SHANGHAI COMMERCIAL BANK



2021
Sustainability Report



Welcome to Shanghai Commercial Bank Limited's website

CONTENTS

2–9	**Introduction**
2–3	About Shanghai Commercial Bank
4	About this Report
5–6	Board Statement on Sustainability
7	Chief Executive's Message
8–9	2021 Highlights
10–14	**Our Approach to Sustainability**
15–21	Sustainable Operations
15–19	Sustainable/Green Operations
20–21	Responsible Procurement
22–38	Culture
22–26	Robust Governance
27	Privacy and Cybersecurity
28	Customer Relationship
29–33	Talent Management and Development
34–38	Community Investment
39–52	Business
39–42	Sustainable/Green and Inclusive Finance
43–44	Digital Finance and Service Innovation
45–52	Climate Change Response
53–58	**Our Performance**
59–60	**Appendices**
59	Awards and Recognitions
60	Glossary



INTRODUCTION

ABOUT SHANGHAI COMMERCIAL BANK

Incorporated in November 1950, Shanghai Commercial Bank ("the Bank") is a renowned local Chinese bank in Hong Kong building on its core strengths and holding a niche market position in serving corporates and individuals, particularly Small and Medium-Sized Enterprises ("SMEs") and high-net-worth individuals.

Our products and services

With "Serving the Community" as motto and "For Personalized Service" as principle, the Bank seeks to meet customers' needs with a comprehensive range of banking products and services, including loans, deposits, trade finance, remittances, securities trading, investment and wealth management, life and general insurance products, treasury products, foreign exchange, credit cards, international banking, and internet and mobile banking, through teams of banking professionals across the international network of 50+ offices and branches in Hong Kong, Mainland China, the United States and the United Kingdom.

For over 20 years, the Bank has formed a strategic alliance with Bank of Shanghai in Mainland China and The Shanghai Commercial & Savings Bank in Taiwan and created the "Three Shanghai Banks, All Caring for You" (「三地上銀，一心為您」) branding, delivering one-stop, cross-strait banking services through a broad footprint comprising more than 400 outlets worldwide.

Shanghai Commercial Bank At a Glance (As of 31 December, 2021)



Return on average equity at **8.7%**



International network of **50+** offices and branches



Total headcount of the Group was **1,872**



Consolidated profit after tax of the Bank for 2021 was **HK$2,906 million**, **6% higher than that of 2020**



Loan to deposit ratio at **52.5%**



Total customer deposits grew by **3.3%**



Total assets of HK$234 billion at the end of 2021 saw a year-on-year **increase of 3.2%**



Return on average assets at **1.3%**



Total capital adequacy ratio and Common Equity Tier 1 ratio were **21.5%** and **18.2%** respectively



Liquidity maintenance ratio stayed at a comfortable level throughout the year with an average of **60.5%**

Our Bank's vision, mission and values

Our vision

- To be a trusted bank of choice of customers in Greater China, served by our staff capable of delivering comprehensive one-stop personalized service, supported by distinctive commercial and international banking capabilities, and innovative digital platform, for sustainable development

Our mission

- Sustain business growth through value creation to our customers and shareholders
- Cherish the values of our people with rewarding career opportunities and development
- Build a strong network with our partners to develop long term relationship

Our values

Proactive	• Take initiative with can-do attitude, be innovative, embrace change and make continuous improvement
Integrity	• Adhere to the highest ethical standards, discipline, and righteous behavior
Respect	• Establish mutual trust and respect with colleagues and customers
Professionalism	• Deliver high quality services that cater to customer needs, and commit to continuous learning and enhancement of expertise
Teamwork	• Work collaboratively across teams with mutual support to achieve common goal
Accountability	• Take ownership in work and demonstrate commitment towards achieving extraordinary performance
Leadership	• Direct, inspire, engage and motivate staff to nurture future leaders

ABOUT THIS REPORT

Reporting scope, boundary and period

Our inaugural Sustainability Report presents how we manage and perform on the sustainability issues that are material to the Bank and of interest to our stakeholders. This Report supplements information in the Bank's 2021 Annual Report and encompasses all of the Bank's majority owned operations and activities over which we exercise full management control, covering the financial year of 2021 from 1 January to 31 December, 2021.

Reporting framework

This Report has been developed with reference to the provisions of the Environmental, Social and Governance ("ESG") Reporting Guide as stated in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), as well as the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board.

Reporting principles



Materiality

We are dedicated to constantly evolving our business strategy to better embed sustainability-minded practices into our ways of operating. The Board Statement on Sustainability and Our Approach to Sustainability sections provide details on our approach to understand what non-financial topics are material to the Bank and its stakeholders.



Quantitative

Our Sustainability Report covers how we manage our material topics by stating our approach and performance during the reporting year and the plan beyond. Where relevant, we communicate our performance by disclosing metrics that align with the Key Performance Indicators ("KPIs") of Appendix 27 of the Listing Rules, which references methodologies developed by the Global Reporting Initiative Standards.



Consistency

As this is our first report, we have determined our approach to sustainability measurement and disclosure which will form the basis of our Sustainability Reports going forward. In future reports, we will communicate any changes to reporting scope or boundary in this section of the report, and any restatements of quantitative information will be signaled in the Our Performance section with supporting rationale.

Ways to reach us

Readers are welcome to share any comments or suggestions regarding the contents of this report by contacting us at:

contact@shacombank.com.hk www.shacombank.com.hk

BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors (the "Board") of Shanghai Commercial Bank considers sustainability a significant matter and has set a far-sighted aspiration to ensure the resilience of the Bank and its sustainable growth. The Board views sustainability as a conduit to drive shareholder value, play a proactive role in contributing to society, and support the HKSAR Government's initiatives on carbon neutrality and green and sustainable finance, such as Hong Kong's Climate Action Plan 2050 and the development of sustainable finance in Hong Kong.

This year, the Board had several sustainability-related objectives including:



Determining the sustainability priorities of the Bank



Establishing a governance structure to manage the Bank's sustainability risks and opportunities



Developing a sustainability vision

In April 2021, the Board approved the establishment of the Sustainability Committee to develop and oversee the Bank's sustainability strategy and to make recommendations on ESG related matters to ensure sustainable growth of the Bank. At the management level, the Board approved the establishment of a Sustainability Working Group, which is responsible for driving the Bank's sustainability-related strategies and monitoring the corresponding performance and progress.



To direct the Bank's efforts, the Board reviewed and validated the material sustainability topics identified through the Bank's inaugural materiality assessment which focused on each topic's impact to the Bank and its stakeholders, the details of which are outlined in Our Approach to Sustainability. All metrics used for target setting, monitoring and reporting the Bank's sustainability performance were approved by the Board, which reviewed and approved their inclusion and discussion in this report as part of its assessment of the Bank's performance. As the inaugural reporting year, the Board is using the information presented in this report as a reference from which to review the Bank's performance going forward.

This year, the Board's proactive approach in managing sustainability matters included:



Keeping abreast of the latest regulatory requirements and market trends on sustainability issues through participation in various regulatory forums and trainings



Reviewing the results of the Bank's Climate Risk Stress Test ("CRST") pilot exercise arranged by the Hong Kong Monetary Authority ("HKMA")



Monitoring the Bank's progress towards aligning with Appendix 27 of the Listing Rules regarding disclosure



Finalizing the Bank's sustainability strategy



Directing the Bank to pursue new sustainable finance opportunities

Going forward, the Board has determined that the Bank will invest in our people and systems, as well as improving our business operating model for our corporates/SMEs and individual customers through our sustainability and digital transformation initiatives, in order to generate long-term value for the shareholders and the society.

CHIEF EXECUTIVE'S MESSAGE



The past year has been an inflection point for many organizations. Rather than distracting attention from sustainability, the pandemic has highlighted real-world issues that require responsible, considered and informed responses. In this report, we have sought to understand our Bank's impact, and those issues that impact our business. Our report sets out the development of a sustainability strategy which will guide how we operate in the coming years, taking into consideration sustainability trends and the focus of our regulators and the governments of regions where we operate.

Developing our strategy

The ongoing pandemic has thrown into sharp relief the fact that 'business as usual' is not an option when dealing with business risks. From aspects such as climate change, potentially a much more disruptive crisis, to anti-corruption and the wellbeing of our customers and employees, it is important to factor all of them into our sustainability journey across our functions, to develop and refine our sustainability strategy to take us forward.

We have set a vision to be a trusted bank that promotes sustainability through integrating our sustainable operations, culture and business together with our stakeholders and the community. To achieve our vision, we have put in place the sustainability governance bodies that will oversee the implementation of our strategy, provide visibility in progress and a channel of communication on sustainability throughout our Bank from the operational level to the Board.

Sustainable finance

A significant proportion of the time and resources devoted to sustainability in 2021 was directed towards conducting exercises to understand the impact of climate change on our lending and banking practices. We assembled baseline data for sustainability performance tracking, outlined our blueprint to gear up and integrate green and sustainable finance, including offering and investing in more green banking solutions and sustainability-related investment products.

Embedding sustainability

This year, we focused on ensuring that we have the systems and people in place to mitigate risk, build resilience and positively impact our people and local communities. We have set concrete plans to ground expectations and raise awareness on sustainability throughout our Bank. While together with management, I will be accountable for the delivery of our plans, it is the shared responsibility of all at our Bank to contribute in the sustainability areas where they can; from delivering on customers' sustainability needs and driving awareness, to being environmentally mindful, and volunteering in the community. Through concerted efforts, we will strengthen our Bank's aspiration for sustainability and meet our stakeholders' expectations.

The pandemic, and other global events that have taken place recently imply the future remains uncertain. Against this backdrop the actions we have taken will ensure our Bank is better placed to thrive going forward. I wish to take this opportunity to thank all our staff who have worked to develop our sustainability strategy and goals, and I look forward to embarking on this new chapter in our history as we continue to deliver value for our shareholders and our stakeholders.

David Sek-chi KWOK
Managing Director & Chief Executive

2021 HIGHLIGHTS

SUSTAINABLE OPERATIONS

Commenced emissions calculations and began our environmental target setting process:

- **3% REDUCTION IN ENERGY CONSUMPTION FROM 2020**
- Committed to set a **SCOPE 1 AND 2 GHG EMISSIONS REDUCTION TARGET**

- Awarded **BEAM PLUS PROVISIONAL GOLD** for the Bank's Headquarters

- Awarded the **WASTEWI$E CERTIFICATE** in recognition of our efforts in environmental protection through waste reduction

- **PUBLISHED OUR LATEST MODERN SLAVERY STATEMENT** in line with the MSA 2015 (UK)

For details, please refer to the Sustainable/Green Operations section.

CULTURE

Strengthened sustainability governance:

- Two new Board-approved Sustainability governance bodies established: **BOARD-LEVEL SUSTAINABILITY COMMITTEE** and **MANAGEMENT-LEVEL SUSTAINABILITY WORKING GROUP**
- Developed a **HOLISTIC SUSTAINABILITY STRATEGY**

For details, please refer to the Board Statement on Sustainability and Our Approach to Sustainability section.

Continued investing in our people:

- **HK$1.48 MILLION** invested in training and development
- **27 HOURS** of training on average per employee

For details, please refer to the Talent Management and Development section.

