leading domestic bank, we aim to set a high standard for responsible corporate practices and sustainability initiatives. In line with our 'speak up and speak out' culture, we encourage our stakeholders to share their aspirations, ideas and concerns. We are also using new technology to amplify our sustainability actions and build closer connections with and among young people as the voices of tomorrow.

We act with integrity and accountability in our interactions with stakeholders. Working with trusted local organisations, we support corporate sustainability programmes that promote social well-being, economic opportunity and positive life values.

In the past 10 years, we have invested HK\$277m in community development, including HK\$32m in 2018. Our non-financial contributions to the betterment of society include active involvement in a diverse range of volunteering initiatives and providing expertise and practical support to community-based programmes.

Our impact as a good corporate citizen has gained external recognition. Public polling by The University of Hong Kong has identified us as having the best corporate social responsibility reputation among Hong Kong financial institutions for 11 consecutive years. We are also a constituent member of several sustainability indexes, including the FTSE4Good Developed Index, the MSCI Pacific ex Japan SRI Index, the Hang Seng Corporate Sustainability Index Series and the Hong Kong Business Sustainability Index. Our Corporate Sustainability Report 2017 received a Bronze Award in the 2018 International ARC Awards.

Giving Young People the Tools to Succeed

Our emphasis on youth development programmes reflects our commitment to supporting the future development of Hong Kong. We help young people explore their talents, interests and ideas, and to develop the confidence, creativity and civic awareness that will encourage entrepreneurialism and promote social mobility.

Our educational, sporting and arts-based initiatives place equal importance on developing a positive spirit, a healthy body and an inquiring mind.

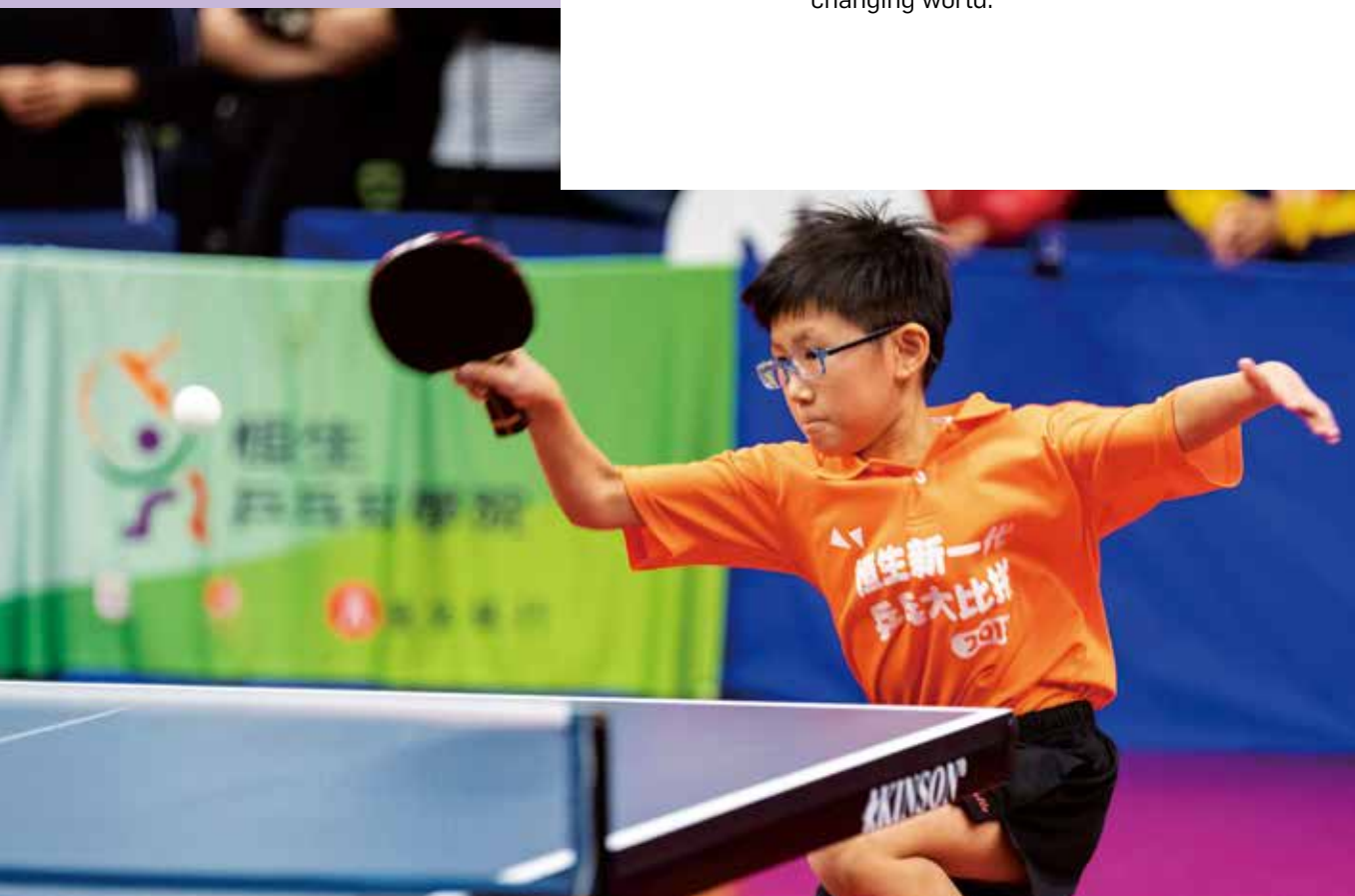
Broadening Horizons, Creating Opportunity