Contributed to the community through financial and in-kind donations:

- **HK$10.3 MILLION** in cash donations from the Bank
- **2,291 HOURS** contributed by corporate volunteers
- Awarded **10 YEARS PLUS CARING COMPANY** for the 13th consecutive year

For details, please refer to the Community Investment section.

BUSINESS





Reviewed our sustainable finance offerings:

- **36 ESG FUNDS AND GREEN BONDS** on product shelf
- Held **HK$2.1 BILLION IN GREEN BONDS**
- Participated in **ESG SYNDICATED LENDING**



For details, please refer to the Sustainable/Green and Inclusive Finance section.

Completed our inaugural climate risk assessment and disclosure:

- Completed **HKMA-ALIGNED CLIMATE RISK STRESS TEST**
- Estimated our **EXPOSURE TO CLIMATE RISK IN SEVEN HIGH CARBON EMITTING INDUSTRIES**
- Reported inaugural **TCFD-ALIGNED DISCLOSURE**





For details, please refer to the Climate Change Response section.

Continued to digitalize our processes:

- Launched our **REMOTE ACCOUNT OPENING APP**

For details, please refer to the Digital Finance and Service Innovation section.



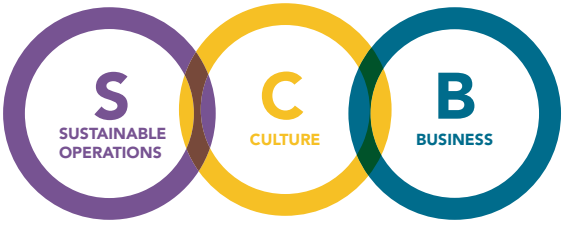
OUR APPROACH TO SUSTAINABILITY

We have a vision to be a trusted bank that promotes sustainability through integrating our sustainable operations, culture and business together with our stakeholders and community.

In order to enable every member of the Bank to put this vision into practice, we have developed a strategy for sustainability that addresses the expectations of our stakeholders and the areas in which we have most impact.

SUSTAINABILITY STRATEGY

In 2021, Shanghai Commercial Bank devoted time and resources to develop a holistic sustainability strategy that succinctly articulates the Bank's approach to sustainable development. The strategy is shaped by our most material topics built with the acronym for the Bank into the three themes of 'S', 'C', and 'B' for reinforcing staff awareness where we will focus our efforts: Sustainable Operations, Culture, and Business.



"Sustainable Operations" reflects the importance we place on the environmental and social impact of our operations. We strive to build a "Culture" that upholds integrity and regulatory compliance while the "Business" theme embodies how we embed sustainability in our business practices, such as promoting sustainable finance and building resilience against climate change.

For each of our most material topics, we are selecting relevant metrics and conducting baseline setting, which will enable us to set Specific, Measurable, Attainable, Relevant and Time bound targets and track progress going forward.

The three themes and the corresponding material topics are individually described in more detail in the sections *Sustainable Operations, Culture, and Business*.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

Our understanding of risks, opportunities, and what it takes to be resilient is strengthened by engaging proactively with our stakeholders. For many years and in varied ways, we have benefited from our interactions with our employees, customers, investors, regulators, business partners, suppliers, NGOs, and the communities where we operate.

In 2021, we took a strategic approach to our stakeholder engagement, with the dual purposes of informing our sustainability strategy and understanding our stakeholders' opinion on various sustainability topics. The process was divided into four major steps: identification, prioritization, validation, and integration and communication. The outcome of this effort can be found in our materiality matrix.

OUR MATERIALITY ASSESSMENT APPROACH

1 UNDERSTAND THE CONTEXT AND IDENTIFY MATERIAL TOPICS

We conducted research into the sustainability topics relevant to the banking industry and the trends that may impact our Bank and our stakeholders.

2 ENGAGE AND PRIORITIZE

We sought our stakeholders' opinions via an online survey, as well as interviews, on the topics we should be actively managing now, and over the short, medium, and long term.

3 VALIDATE FINDINGS

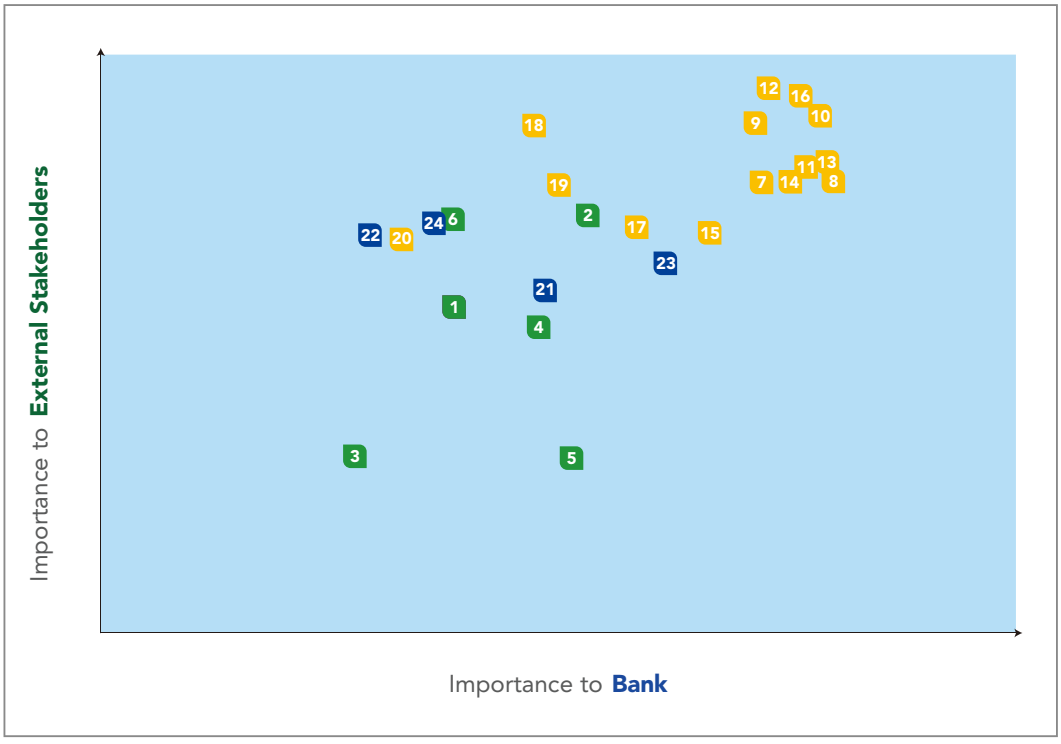
Our Board of Directors, Sustainability Committee and Sustainability Working Group deliberated the findings of the engagement exercises, added their views on impact of each topic to the Bank and approved the final list of material topics.

4 INTEGRATE, COMMUNICATE AND MONITOR

We developed a strategy for managing our material topics, aligned metrics with regulatory requirements and our business operations, and through this report communicated with both our internal and external stakeholders on our management approach and performance.

MATERIALITY MATRIX OF SHANGHAI COMMERCIAL BANK

While we take into account the level of importance of various issues to external stakeholders, which may vary and prioritize highly ranked topics, we would also ensure all topics are adequately addressed.



Sustainable Operations

1 Greenhouse Gas Emissions
2 Energy Usage
3 Water Usage
4 Materials Use
5 Waste Management
6 Responsible Procurement

Culture

7 Corporate Governance
8 Risk Management
9 Anti-corruption
10 Ethical Management
11 Compliance and Reporting
12 Privacy Information Protection
13 Information Security
14 Customer Relationship Management
15 Selling Practices
16 Talent Management
17 Training and Development
18 Diversity and Equal Opportunities
19 Occupational Health and Safety
20 Community Investment

Business

21 Green and Sustainable Banking
22 Inclusive Finance
23 Digital Finance and Service Innovation
24 Climate Change Response

SUSTAINABILITY GOVERNANCE

The Board of Directors is collectively responsible for providing direction on and overseeing the development and implementation of the Bank's strategy to ensure sustainable growth. Meanwhile, the Board has established designated committees to assist in carrying out its responsibilities.

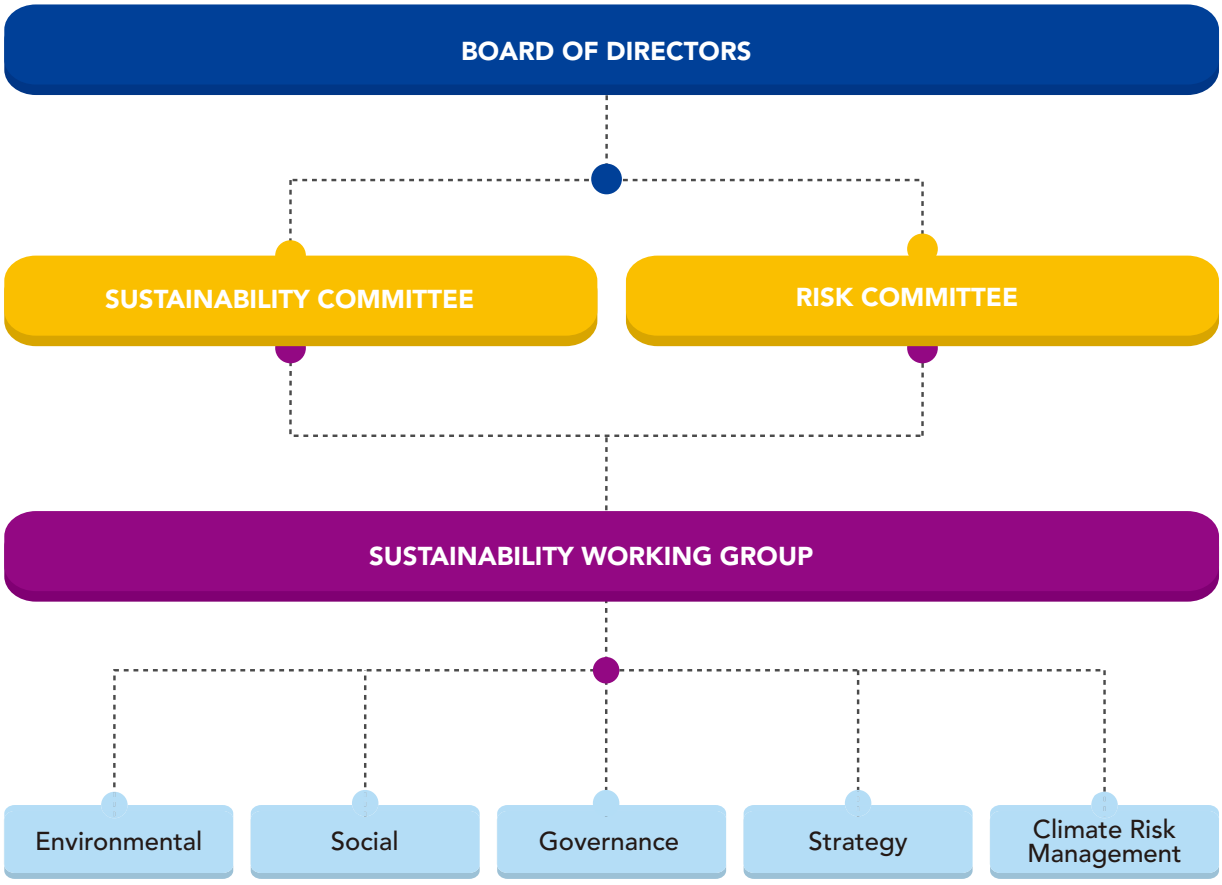
The Sustainability Committee holds regular meetings to monitor regulatory changes, strategy updates and implementation, as well as financial planning. Meanwhile, the duties of the Risk Committee have been expanded to cover the oversight of the implementation of the Bank's climate risk management framework, including assessing climate risk appetite and the Bank's exposure to climate risk. These designated committees support the Board by reviewing, assessing, and making recommendations regarding the Bank's sustainability strategy, goals and initiatives, as well as the materiality assessment results.

The Sustainability Committee comprises members including Independent Non-executive Director ("INED"), Non-executive Director, the Chief Executive and senior management representatives, who offer valuable input and experience sharing through active participation in discussions.

Since January 2021, a Sustainability Working Group has been set up to assist the Sustainability Committee and the Risk Committee in driving the Bank's sustainability strategy and related policies, identifying climate-related risks and opportunities, and supporting sustainability reporting and other forms of stakeholder communication.

The Sustainability Working Group is chaired by the Chief Risk Officer and comprises five pillars: "Environmental", "Social", "Governance", "Strategy" and "Climate Risk Management." The initiatives of each pillar are driven by a Pillar Owner assigned by the Chief Executive. The Sustainability Working Group meets frequently to discuss and monitor the progress and performance of the Group's sustainability initiatives, and reports regularly to the Board-level committees who in turn channel that information to the Board for review and use in making informed decisions about the strategic priorities of the Bank.

Sustainability governance of Shanghai Commercial Bank



Our Sustainability Policy sets out the approach and principles that the Bank should adhere to for promoting sustainable growth and the governance process through which sustainability matters are identified, assessed and managed. The Sustainability Policy is reviewed annually, or in response to major developments to ensure its relevance and effectiveness, endorsed and approved by the Sustainability Committee and the Board. Meanwhile, the Board of Directors has from time to time participated in various trainings, forums and briefings organized by professional organizations, covering topics such as new sustainability regulatory requirements as well as insights from industry practices and market trends, to facilitate its effective management and oversight in the Bank's sustainable development process.

SUSTAINABLE OPERATIONS

SUSTAINABLE/GREEN OPERATIONS

With more than 50 branches across different geographic regions, we are responsible for ensuring that our operation is environmentally sustainable. We aim to demonstrate our commitment to environmental sustainability through tangible actions in our operations. Our Sustainable/Green Operations theme addresses multiple environmental aspects that are material, including Greenhouse Gas ("GHG") emissions, energy consumption, materials use, waste management and water consumption.

Environmental damage and climate change have an impact on our operations, value chain, and the communities we serve. Different sectors around the world now share a common goal to mitigate environmental damage and decarbonize. For instance, Mainland China and Hong Kong have announced plans to move towards net-zero emissions by 2060 and 2050 respectively. In support of these national and local pledges, corporates are coming together to set decarbonization targets and roadmaps.

As the world phases out the take-make-waste consumption model, corporates are now transitioning into a circular economy. The generation of waste poses different problems by varying degrees depending on the local context. Waste disposal, if not handled properly, may contribute to environmental pollution. In Hong Kong specifically, burden on landfill has been a prolonged concern and the local government has recently announced the enforcement of a new municipal waste-charging scheme.

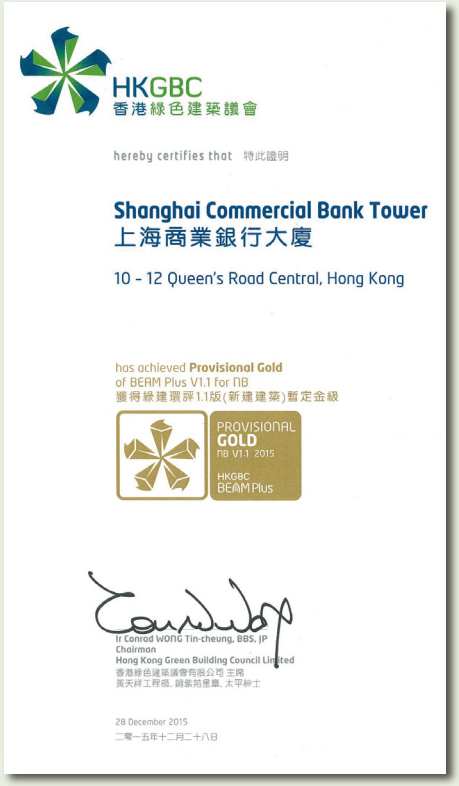


Locations in which we operate

OUR APPROACH

We holistically adopt sustainable practices in our operations through initiatives targeting both infrastructure and employee awareness. Our approach to environmental management is designed to ensure our operations comply with Hong Kong regulations and guidelines, such as the Waste Disposal Ordinance that governs the storage and disposal of electronic waste.

Our Head Office building, Shanghai Commercial Bank Tower, has achieved the BEAM Plus Provisional Gold Certificate issued by the Hong Kong Green Building Council in recognition of adopting the latest green practices and energy-efficient initiatives throughout its design, construction, operations, and maintenance phases. This Grade A commercial tower encompasses modern architecture and environmentally friendly technologies, demonstrating our Bank's dedication to sustainability.


HKGBC
香港綠色建築議會

hereby certifies that 特此證明

Shanghai Commercial Bank Tower
上海商業銀行大廈

10 - 12 Queen's Road Central, Hong Kong

has achieved **Provisional Gold**
of BEAM Plus V1.1 for NB
獲得綠建環評1.1版(新建建築)暫定金級

PROVISIONAL GOLD NB V1.1 2015 HKGBC BEAM Plus

Ir Conrad WONG Tin-cheung, BBS, JP
Chairman
Hong Kong Green Building Council Limited
香港綠色建築議會有限公司 主席
黃天祥工程師, 銅紫荊星章, 太平紳士

28 December 2015
二零一五年十二月二十八日

AWARDED THE BEAM PLUS PROVISIONAL GOLD CERTIFICATE

BUSINESS ENVIRONMENT COUNCIL 商界環保協會
GENERAL MEMBER since 2014

We are also a member of the Business Environment Council in Hong Kong. This serves as a platform for us to mutually share and learn about responsible business practices that balance economic, social and environmental interests with like-minded organizations. On day-to-day operations, we have been engaging employees through various initiatives and awareness-raising programs to change consumption behavior and reduce our environmental footprint by applying these concepts in our bank operations.

GHG Emissions and Energy Usage

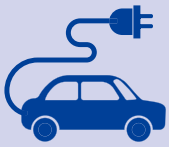
This year, we committed to set a target to reduce GHG emissions. We are exploring possible methods to decarbonize our own operations. We periodically review our GHG emission levels and energy usage to identify improvement areas with the largest reduction opportunities. The majority of our operational GHG emissions – Scope 1 and Scope 2 – arise from electricity consumption and vehicle usage. In this regard, our decarbonization approach focuses strategically on exploring alternatives that enhance energy efficiency. For example, we strive to:



Prioritize the use of high-efficiency and energy-saving equipment and appliances, including air conditioning units and LED lighting



Inspect and upgrade insulation to prevent energy loss and leakage of cooled air when air conditioning units are operating



Develop a rollout plan to phase out traditional fleet vehicles to electric vehicles in the long term

Materials Use

Due to the nature of our business, we use a significant amount of paper which potentially puts pressure on forestry systems. To manage this, we source paper that is certified by the Forest Stewardship Council to support sustainable forestry initiatives. We also leverage digital technology to reduce paper consumption where possible. We are progressively eliminating paper-based communication by introducing a new mode of online communications. This includes switching from traditional bank statements to e-statements and introducing an MPF e-statement service for our staff. We also track the amount of office paper purchased through our procurement system. Going forward, we plan to launch an internal campaign to introduce and promote paper conservation practices in the workplace.

Waste Management and Water Usage

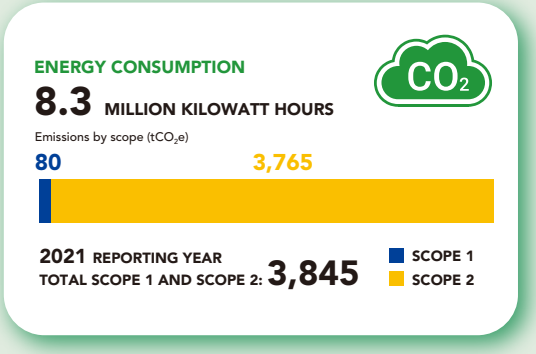
Following our approach to optimize material usage, our waste strategy rests on integrating a model based on circularity that minimizes waste generation and maximizes the recovery of materials. We have focused on building internal awareness and capability on water and waste management. In our premises in Hong Kong, we provide relevant training and provide guidance for staff to follow. Additionally, we participate in external initiatives such as the Caritas Computer Workshop to donate aged computer devices to charity. We have been awarded with a *Wastewi$e Certificate* issued by the Hong Kong Green Organization Certification ("HKGOC") since 2015, in recognition of our efforts and achievement in environmental conservation through waste reduction and recycling.


香港綠色機構認證
Hong Kong
Green Organisation Certification
減廢證書
Wastewi$e
—Certificate—
「基礎級別」
Basic Level
仲量聯行物業管理有限公司 - 上海商業銀行大廈
Jones Lang LaSalle Management Services Limited
Shanghai Commercial Bank Tower
Expiry Date: 30 September 2021

Our office premises consume water in a manner such that the utilities provider directly manages sourcing and discharge of water. Thus, we have not encountered any issues regarding water supply and effluent. Nonetheless, to promote environmental sustainability, we make efforts to conserve water as much as possible, for example, through the replacement and installation of water-saving taps that are designed to reduce wastage.

2021 PERFORMANCE

In 2021, we gathered relevant stakeholders in leadership positions to set and align on Bank-wide aspirations for environmentally friendly operations.



Managing our energy and emissions footprint are of utmost importance to the Bank. We are currently exploring internal decarbonization and offsetting opportunities and working towards our newly set reduction target. During the reporting year, our energy consumption amounted to 8.3 million kilowatt hours. This corresponds to 3,845 tonnes of CO_2 equivalent ("tCO_2e") in total operational emissions (Scope 1 and Scope 2), of which Scope 1 emissions accounted for 80 tCO_2e and Scope 2 emissions accounted for 3,765 tCO_2e.



In terms of materials, we are making efforts to encourage conservation of paper, such as promoting the use of MPF e-statement services among staff and the adoption of e-statements among credit cardholders. In 2021, our operations consumed 126 tonnes of paper. We are reviewing our processes and aiming to set a paper reduction target in the coming year.



As for waste management and water consumption, we are proud to announce that we were again awarded the *Wastewi$e Certificate* in 2021 by HKGOC, demonstrating our commitment to general waste reduction. Hazardous waste is not a part of our operations and is seldom, if ever, discharged. Meanwhile, water consumption for the Bank amounted to 12,685 cubic meters in 2021. We will continue to address issues of wastewater and waste management and set directional targets for water consumption and waste reduction year by year.

Detailed environmental data including breakdown of emissions by energy type and region, as well as intensity figures for paper and water are included in the Our Performance section of this report.