In a new initiative with St. James' Settlement, we are developing the Hang Seng – St. James' Settlement Youth Portal, 'I am...', an online platform and mobile app that will provide personalised career and academic advice for young people aged between 15 and 29. Combining interactive online mentorship, e-learning and AI information services with offline outreach and counselling support, the project will broaden young people's future horizons and help them make informed career decisions. Currently in the preparatory stage, the portal is expected to launch in September 2019.

We continued with our Hang Seng Character Master programme, launched with St. James' Settlement in 2017, that encourages primary school students to embrace 'Respect, Caring, Trustworthiness and Responsibility' as fundamental values for making good choices and guiding their interactions with others. Through role play, job-shadowing opportunities and teacher-parent sharing sessions, about 3,800 students and their family members have benefitted from the programme. A new learning dimension will be added in the second half of 2019 with the launch of a 'Character Building Resource' mobile app.

OUR VISION FOR A SUSTAINABLE FUTURE

Through service excellence and actions that create value for stakeholders, we create positive change by promoting civic mindedness, improved economic and social well-being, and the need to address large-scale sustainability challenges. We focus particularly on young people, who will determine the future of our city. By encouraging tomorrow's leaders to explore their potential, think creatively and adopt an entrepreneurial mindset, we are preparing them to thrive in a rapidly changing world.



Strengthening Relationships through Greater Understanding

Now in its sixth year, the award-winning Hang Seng – HKFWS Youth Mediation Scheme has trained over 1,700 senior primary students from 100 schools as Peer Mediators to promote mediation as a positive way to resolve conflict, strengthen relationships and enhance communication. Organised by the Hong Kong Family Welfare Society and supported by Hang Seng, the Scheme has expanded over the years to include workshops, talks and storytelling sessions, reaching a total of over 45,000 students, teachers and parents.

In April 2018, 100 Peer Mediators took part in Hong Kong's first peer mediation competition for primary schools, giving participants the opportunity to demonstrate their skills in a public setting. Launched in the 2018/19 academic year, a new mediation mobile app is helping teachers and Mediation Ambassadors – which include Hang Seng volunteers and students training to be teachers at The Education University of Hong Kong – to communicate key mediation concepts via a fun and interactive digital platform.

Keeping Hong Kong on the Move

Over the past 27 years, our support for table tennis in Hong Kong has grown into a landmark sports development and community fitness initiative. Partnering with the Hong Kong Table Tennis Association, we have donated a total of over HK\$60m to nurture promising young table tennis talent and encourage people in our city to keep physically active.

Established in 2001 and counting many of Hong Kong's top players among its alumni, the Hang Seng Table Tennis Academy (HSTTA) identifies and trains future sporting stars. It also strengthens civic pride by reinforcing Hong Kong's reputation as a leading competitor in international table tennis and contributes to community building by bringing people from all walks of life together to participate in fun events. To date, nearly 370,000 people have taken part in over 6,900 HSTTA activities.