RESPONSIBLE PROCUREMENT

Underlying issues with the supply chain are becoming more prominent amidst increasing attention on environment and labor issues. Given that the nature of our business is based on professional services, we do not source any raw materials. We work closely with the companies that provide our goods and services and apply our sustainability commitments to these business partners as a first step in mitigating exposure to environmental or social issues in our supply chains.

OUR APPROACH

Responsible Procurement

We integrate sustainability considerations into our procurement process and supply chain management, such that our business partners are aligned with our sustainability commitments and initiatives. Our supply chain management practices adhere to the Modern Slavery Act in the United Kingdom, where we also have presence.

We recently leveraged the expertise of an independent third-party consultant to perform an assessment on our suppliers against modern slavery risk. No high-risk suppliers were identified during the course of the assessment; however, the process has led us to strengthen our supplier due diligence process to mitigate potential risk.

Our Supplier Code of Conduct ("SCoC") applies to all individuals or organizations that provide products or services to the Bank. The SCoC prohibits the use of child or forced labor and requires compliance with laws and regulations relating to health and safety, data protection and the environment. It specifies our expectation that suppliers have effective policies and measures to ensure their compliance with the Code. If a supplier is found to be non-compliant, the Bank provides support for improvement or reviews the terms of the contract at the Bank's discretion.

We prioritize sourcing from suppliers with Green and International Organization for Standardization certification in place and with minimized environmental footprint. To ensure effective implementation, we provide employees with green procurement training and establish two-way communication channels with suppliers to make sure they have a clear understanding of our expectations and requirements. We review our SCoC and material selection guidance on a regular basis to incorporate the latest sustainability-related requirements and specifications.

2021 PERFORMANCE

We are in the process of formally institutionalizing the supplier selection and monitoring process through adherence to practices dictated in our SCoC. Starting in 2021, the Bank gradually introduced a requirement for our vendors such as external consultants to declare their compliance to the U.K. Modern Slavery Act before engaging in consultancy projects. Our Slavery and Human Trafficking Statement is available on our website.

CULTURE

ROBUST GOVERNANCE

Our Bank is committed to maintaining good corporate governance to safeguard the interests of our shareholders, customers, employees and other relevant stakeholders, and to comply with the relevant laws, regulations and guidelines issued by regulatory bodies in regions where the Bank operates.

Sound risk management is an important element of success for a financial institution. At Shanghai Commercial Bank, every employee has a role to play in risk management by conducting business ethically and in compliance with applicable rules and regulations. We have put in place the process, people and culture that enable us to operate with integrity and mitigate the risks we face in the financial services sector. These include the traditional major risks inherent to banking and new risk types such as climate risk, and shocks arising from the ongoing global pandemic.

MAJOR RISKS IN THE FINANCIAL SECTOR



CREDIT RISK



MARKET AND INTEREST RATE RISK



LIQUIDITY RISK



OPERATIONAL RISK



TECHNOLOGY RISK
including cybersecurity threats



LEGAL, COMPLIANCE AND REGULATORY RISK



REPUTATION RISK



STRATEGIC RISK



CLIMATE RISK

OUR APPROACH

Corporate Governance

The role of the Board is to provide entrepreneurial leadership of the Bank within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is committed to embracing and enhancing sound corporate governance policies and principles in directing the business and affairs of the Bank. The Board also adopts the Corporate Governance Policy to ensure transparent and consistent implementation of such principles and standards for the long-term benefits of the Bank. The Board has established designated committees, namely, Executive Committee (and its sub-committee, Digital Transformation Committee), Audit Committee, Nomination and Remuneration Committee, Risk Committee and Sustainability Committee. The Board has three senior management-level committees, namely, Asset and Liability Committee, Credit Committee, and Compliance and Operational Risk Management Committee to manage different areas of the business operations and risk management of the Bank.



Each of these Committees has specific written terms of reference setting out in detail their authorities and responsibilities. For more information on our corporate governance structure and practices, please refer to the Corporate Governance Report as contained in the 2021 Annual Report.

Risk Management

The Bank seeks to instill a strong risk culture in its organization, and management of risks is guided by the Risk Appetite Statement which articulates the Bank's risk tolerance and is approved by the Board. Risk management is integral to all aspects of the Bank's activities and is considered the responsibility of all staff. The Bank lays out the risk management strategy for aligning risk, capital, and performance goals, taking into consideration the regulatory requirements, market circumstances, industry practices, and the Bank's unique strengths and preferences.

The Bank proactively identifies, assesses, and manages numerous risk components through day-to-day risk management processes to manage risks emerging from these risk categories. The Risk Committee has been established by the Board of Directors to oversee the risks that the Bank faces, meet at regular intervals, and provide updates to the Board on risk management strategies and risk governance.

The Bank's risk management framework is designed to cover all business processes and ensure various risks are properly managed and controlled. We have adopted the "three lines of defense" risk management model to ensure that the roles and responsibilities regarding risk management within the Bank are clearly defined among the risk owners.

All business and functional units of the Bank have risk management responsibilities. Business units act as the first line of defense in risk management, while Credit Division, Legal and Compliance Division and Risk Management Division are independent from the business units and act as the second line of defense. As the third line of defense, the Internal Audit Department is responsible for providing independent assurance through conducting internal audits. They report to the Audit Committee on the quality of risk controls and management, in addition to the adequacy and effectiveness of the internal control environment of the Bank.

Anti-corruption and Ethical Management

The Bank is committed to minimize any risks that arise due to unethical or illegal behavior of staff members. The Bank's Code of Conduct stipulates the standards and values that promote ethical, responsible and professional behavior for all staff members to follow consistently. The Code has emphasized in particular the prohibition of any forms of corruption stipulated by to the Banking Ordinance and Prevention of Bribery Ordinance in Hong Kong. Key aspects relevant to staff ethics such as avoidance of conflicts of interest, proper business conduct, prohibition of anti-competitive conduct, proper use of information and staff personal investment are also covered in the Code for staff members to follow.

We have established the Whistleblowing Policy to detail the confidential whistleblowing channel and investigation mechanism for staff members to raise their genuine concerns in good faith about malpractice, impropriety, misconduct or unethical activity in order to avoid or mitigate the potential risks to the Bank. The Bank's Internal Audit Department is empowered to escalate concerns regarding unethical and illegal behavior identified at any

level within the Bank to the Chief Risk Officer, Chief Executive and Audit Committee where appropriate. All employees are required to report any suspected immoral or illegal activities.

While the Bank maintains a performance evaluation scheme to measure individual staff performance in both financial and non-financial aspects, we have emphasized in the remuneration system that adverse events in non-financial factors, including non-compliance with internal and regulatory standards, shall outweigh financial achievements. The result, after taking into account the relevant indicators of the severity of the impact to the Bank, may lead to reduction in variable remuneration.

To ensure expectations on anti-corruption and ethics are upheld, all employees must review and confirm they have understood the Bank's Code of Conduct, Whistleblowing Policy and Staff Handbook during onboarding. In addition, circulars of the Code of Conduct with highlights of key compliance and ethical matters are sent to all staff for their attention and acknowledgement on a biannual basis. Annual refresher training on relevant legal, regulatory and internal control requirements is delivered to all our staff to reinforce their understanding on our policies and reporting practices.

Members of senior management, including those on the Board, are trained regularly on anti-corruption. We also arrange anti-corruption training for all Directors on a regular basis as part of their continuous professional training program. In addition, newly appointed Directors are required to undergo an induction training program covering topics such as Director's duty regarding personally conferred benefits as stipulated under the Companies Ordinance.

RELEVANT ANTI-CORRUPTION AND ETHICAL MANAGEMENT POLICIES



Code of Conduct



Staff Handbook



Whistleblowing Policy

Compliance and Reporting

Trust in the financial sector cannot be taken for granted following past financial crises, the rapid transition to digital banking and the accompanying increase in cybercrime. A further rapid change is the impact of climate change on the economy, where our regulator, the HKMA, has Green and Sustainable Banking as an ongoing work priority. In Hong Kong and globally, enhanced reporting standards are being introduced to ensure businesses are orderly run and at a level playing field, and to provide decision-useful information to their stakeholders as the expectation on transparency and disclosure has been increasing.

CULTURE

Our Board is responsible for overseeing risk management and internal control systems including financial, operational and compliance controls and reviewing their effectiveness, while our management has to provide confirmation to the Board on the effectiveness of these systems.

Well-established organizational structure and comprehensive policies and procedures are in place for ensuring effective checks and balances, managing possible gaps in achieving business objectives, safeguarding assets against unauthorized use or disposition, maintaining proper accounting records and ensuring the reliability of financial information used within the business or for publication. The procedures are designed to ensure compliance with applicable laws, rules and regulations.

2021 PERFORMANCE

Aside from the achievements made as shown on the right, in January 2021, we also revised our Corporate Core Values to be in line with the Bank's updated strategic focuses. To enhance staff understanding of the updated desirable behavioral standards of each core value including integrity, a gamified learning module was rolled out to all staff. This was then followed by the launch of an integrity case sharing with an aim to reinforce the importance of integrity. Online training in relation to the Code of Conduct, which covers ethical standards and discipline, was also launched. All these initiatives are aimed at promoting a culture of doing the right thing that is particularly relevant to the financial sector.

Our directors attended various seminars on corporate governance organized by professional bodies. These included the Corporate Governance Series Forum and INED Forum, which covered compliance, and legislative and regulatory requirements surrounding the roles and responsibilities of directors.

For anti-corruption, we organized tailor-made training by the Hong Kong Independent Commission Against Corruption. It targeted on diverse range of staff from frontline to back-end support functions including branch managers, sales and risk management staff.

There were no misconduct incidents by staff and no convictions made against the Bank for non-compliance with laws and regulations relating to anti-corruption.

We recognize that we are operating in an era of heightened expectation on corporate transparency. As evidence of how we are proactively adapting, we are issuing our first sustainability report for 2021 including our inaugural disclosure in alignment with the recommendations of the TCFD.

PRIVACY AND CYBERSECURITY

Technology risk including cybersecurity is one of the key risks identified by our Bank. Data privacy and cybersecurity threats continue to evolve and escalate, and we must be proactive and prudent in our management of them to protect our Bank.

OUR APPROACH

Privacy Information Protection

All units have a responsibility to uphold the Bank's cybersecurity standards. Our security and privacy policies and procedures guide our practices to protect the personal data privacy of our stakeholders, including customers and employees in accordance with the provisions of the Personal Data (Privacy) Ordinance in Hong Kong, and relevant legislation in jurisdictions where we operate. Our standard procedure requires us to communicate to our customers, business partners and other parties on the purpose and necessity of any data collection, retention, or transfer.

Information Security

We have a cybersecurity program in place. This includes systems and procedures to detect and prevent attacks by hackers, as well as regular trainings and drills which are conducted to enhance the awareness of cybersecurity of our employees, stress the importance of data privacy and emphasize the need to comply with strict standards of security and confidentiality, including related Supervisory Policy Manual and Guidelines of the HKMA. Our suite of related polices and processes apply to all employees across all levels within the Bank.

2021 PERFORMANCE

Key enforcement parties and regulatory bodies[1] are regularly jointly conducting several drills with our Bank. For example, the Bank participated in an Ethical Phishing Email Campaign organized by the Hong Kong Police Force in May 2021 to gauge the organizational resilience against phishing attacks. 50 employees were randomly selected and emails imitating those sent with nefarious intent were sent. No employees clicked on the suspicious email links or attachments, representing commendable watchfulness and performance on behalf of the Bank.

Our Bank has been awarded a Cyber Security Enterprise Excellence Award in the 2021 Cyber Security Professionals Awards, in recognition of excellence in promoting and advocating cybersecurity, demonstrating good practices and high standards in cybersecurity preparedness.

[1] Cybersecurity and Technology Crime Bureau (CSTCB) of the Hong Kong Police Force, Government Computer Emergency Response Team Hong Kong (GovCERT.HK) and Hong Kong Computer Emergency Response Team Coordination Centre (HKCERT).

CUSTOMER RELATIONSHIP

"For Personalized Service" has been the ongoing principle that we operate by, and the Bank is committed to supporting customers regarding their financing and investment needs with service quality and professionalism.

處 處 為 您 着 想
For Personalized Service

OUR APPROACH

Customer Relationship Management

The Bank is committed to serving customers with fairness and integrity, and strictly adheres to the Code of Banking Practice. Business teams are required to refer to the Code of Banking Practice and other requirements when developing a new product/service, which is then reviewed and endorsed by Product/Service Governance Committee ("PGC") to ensure regulatory compliance and all inherent risks being assessed, so as to protect our customers as well as the Bank from such risks.

Selling Practices

We have in place Investment Products Selling Procedures which outline our practices in providing investment advice. When selling investment products, our employees are instructed to explain all required product information including product features and related risks, and to be impartial in customer communications.

We also have channels in place to receive and proactively handle customer complaints. Our Complaint Handling Procedures stipulate how feedback provided to the Bank can be handled in a professional and timely manner. Complaints would result in an investigation and an examination report as needed, along with appropriate follow-up actions for resolution.

2021 PERFORMANCE

There was no violation of fair banking and selling practices.

During the reporting period, the Bank received compliments from our customers that echoed the professionalism of our service, ranging from our teller services and digital application assistance, to providing clarity on our banking products. In 2021, we received 30 complaints regarding service standards, refund or compensation requests, and bank policy or practices. However only two of these were substantiated. The Bank respectfully acknowledged the substantiated complaints, and swiftly formulated remediation measures to prevent occurrences of similar nature in the future.

TALENT MANAGEMENT AND DEVELOPMENT

Human capital is one of the pillars that supports our Bank's business growth and success, and our ability to attract, engage, develop, deploy and retain the best diverse talent is critical for delivering premium and personalized customer experiences.

OUR APPROACH

Talent Management

We believe it is our purpose to empower employees to grow their skills and create impact at work. We place high importance on managing and developing talent, to uphold our competitiveness in the market by enhancing employees' competencies and enabling their full potential at work. In addition to developing our workforce, building a pipeline of talent and managing turnover are important components to maintain business continuity.

As a caring employer, we strive to attract and retain high-quality talent through competitive remuneration, industry-standard benefit coverage as well as family-friendly practices so as to maintain their and their families' wellbeing. In addition, we offer professional qualification subsidy scheme and scholarships to facilitate the building of employees' capabilities and professional competencies for their career development.



COMPETITIVE REMUNERATION, INDUSTRY-STANDARD BENEFIT COVERAGE



FAMILY-FRIENDLY PRACTICES



PROFESSIONAL QUALIFICATION SUBSIDY SCHEME AND SCHOLARSHIPS



Training and Development

We aim to build a pipeline of talent for key roles and leadership positions and ensure staff are equipped with necessary skillsets to excel in their job, in order to take both the staff and the Bank into the future. Our approach to talent management and development focuses on expanding, upskilling, and reskilling our workforce amid the fast and accelerated changing environment that the banking industry is experiencing.

We have in place several programs designed to ensure our employees and prospective talent working in the financial sector are equipped with the exposure and skills they need. Our High Potential Talent Development Program aims at enabling the identified high potential staff to cope with current and future challenges and rise to leadership positions. It is a 12 to 18-month program that may include job expansion, job rotations, on-the-job coaching mentoring, experience sharing with Senior Management as well as exclusive development activities. Our Graduate Trainee Program and Banking Talent Program are designed for young talent to build a solid foundation in the banking industry. University graduates are hired each year under these programs to build our talent pipeline.

We provide sustainable finance awareness training for employees with the aim to keep them abreast of the latest sustainability trends in the industry, and our shared commitment towards sustainability. Through continuous training to close knowledge and skill gaps, we are able to develop our talent and equip them with the most relevant and latest knowledge. Not only do these trainings help create a sustainable professional workforce, they also help improve our employee retention through better job satisfaction and morale. We keep track of the amount of training our employees receive, including sustainability-related training, and evaluate employees' performance through regular review.

Diversity and Equal Opportunities

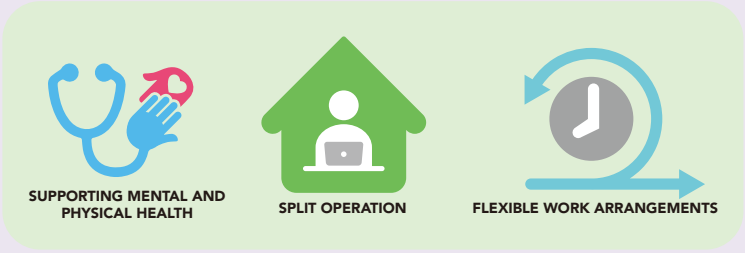
A safe, inclusive workplace and company culture is the basis for ensuring our employees are supported to achieve their best. We strive to cultivate a diverse and inclusive workplace by treating everyone equitably and eliminating discrimination and bias. We set the tone for the Bank's approach to Diversity and Inclusion through the implementation of our Equal Opportunity Policy.

We put considerable effort to raise awareness on different types of diversity, with a particular focus on gender diversity, and articulate our expectations in making the workplace inclusive for all. We embrace gender diversity within our workforce and strive to achieve gender balance at the executive and senior management level.

Occupational Health and Safety

We strive to create a culture of wellbeing that supports the various aspects of employees' physical, financial, mental/emotional and social needs to nurture thriving, secure, flourishing and connected employees.

In addition to cultivating an inclusive workplace, we also aim to support the physical and mental wellbeing of our staff and their families. Our Employee Assistance Program provides staff with counselling and stress management services to safeguard their mental health. In light of the ongoing pandemic, the Bank has closely assessed threats/risks in response to the latest situation and timely introduced a range of precautionary measures, including flexible work arrangements, shortened business and working hours, split operations, providing health and hygiene products, introducing vaccination leaves, etc. in order to protect our employees.



We cascade our Occupational Safety and Health guidelines to employees and proactively monitor the implementation of the guidelines. As part of this, we pay close attention to potential workplace hazards and develop respective preventive measures. Taking a step further, we strive to maintain sound indoor environmental quality such that our workplace is not only safe but also comfortable and welcoming to work in. In addition, we carry out precautionary measures including sanitation and cleaning routines and have received quality certifications for our indoor air quality. Our approach is designed to ensure we exceed the requirements of the Occupational Safety and Health Ordinance of Hong Kong.


環境保護署
ENVIRONMENTAL PROTECTION DEPARTMENT

Indoor Air Quality Certificate
(Excellent Class)
室內空氣質素檢定證書《卓越級》

Valid period 有效日期: 03 Apr 2021 to 至 02 Apr 2022

I hereby certify that the indoor air quality of the following location(s) has fully complied with the Excellent Class of the Indoor Air Quality Objectives.
本人證明下列地點的室內空氣質素完全符合「卓越級」室內空氣質素指標。

Name of building 建築物名稱: Shanghai Commercial Bank Tower 上海商業銀行大廈
Address 地址: 12 Queen's Road Central, Central 中環皇后大道中12號
Certified location(s) 已檢定地點: Office Area from 4/F to 27/F 4-27樓辦公室

Approved HKIAS IAQ Signatory 香港認可處核準室內空氣質素簽署人員
Name 姓名: Shek Ka Wing
IAQ Certificate Issuing Body 室內空氣質素證書簽發機構: CMA Industrial Development Foundation Limited
Signature 簽署:
Date of issue 簽發日期: 22 Mar 2021
Certificate No. 證書編號: 754412322021O3(2019)

Organization Chop 機構印鑑

(This certificate is issued based on the results of the HKIAS endorsed inspection report no. AA60107909) (此證書是根據香港檢驗機構認可計劃檢驗報告編號 AA60107909 所得之結果發出)

Indoor Air Quality Certification Scheme for Offices and Public Places 辦公室及公眾場所室內空氣質素檢定計劃

Indoor Air Quality Information Centre 室內空氣質素資訊中心

環境保護署
ENVIRONMENTAL PROTECTION DEPARTMENT

Indoor Air Quality Certificate
(Good Class)
室內空氣質素檢定證書《良好級》

Valid period 有效日期: 03 Apr 2021 to 至 02 Apr 2022

I hereby certify that the indoor air quality of the following location(s) has fully complied with the Good Class of the Indoor Air Quality Objectives.
本人證明下列地點的室內空氣質素完全符合「良好級」室內空氣質素指標。

Name of building 建築物名稱: Shanghai Commercial Bank Tower 上海商業銀行大廈
Address 地址: 12 Queen's Road Central, Central 中環皇后大道中12號
Certified location(s) 已檢定地點: Retail Area from B/F to 3/F 地庫至3樓商店

Approved HKIAS IAQ Signatory 香港認可處核準室內空氣質素簽署人員
Name 姓名: Shek Ka Wing
IAQ Certificate Issuing Body 室內空氣質素證書簽發機構: CMA Industrial Development Foundation Limited
Signature 簽署:
Date of issue 簽發日期: 22 Mar 2021
Certificate No. 證書編號: 754312322021O3(2021)

Organization Chop 機構印鑑

(This certificate is issued based on the results of the HKIAS endorsed inspection report no. AA60110710) (此證書是根據香港檢驗機構認可計劃檢驗報告編號 AA60110710 所得之結果發出)

Indoor Air Quality Certification Scheme for Offices and Public Places 辦公室及公眾場所室內空氣質素檢定計劃

Indoor Air Quality Information Centre 室內空氣質素資訊中心

Awarded the Indoor Air Quality Certificates for Shanghai Commercial Bank Tower by the Environmental Protection Department of Hong Kong Government

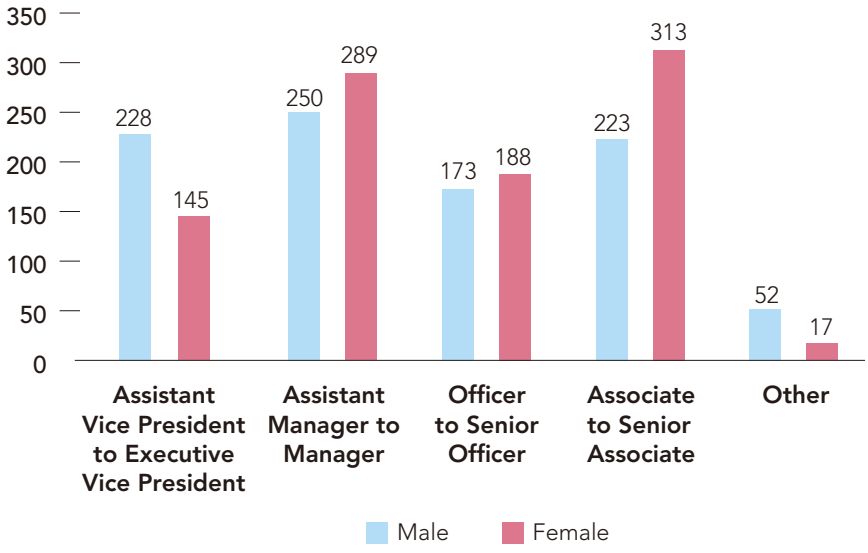
Our Business Continuity Plan is in place to swiftly tackle exceptional challenges that the Bank could face during incidences of emergency, crisis, or grave mishap, to safeguard our staff and the Bank, apart from our customers. During the social unrest experienced locally in Hong Kong and the COVID-19 outbreak, the Bank and its overseas branches implemented various measures to safeguard our workforce and our customers. Our Crisis Management Team comprising members from management was mobilized readily during those periods, to make plans and decisions towards staff and bank premises protection and risks mitigation as the incidents developed.