To further enhance Hong Kong as a centre for table tennis excellence, we sponsored two world-class events: the 2018 Hang Seng Junior & Cadet Open and the Seamaster 2018 ITTF World Tour – Hang Seng Hong Kong Open.

Community Building through Creativity

Since 2015, we have partnered with the Hong Kong Repertory Theatre to organise the Hang Seng Call for Young Talent in Theatre, a music and dramatic arts programme designed to help primary and secondary students build self-confidence, develop better communication skills and learn the value of good teamwork and creative expression. Including school outreach activities, over 25,000 people have participated in or engaged with the programme.

Culminating in four public performances of the musical 'Our Time, Our Hong Kong' in Hong Kong, the 2018 programme for the first time included young people from Hong Kong and Guangzhou among the cast of about 70 individuals and two performances in Guangzhou to promote cultural exchange between Hong Kong and the Greater Bay Area.

Under the Hang Seng – YMCA Balloon Twisting Programme for Special Educational Needs Students, local social enterprise YM Balloon runs small-group workshops that use balloon art activities to help special educational needs students enhance their coordination, concentration and communication skills. In the 2017/18 school year, with support from Hang Seng volunteers, over 200 students from 24 schools took part in balloon-twisting classes that helped build their self-esteem and sense of achievement. A study by The Hong Kong Polytechnic University found that programme participants recorded improvements in their executive functions and in their ability to use their non-dominant hand.

SPEAKING THE SAME LANGUAGE AS YOUNGER GENERATIONS

Effective engagement includes meeting people where they feel most comfortable.

We are engaging with today's technologically literate young people by using interactive, convenient and fun digital tools to share career planning and life skills information. This technology-based approach also allows us to reach a broader target audience in a fast and cost-effective way.

Due to launch in September 2019, the Hang Seng – St. James' Settlement Youth Portal – 'I am...' – is an online platform and mobile app, supplemented by offline outreach activities, that will help young people prepare for career and academic success. Using AI, data analytics and a variety of other digital tools, the portal will provide personalised advice for making informed decisions about future choices and career plans. We are currently gathering input from different groups of youths to ensure the portal is developed to meet their expectations and needs.

We have also introduced a first-of-its-kind mobile app in Hong Kong under our Hang Seng – HKFWS Youth Mediation Scheme to expand the reach of our peer mediation programme and provide our Mediation Ambassadors with an interactive tool for sharing concepts of mediation with primary school students using digital technology.

I am...
70% Realistic 實際型
20% Artistic 藝術型
10% Enterprising 企業型





GIVING BACK BY LEVERAGING OUR STRENGTHS

Our commitment to serving with excellence and care as a bank is reflected in our activities as a good corporate citizen. Members of senior management lead by example in encouraging staff to contribute to civic well-being through volunteer service. In addition to participating in a wide range of Bank-organised volunteer programmes, staff are able to take two days of volunteer leave per year to support other community initiatives.

Leveraging our core strengths and staff expertise, we help people from various backgrounds make informed money management decisions through improved financial literacy. Our volunteers participate in the Financial Education programme organised by the Hong Kong Association of Banks and the Hong Kong Council of Social Service, which provides financial management advice to low-income individuals, and work with local charity Po Leung Kuk to teach young children basic money management concepts through role play, group games and group discussions. We also supported Junior Achievement China's 2018 China Youth Financial Literacy Education Programme.



AWARDS AND RECOGNITION

**Constituent stock of
FTSE4Good Developed Index**
(17th consecutive year)

FTSE INDEX

**Constituent stock of MSCI
Pacific ex Japan SRI Index**
(4th consecutive year)

MSCI

**Constituent stock of Hang Seng
Corporate Sustainability Index
Series**
(9th consecutive year)

HANG SENG INDEXES

**Constituent stock of Hong Kong
Business Sustainability Index**
(4th consecutive year)

THE CHINESE UNIVERSITY OF
HONG KONG BUSINESS
SCHOOL

Caring Company
(16th consecutive year)

HONG KONG COUNCIL OF
SOCIAL SERVICE

**Best Corporate Social
Responsibility Reputation
among Local Banks and
Financial Service Companies**
(11th consecutive year)

THE UNIVERSITY OF HONG
KONG'S PUBLIC OPINION
PROGRAMME

Junzi Corporation
(8th consecutive year)

THE HANG SENG UNIVERSITY
OF HONG KONG



Our support for a variety of student ticket and subsidy schemes enabled more than 11,000 students and underprivileged children to attend Hong Kong Philharmonic Orchestra performances and Hong Kong Arts Festival events in 2018.