2021 PERFORMANCE

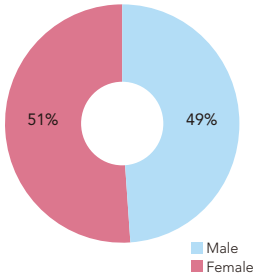
Our total headcount stood at 1,872[2] as of 31 December, 2021 and we continue to make efforts to attract local talent. Age distribution of our employees was diverse with 90% located in Hong Kong.

With the aim of maintaining a balanced workforce gender mix, we ended 2021 with an overall headcount of 952 women across the workforce, reflecting a gender ratio of 97 males per 100 females. We will explore initiatives to continue to expand female representation in leadership going forward.

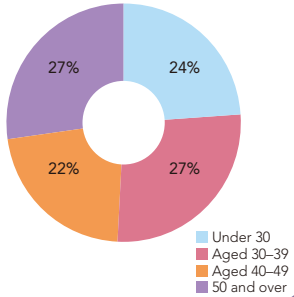
BREAKDOWN OF EMPLOYEES BY CORPORATE TITLE AND GENDER



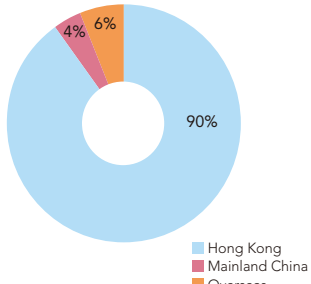
PERCENTAGE OF EMPLOYEES BY GENDER



BREAKDOWN OF EMPLOYEES BY AGE GROUP



BREAKDOWN OF EMPLOYEES BY GEOGRAPHY

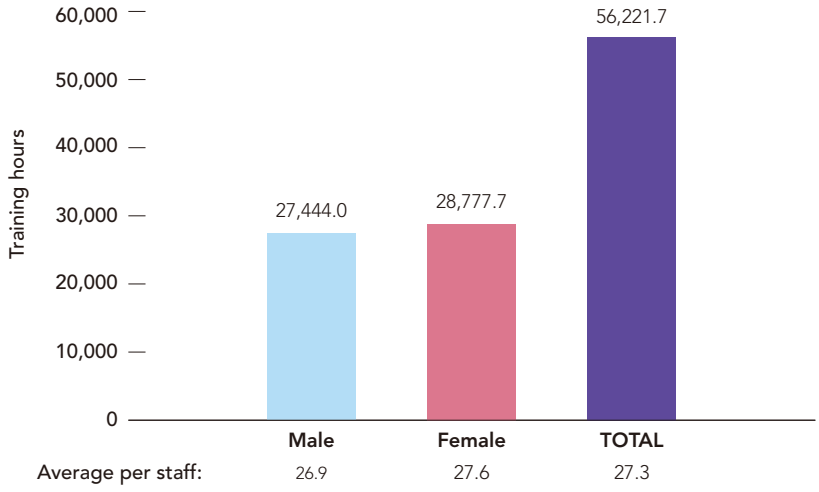


We prioritized the elimination of workplace hazards this year and enhanced our process to monitor lost time from injury with a view to setting a target for work-related lost days. Work-related injury resulted in 20 lost days across all our operations in 2021, an increase of 11 days from the year prior.

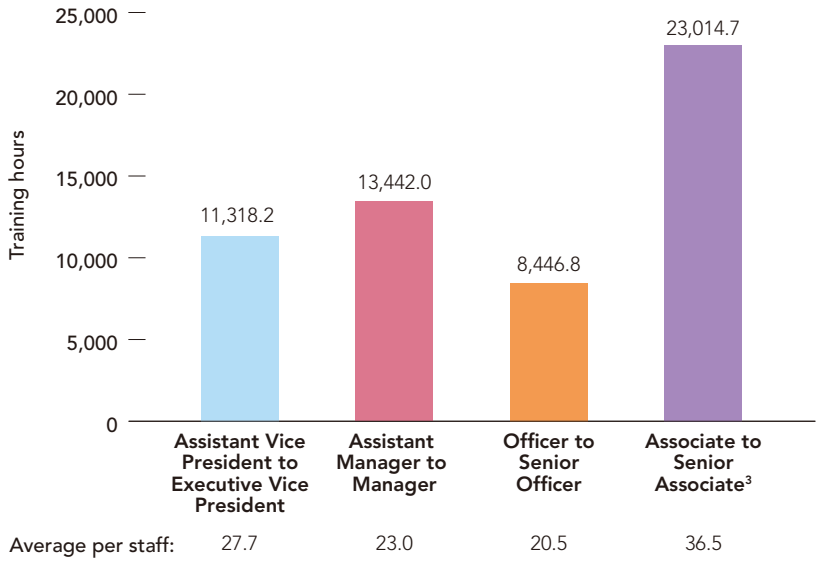
[2] The total headcount excludes 6 part time employees.

In 2021, we provided an average of over 27 training hours per staff member. The training was focused on Customer Service and Relationship Management, Business and Operations, Regulatory Training, Change Management, Digital Transformation, etc. Our colleagues also joined various trainings and seminars offered by external consultants to provide a fundamental awareness of sustainable finance and climate-related risks and opportunities for our industry. These included sessions by The Alliance for Green Commercial Banks (co-launched by the HKMA and International Finance Corporation), Asia Securities Industry & Financial Markets Association, Hong Kong Cyberport, and Hong Kong Quality Assurance Agency. The sessions covered notable topics ranging across green financing, risk management, and data literacy.

BREAKDOWN OF TOTAL TRAINING HOURS BY GENDER



BREAKDOWN OF TOTAL TRAINING HOURS BY CORPORATE TITLE



[3] The training hours of non-clerical staff are included.

COMMUNITY INVESTMENT

Contributing to society-wide improvement initiatives such as environmentalism and socio-economic equality requires cross-sector collaboration. With roots in Hong Kong for more than 70 years, we leverage our strong local relationships to deliver and participate in community investment programs that ensure we are serving the community and adding value beyond our financial services.

OUR APPROACH

Community Investment

We actively fulfill our corporate social responsibilities by participating in volunteer services and charitable activities, donating to numerous charitable and educational organizations, advocating for environmental and social causes, and improving the wellbeing and work-life balance of our staff. As defined in the Bank's Guideline on Community Investment, our philanthropic contributions include monetary and in-kind donations, and initiatives are centered around the following three focus areas:

Environment	Supporting environmental conservation in the communities and promoting sustainability practices across the Bank
Youth Development	Nurturing future leaders by providing academic scholarships and building their capabilities
Community Care	Contributing to and improving community life for those in need, including children, the elderly, persons with disabilities, and others

We collaborate with strategic NGO partners, targeting community engagement efforts that align with our focus areas and that are impactful to the community.

In recognition of the Bank's enduring efforts in supporting local communities and the unwavering commitment to corporate citizenship, we continued to receive the "10 Years Plus Caring Company" award from the Hong Kong Council of Social Service, marking the 13th consecutive year that we received this recognition.

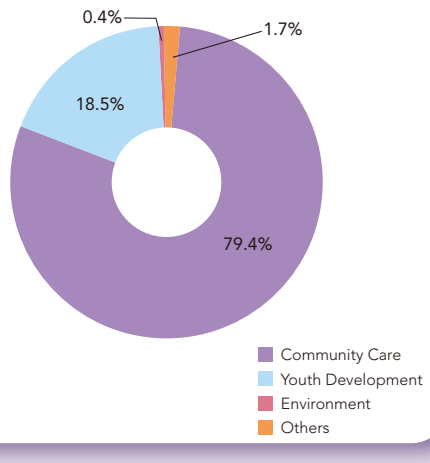
While COVID-19 continues to affect all walks of life in our communities, we have maintained our steadfast commitments and support to our long-standing NGO partners such as Pok Oi Hospital, Po Leung Kuk, and the Community Chest of Hong Kong. For instance, Pok Oi's "Elderly Dreams Come True Program" was a new initiative designed to provide targeted assistance to the elderly in need and help those most affected by the pandemic.

As we continue to deepen our community investments and staff engagements on various fronts, we are optimistic that together we can create lasting change and build a sustainable future.

2021 PERFORMANCE

During the reporting period, we contributed more than HK$10 million in monetary donations to our NGO partners. As the virus spread in Hong Kong with social distancing and shutdown measures enacted, we continued to provide support by adopting an innovative approach through virtual participation. Throughout the year, we sponsored and participated in various virtual charity sports events aimed at helping participants maintain health and wellbeing. Moving online, we have created new opportunities, and ultimately succeeded in engaging more individuals including our colleagues and their family members.

PHILANTHROPIC FOCUS BY CATEGORY



Environment



In 2021, the Bank's Staff Volunteering Team spent a total of 2,291 hours on volunteering activities.

Youth Development

Our employees actively volunteered at a variety of events, such as Green Council's International Coastal Clean-up and The Hong Kong Association of Banks' Smart Financial Education Workshop. We also organized, sponsored or participated in a wide range of fundraising activities including our Shanghai Commercial Pok Oi Virtual Cycle for Millions and Shanghai Commercial Bank x Silver Lining Charity Basketball Tournament.



Community Care



We engaged our employees and collaborated with Pok Oi Hospital to transform its virtual cycling event to a bank-wide sports program, namely "Together We Move" (「全民齊動企劃」). Staff were invited to join virtual cycling and running competitions, as well as other games, to raise funds for charity.

Others – Arts & Culture

The outbreak of COVID-19 has adversely affected many people's physical and mental health, especially the elderly. The Bank has joined forces with Pok Oi Hospital in launching the "Dreams Come True for the Elderly Program" (「長者夢想成真計劃」) to help them fulfill their dreams. By making their wishes come true, we bring joy to the elderly and spread a positive message in the community.



SUSTAINABLE/GREEN AND INCLUSIVE FINANCE



While the concept of environmental and social responsibilities has existed for some time, it has now developed into a major trend in finance, particularly as there are growing expectations for the banking industry to support the transition towards a sustainable economy. There are tailwinds for developing the green industry with growing demand for eco-friendly consumer products and new technologies required to reach net-zero carbon emissions.

As a bank that bears a strong sense of purpose and has the advantage of being based in a leading global financial center, we recognize our role in enabling companies to participate in the transition to a low-carbon economy.



OUR APPROACH

Green and Sustainable Banking

Shanghai Commercial Bank supports the transition to a low-carbon economy and caters to customers' financing and investing needs by offering sustainability-related products, while applying sustainable philosophies in its own portfolio.

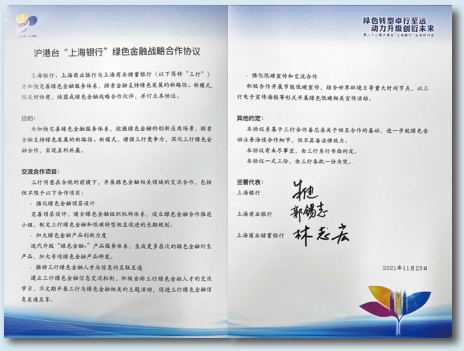
The 5-year Plan for Corporate Banking outlines our plan to explore opportunities to participate in ESG-related syndication loans.

To support customers' investment needs, our Retail Banking has been offering ESG funds and green bonds apart from conventional wealth management products for several years. We have already built our product shelf which includes around 36 ESG funds and green bonds.

Our efforts to promote sustainable finance are not limited to the services we provide to our customers. We apply sustainable finance principles to our own Treasury activities, particularly through the investment portfolio.

Drawing upon the Bank's strategic alliance with Bank of Shanghai in Mainland China and The Shanghai Commercial & Savings Bank in Taiwan, we provide products and services to our customers that better suit their needs across the geographical regions through in-bound and out-bound referrals. At the tripartite annual conference held in November 2021, the chief executives of the three banks jointly signed the Green Finance Strategic Cooperation Agreement, pledging to secure new syndicated loans offered to green industries, and to launch additional green products such as bonds and funds. The alliance also pledges to jointly organize information and educational sessions to promote ESG and green products.





The three Shanghai Banks signed the Green Finance Strategic Cooperation Agreement during the 22nd tripartite annual conference

Inclusive Finance

For SMEs, our niche is to provide tailored solutions and to better serve SME customers, driving our effort to serve our community and promote inclusive finance. In the short run, it entails focusing our efforts on enhancing existing infrastructure and channels. This includes building on the Hong Kong Government's SME Financing Guarantee Scheme. We target industries such as green-related sectors, start-ups and technology, healthcare, as well as sectors such as imports and exports, and wholesale and retail trade. In the long run, we will leverage new platforms of the Bank, such as the Corporate Banking Mobile App and the HKMA's Commercial Data Interchange, and alternative data to provide innovative and differentiated services that support the development of SME business.



On broader sustainability issues and around financial inclusion, we seek to improve financial access for physically or socio-economically disadvantaged groups through our services and education of customers.

The Bank continually strives to promote financial inclusion through Retail Banking. Our branches are built with barrier-free design concepts, with ramps and meeting rooms to support customers with special needs. Voice-navigation ATMs have also been installed at various branches to support and serve visually impaired customers.

We have tailored the manner in which we provide services to senior citizens. A range of service charges, including check issuance fees, are waived for senior citizens. Senior citizen customers can also enjoy usage of priority counters at our branches. To improve their access to our mobile payment service to perform small-value fund transfers through Faster Payment System, the font size of our "Shacom Pay" mobile app has been optimized.



Wheelchair access to our Tung Chung Branch



Our branches welcome guide dogs and provide assistive listening systems



We provide priority service for physically and socio-economically disadvantaged groups and other customers in need

2021 PERFORMANCE

In 2021, the Bank approved participation in ESG-related syndicated lending. In addition, we successfully leveraged our tri-bank alliance and participated in offering a total of US$13 million in new syndicated loans targeting green industries.

The Bank also launched new ESG products, pushing the total number of ESG products on shelf to 36. Our product selection covers 16 ESG funds and 20 green bonds. We also paired these launches up with an internal Sales Education and Motivation Program to encourage our sales team to introduce such ESG investment opportunities to customers.

ESG-RELATED SYNDICATED LENDING

ESG AWARENESS
- ESG fund promotion
- ESG investment seminars

NEW ESG PRODUCTS

RETIREMENT PRODUCTS
- Silver bonds
- Reverse mortgages
- HKMC Annuity Plan

TREASURY
HK$2.1 BILLION GREEN BONDS

These initiatives were coupled with awareness campaigns conducted throughout the year. In 2021, the Bank launched an "ESG Funds Promotion" campaign targeting individual and corporate customers. As part of this promotion, subscriptions to specific ESG funds through the Bank during the promotion period were matched, with a certain donation amount to World Wildlife Fund Hong Kong. In March and October 2021, we hosted online ESG investment seminars for customers to educate and foster ESG awareness. Apart from supporting our customers, we also actively engaged our own staff through gamification events, where staff were quizzed on ESG topics such as low-carbon living.



To help facilitate retirement life planning for customers, we actively promoted retirement products of the Hong Kong Government and Hong Kong Mortgage Corporation ("HKMC") in our Retail Banking. These include silver bonds, reverse mortgages, as well as the HKMC Annuity Plan. Apart from our efforts to support elderly customers, we have also launched procedures for serving persons with intellectual disabilities.

Our Treasury held HK$2.1 billion in green bonds in 2021, a notable increase when compared to HK$1.3 billion in 2020. Going forward, Treasury will continue to actively invest in green bonds.

DIGITAL FINANCE AND SERVICE INNOVATION

With technological advancement, digitalization in financial services describes the banking world of tomorrow whose arrival is imminent. Digitalization makes our services not only more convenient and secure for our customers but also more efficient, environmentally friendly, and accessible to a broader population.

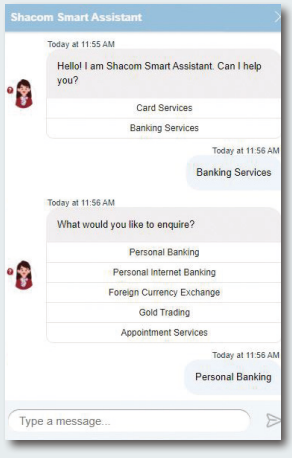
OUR APPROACH

Digital Finance and Service Innovation

Dedicated efforts are being made at Shanghai Commercial Bank to digitalize its services. The Digital Transformation Committee ("DTC") was established by the Board of Directors in April 2021 with the vision of formulating and executing digital strategies to provide personalized trustworthy financial services. The DTC reports regularly to the Executive Committee, which in turn reports regularly to the Board of Directors. Furthermore, the Digital Transformation Office was established to oversee the implementation of said strategies and initiatives.

The DTC brings together a cross-functional team consisting of senior management from functions such as Retail Banking, Corporate Banking, and Information Technology & Operations to oversee the Bank's digital transformation strategy and initiatives relevant to fintech. The Committee is entrusted with not only deliberating investment decisions relating to digital transformation but also driving the digital culture across the Bank, encapsulated by a 3-year plan on fintech adoption to achieve initiatives covering customer experience, operational efficiency, risk management and monitoring, and big data usage.

2021 PERFORMANCE



During the reporting period, we made progress in our initiatives around customer experience and operational efficiency.

We implemented a chatbot for customer service via live chat. Such text-based customer service enables us to provide timely assistance to our retail customers including those with hearing disabilities.

Shacom Smart Assistant is available on our official website to address customers' products and banking enquiries anytime

In the second quarter of 2021, we rolled our Remote Account Opening App. Retail customers are now able to open a bank account through an app-based function without the need to physically visit a branch.



With the purpose of streamlining the account opening process across our branch network, we have been developing an Account Opening Platform for both retail and corporate clients. This will shorten the time required for opening accounts, which in turn will improve customer satisfaction and bring added benefits to the environment by reducing paper consumption. Preparations are complete, and the Platform is being launched in 2022 by phases.

Going forward, the Bank plans to introduce AI-enabled big data analytics for more personalized banking services. This includes customizing our service offerings, marketing and promotions, and relationship management for different customer segments, which we hope will lead to elevated levels of convenience and user experience for customers.

CLIMATE CHANGE RESPONSE

Climate change has become an undeniable global phenomenon. Extreme weather events, one of the consequences of climate change, have become noticeable and have already brought about enormous social and economic costs in the past decade. According to the World Economic Forum, extreme weather events accounted for nearly US$2.5 trillion in losses around the globe in the decade between 2011 and 2020.[4]

Climate change is playing an increasingly salient role in regulation and disclosure, as demonstrated by the emphasis of regulators around the world including the HKMA for banks to incorporate climate risk and response thereof in their business. The Bank recognizes the urgency with which to act on climate change and has allocated resources accordingly to adopt a tailored response as described below.

OUR APPROACH

Climate Change Response

Climate risk is embedded throughout our overall sustainability strategy. The Sustainability Working Group meets regularly and leads our efforts to ensure climate change is incorporated in relevant frameworks, processes, and discussions at the Bank.

We regularly engage with authorities such as the HKMA to stay up to date on trends impacting our industry and to identify appropriate measures. We have also developed an established framework for scenario analysis to specifically assess the two risk types of physical risk and transition risk. Our approach to identify and manage risks related to climate change is further documented in our TCFD disclosure in the section below.

2021 PERFORMANCE

During the reporting period, we participated in the HKMA's pilot exercise on CRST. With the aim of assessing the Bank's physical and transition risks from climate change, the Bank contributed to the understanding of climate resilience of the banking sector as a whole in Hong Kong through this exercise. Based on our scenario analysis framework, we quantified the inherent risk in our loans and advances, bonds, and equities portfolio, as well as collateral and operational impact to the Bank. Details of the results are disclosed in the TCFD section. Going forward, we will institutionalize the process to conduct stress testing and climate risk exposure monitoring on a regular basis.

A Climate Risk Appetite Statement, with key principles of monitoring the integration of climate risk governance and measures, risk exposures in particular to carbon-intensive sectors, as well as vulnerability and resilience to climate stress, will be set up accordingly in 2022. We are also in the process of improving our climate risk management framework, starting with better understanding of the potential impact of climate risk on our customers. For example, we have devised an information collection template to assess our clients' management of climate risk who have newly on-boarded as part of the Know-Your-Customer ("KYC") process. We are also working with the PGC to incorporate sustainability assessment, apart from the conventional risk assessment, into the process of introducing new products and services.

[4] Katharina Buchholz, "Climate change: This is the impact of extreme weather events on the economy," *World Economic Forum*, September 10, 2021, https://www.weforum.org/agenda/2021/09/extreme-weather-events-show-that-climate-change-comes-at-a-cost.

SHANGHAI COMMERCIAL BANK TCFD REPORT

Climate change is a unique type of risk as its adverse impacts have a high likelihood of materializing, the magnitude of which would affect businesses globally and persistently increase unless swift action is taken. The banking industry is not immune to the impact. Recognizing that the banks play a critical role in facilitating other industries to respond to climate change and build their own climate resilience, we have the following governance, strategy, risk management, and measurement processes in place with respect to climate change.



GOVERNANCE



STRATEGY



RISK MANAGEMENT



METRICS AND TARGETS



Governance

Our Board takes a holistic approach on sustainability-related matters and combating climate change. It reviews and approves the Bank's sustainability strategy, priorities, and goals that are in line with the vision of the Bank, as well as the approach to disclosure of sustainability-related information in view of global sustainability reporting standards and local regulatory requirements.