The Ming Pao Student Reporter Programme, an initiative we have supported for 20 years, promotes greater civic awareness while honing analytical, research and communication skills. Over 9,500 senior students have taken part in the Programme since its establishment, including 345 students from 125 schools in 2018.

Choosing the Right Path

We are working with The Society of Rehabilitation and Crime Prevention, Hong Kong to demonstrate that a challenging start in life need not be a barrier to building a better future. The Hang Seng Youth Career Planning Scheme offers at-risk and underprivileged youths and ex-young offenders the chance to explore future career possibilities through job-shadowing opportunities and exposure to the entrepreneurial experience. About 50 management-level staff from local SMEs served as advisors and mentors to 150 young people in 2018. Around 40 participants subsequently undertook entrepreneurship training to gain the knowledge and skills needed to develop business proposals. Scheme participants who have their proposals approved are eligible to receive start-up funds and professional business guidance.

Our long-term partnership with the Hong Kong Police Force through the biennial Hang Seng Bank – Help the Police Fight Youth Crime Competition reflects our efforts to reinforce a sense of civic responsibility among young people and encourage them to share anti-crime and community-building messages with their peers. The 2018 Competition attracted over 340,000 participants – a record high. The winning 'Key Opinion Leader' videos were broadcast on various social media platforms to further extend the Competition's reach.

We also continue to make it easier for gifted young people to further their academic journey. Since 1995, we have allocated more than HK\$65m to various scholarship schemes in Hong Kong and mainland China, benefitting over 2,400 students.

Empowering Our People to be Their Best

Our staff are the human face of our brand, the engine of our success and the primary bridge between our business and the local community. We hire and retain talented individuals by making Hang Seng a great place to work. We reward employees with competitive compensation and benefits packages, supportive working conditions and a good work-life balance. We also listen to and learn from our people, recognising them as individuals with a diverse set of strengths, needs and motivations.

Under our workplace enhancement programme, we are offering employees more choice as to where and how they work, as well as flexi-hours, based on their personal preferences and project needs. We have established a 'digital floor' at our head office, which uses a new workspace model to support a diverse range of working styles, encourage creativity and collaboration, and promote improved employee health and wellness. As part of our 'speak up and speak out' culture, we held a series of town hall-style meetings and exchange sessions at which employees could ask questions and share their opinions and ideas.

We also continue to organise leisure and recreational activities that encourage employees to keep physically active, pursue their hobbies and interests, and build closer connections with their colleagues, friends and family members. Highlights include a singing contest, a family fun day and our inaugural Bring Kids To Work day, through which parents were able to show their children what they do on a 'typical day at the office'. Over 43,000 people took part in our various classes and events in 2018.

In addition to our annual Hang Seng Cup competition that promotes a good team spirit and greater cross-department interaction through games of basketball, football, bowling, badminton, table tennis and golf, we held our first 'eSports Carnival', with colleagues competing in friendly rivalry in the digital arena. We also supported staff participation in external sporting competitions, including the city-wide Corporate Games, organised by the Leisure and Cultural Services Department, in which our Basketball team brought home the Overall Champion (Basketball Group A) title.

PROTECTING OUR PLANET BY IMPROVING LIVELIHOODS

Established in 2016, the Hang Seng Yunnan Low-Carbon Village is a major sustainability initiative that aims to achieve lasting positive change by tackling the issues that can put pressure on the environment and natural resources while improving livelihoods in rural areas.

Working with The Conservancy Association in a village near Yuxi, we helped install low-carbon facilities such as solar panels and energy-efficient wood stoves to reduce the use of wood for fuel. We also provided seedlings and cultivation advice for higher value crop plants such as konjac and *Chonglou* with the aim of promoting small-scale entrepreneurialism. Bank volunteers visited the project to assess its on-the-ground impact. They also ran a workshop on basic financial literacy for village residents.



ENVIRONMENTAL PERFORMANCE

	2018 [#]	2017 ^A	2018 vs 2017 (% change)
Greenhouse gas emissions from energy use* (tonnes CO ₂ e)	20,851	22,476	-7.21
Electricity consumption (GWh)	32.33	34.44	-6.13
Water consumption** (000m ³)	79.14	74.94	+5.60
IT/electrical waste recycled (tonnes)	17.61	20.73	-15.05

Data coverage: Hang Seng Bank's Hong Kong operations

Key: CO₂e: carbon dioxide equivalent GWh: gigawatt hours m³: cubic metres

* The greenhouse gas emissions generated from energy use was calculated based on the electricity and fuel consumed as well as their relevant gas emission conversion factors as provided by the electricity companies.

** Hang Seng 113 office building became fully operational in 2017. Freshwater is used for toilet flushing in this building as it is not covered by the Water Supplies Department's seawater supply system.

[#] From 1 Oct 2017 to 30 Sep 2018

^A From 1 Oct 2016 to 30 Sep 2017

An Active Member of the Community

Our internal culture is founded on 'doing the right thing', open communication and building stronger connections. We extend this culture of integrity, openness and relationship building to the local community by participating in projects that promote understanding, inclusivity, and social well-being and support.

We organised over 130 community-focused activities for Bank volunteers in 2018, focusing particularly on the social well-being of vulnerable and underprivileged groups, improved financial literacy and economic mobility, and environmental issues. Under the leadership of senior management, Bank departments engage in giving back as teams to build a collegial mindset and strengthen relationships with local stakeholders. Colleagues also enjoy two days of volunteer leave per year to support worthy causes.

We aim to maximise the positive impact of our financial donations by working with reputable charitable organisations that have deep knowledge of our community's most urgent needs and the network and infrastructure to ensure that funds are used efficiently and effectively. We have been a close partner of The Community Chest of Hong Kong since 1994, raising over HK\$78m – including a total of around HK\$25m for The Chest's annual Dress Casual Day Campaign.

Since 2001, our e-Donation channel has facilitated the giving of more than HK\$40m to charitable causes by our customers.

Caring More, Using Less

Our ongoing efforts to use fewer natural resources and do more to promote environmental responsibility reflect our understanding of the need to contribute to protecting the planet for present and future generations. We operate our business in an environmentally conscious manner and advocate for good environmental practices in our relationships with stakeholders.

As Hong Kong's first domestic bank to attain ISO 14001 certification for all its offices and branches, we strive to lead by example in supporting a transition to a lower-carbon economy. Our e-Statement, e-Advice and shareholder e-communication services collectively saved 85.5 million sheets of paper in 2018. Our actions to be a responsible consumer of energy earned us the 'Peak Demand Management Outstanding Award' under CLP's first Smart Energy Award programme. We also support environmental initiatives such as Friends of the Earth (HK)'s 'Power Smart' Energy Saving Contest, WWF (Hong Kong)'s Earth Hour, the Green Power Hike and the Environmental Bureau's Charter on External Lighting.

For over a decade, we have worked with The Conservancy Association on a major environmental initiative in rural communities in Yunnan Province. Building on our success with constructing biogas facilities, in 2016 we jointly launched a low-carbon village project near Yuxi. The project aims to materially improve the living standards of village residents while reducing the burden on the natural environment by providing low-carbon facilities such as solar panels and the means to cultivate higher value crop varieties. Hang Seng volunteers visited the project to carry out impact assessments and ran a workshop on financial literacy.

We also supported The Conservancy Association's Hang Seng – CA Eco-ranger orienteering event, which raises funds while promoting public awareness of environmental issues and the natural outdoor beauty that exists in Hong Kong.

We stopped serving shark's fin at Bank functions in 2003 and subsequently removed endangered reef fish species from our menus. We also provide a WWF (Hong Kong)-endorsed sustainable seafood menu at our banquet hall.