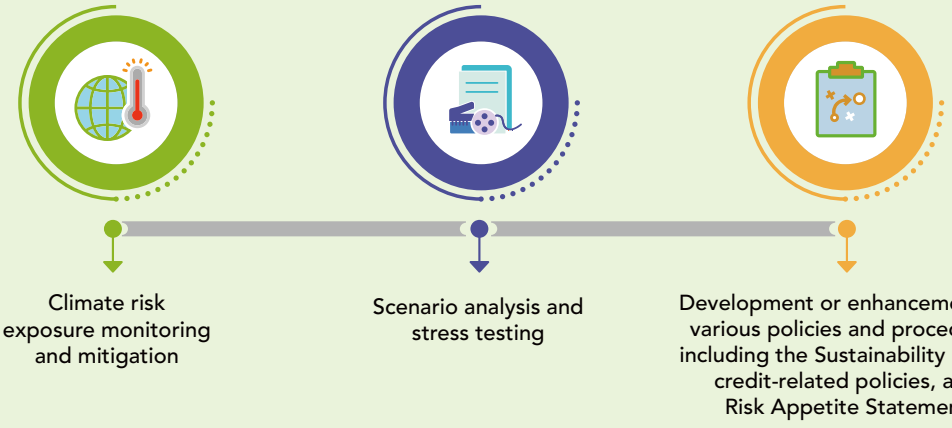
The Board has delegated its authority to the Risk Committee and Sustainability Committee in addressing climate-related issues and sustainability. Our management plays an active role in managing sustainability topics including climate change. Through the HKMA pilot CRST program, the Chief Risk Officer, together with the Risk Management Division, led our Bank's efforts to begin implementing risk assessment and mitigation measures according to regulatory guidance. On the other hand, the Sustainability Working Group is also dedicated to addressing matters relating to the climate resilience of the Bank, from its support on climate risk management initiatives, to establishing policies and procedures and framework, and conducting climate risk monitoring with respect to internal and regulatory compliance.

Strategy

The Bank addresses climate change through the two focus areas of Sustainable/Green Operations, and Sustainable/Green and Inclusive Finance as described in other parts of this report. Through focusing on Sustainable/Green Operations, we seek to minimize the Bank's own carbon footprint related to climate change. We have committed to set Scope 1 and 2 emissions reduction targets, and details of our approach to carbon management are provided in the Sustainable/Green Operations section. Through Sustainable/Green and Inclusive Finance, we aspire to play an enabling role in transitioning to a low-carbon economy. As detailed in previous sections, we are employing a range of financial products and services to help our customers build resilience to and take part in opportunities from climate change.

To mitigate and better manage climate-related financial risks and build climate resilience, the Bank is also establishing its climate risk management framework and processes, beginning with the setup of a Climate Risk Appetite Statement. The framework will also comprise formalized regular credit assessment of the Bank's portfolio on climate risk exposure. This will be complemented by a sustainability assessment that will be embedded as new products and services are introduced. Most importantly, a process to ensure compliance with regulatory requirements regarding climate risk management will be included.

The Bank participated in the HKMA's pilot climate risk stress testing exercise in 2021. We applied climate scenarios to assess the potential vulnerability of the Bank's financial position, largely in terms of profitability and capital adequacy, to stressed business conditions brought about by climate change. Insights gained from the assessment and results of this exercise are being utilized to aid us in establishing the climate risk management framework. We are currently institutionalizing:



Risk Management

We have attempted to estimate our exposure to climate risk by first determining which industries lead to high carbon emissions. Adopting the guideline stipulated in the HKMA's pilot climate risk stress testing exercise, the following 7 high carbon emission industry sectors were treated as the focus for analysis:



Energy | Utilities | Metals and Mining | Manufacturing | Property Development | Construction | Transportation

Using a bottom-up approach of risk assessment by evaluating the impacts of transition risk on counterparty level, then aggregating individual risks to a consolidated view, we estimated our exposures to carbon-intensive industries. We identified the risk factors such as carbon price and energy consumption according to the parameters defined by the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") and assessed the corresponding financial impact on each obligor through three key transmission channels, including the changes in supply chain, operation/asset and market aspects.

Transition risk analysis

Based on regulatory guidelines for climate risk management, the Bank performed the transition risk analysis and evaluated the corresponding financial impact by taking into account a representative scenario developed by NGFS, namely the "disorderly" scenario.

The disorderly scenario lays out the transition pathways for reaching a given climate outcome under certain policy actions and technology evolvement, which assumes the global economy will go through a challenging pathway in meeting the Paris Agreement targets, i.e., limiting global warming to well below 2°C (as compared to pre-industrial levels) within this century and pursuing efforts to limit it to 1.5°C. Under this scenario, climate policies will be introduced only in 2030, leading to abrupt changes in energy consumption patterns and a surge in carbon price. Industry sectors with high carbon emissions are expected to be severely affected by this scenario.

For each of the Bank's portfolio under the scope of analysis (i.e., loans and advances, debt securities, and trading equities portfolio), the 7 high-carbon industries were assessed. The total impact on capital adequacy ratio ("CAR") arising from these portfolios remains insignificant at less than 1%, particularly given the loans and advances portfolio have limited exposure to highly impacted sectors such as Energy and Utilities.

TRANSITION RISK IMPACT



Physical risk analysis

The Bank developed a scenario in accordance with the HKMA's guidance for assessing the impact of physical risk on the banking industry, which was made in reference to the Representative Concentration Pathways ("RCP") published by the Intergovernmental Panel on Climate Change ("IPCC"). In the process, the temperature and mean sea level projections by the Hong Kong Observatory, as well as the RCP 8.5 scenario as defined by IPCC are referenced for modelling the hypothetical climate situations for Hong Kong and other regions respectively. We leveraged the projections between 2051 and 2060, in combination with extreme weather projections for rainfall, as well as rise in sea level under a set of tropical cyclone events.

Based on this scenario, we assessed physical risk in terms of impact on collateralized loans and advances, property investment, and operational losses arising from extreme weather events such as tropical cyclones and flooding across key locations where the Bank operates[5]. Risk was quantified based on impacted value of physical property and expected business disruptions. At an aggregate level, the impact on the Bank's CAR due to physical risk is insignificant at less than 1%.



Specifically, for the loans and advances portfolio, the results show that value of collaterals in Hong Kong and Mainland China would be most impacted, compared with those in the U.K. and the U.S. The most significant driver of physical risk damage among different hazards was flooding, contributing to over 90% of total damage. Compared with the U.K. and the U.S., Hong Kong and Mainland China together experienced larger impacts from tropical cyclone and landslide risk. The ultimate impact of potential physical loss in the loans and advances portfolio on CAR, however, is minimal, as the Bank's portfolio is well-collateralized.

The physical risk attributed to property investment relative to the Bank's capital is limited, with a lower contribution to the total decline in CAR. Compared with the Bank's loans and advances portfolio and property investment activities, operational losses pose a relatively higher risk, due in large part to business disruptions such as to trading activities; nonetheless, the resulting CAR impact is still insignificant.

[5] Including Hong Kong, Mainland China, the U.K., and the U.S. for loans and advances and operational losses. Property investment solely refers to property in Shanghai Commercial Bank Tower in Hong Kong.



Monitoring

The climate risk exposure of the Bank's portfolios will be measured and reported regularly at quarterly intervals to the management and Risk Committee starting in 2022. Scenario analysis and stress testing will be conducted regularly, albeit at a lower frequency than that of exposure monitoring, to assess the Bank's vulnerability under different climate scenarios and thereby facilitate developing plans to reduce the potential adverse impact that is identified.

To strengthen our management of climate risk, we are currently in the process of implementing a new climate risk management framework, as stated in the above "Strategy" section. In accordance with the HKMA's Supervisory Policy Manual GS-1 on climate risk management, this framework will govern how the Bank will monitor and mitigate against risks around a set of policies and protocols that specifically address climate change. Related initiatives include but are not limited to enhancements in reporting and physical risk visualization. The implementation will also drive further integration with the Bank's organization-wide risk management approach and existing processes, such as those relating to data acquisition and credit assessment. This framework is expected to be completed in 2022. Furthermore, policies including but not limited to the Risk Appetite Statement, are in the process of being enhanced to include climate risk management elements with expected completion within 2022.

Metrics and Targets

To support the transition toward a sustainable economy and manage the arising risks and opportunities, the Bank is developing plans and performance targets for its business activities.

FOR THE CORPORATE BANKING BUSINESS, WE ARE IN THE PROCESS TO



Help build up more green assets by participating in green syndicated loans



Consider limiting our brown industry loan offering



Support more funding to green industries

FOR THE RETAIL BANKING BUSINESS, WE ARE DETERMINED TO



Offer and place more green products such as ESG/green bonds and funds on the product shelf

IN TERMS OF TREASURY INVESTMENT, WE HAVE PLEDGED TO



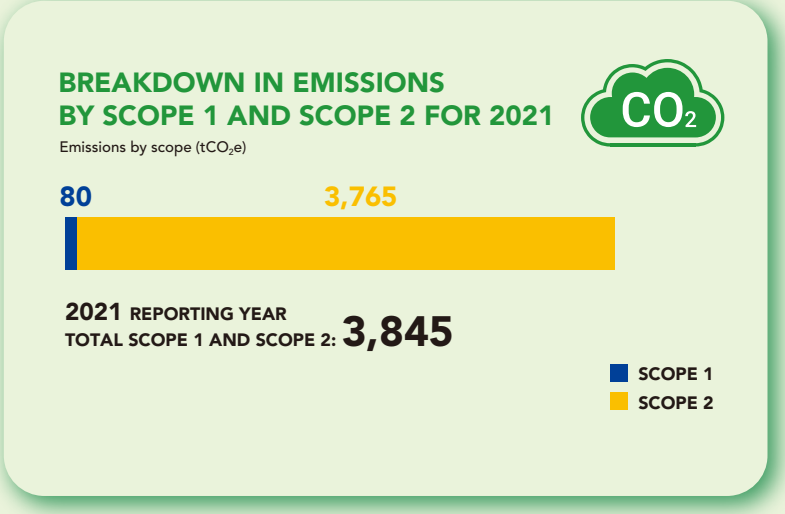
Acquire more green bonds



Support our government's initiatives through participating in its green bond offering

To further our efforts in participating in green syndicated loans and offering green products, we are also leveraging our tri-bank strategic alliance to serve our joint customers.

As described above, we have quantified our climate-related risks through our exposure to high-carbon industries and a stress test on the Bank's relevant assets. With respect to our Bank's direct and indirect impact on emissions, we categorize our emissions in accordance with the GHG Protocol. The total Scope 1 and Scope 2 emissions[6] during the reporting period were 3,845 tCO_2e. The table below provides a further breakdown by Scope 1 and Scope 2.



Building on the aspirations for our new sustainability strategy, we have committed to set quantitative targets for GHG emissions and energy and paper usage. Furthermore, as introduced in our Climate Change Response section, we are making improvements to better measure our clients' management of climate risk. Such efforts to upgrade the KYC process, combined with updates to our product governance, will allow climate risk to be further embedded into the broader set of risk management mechanisms.

[6] Scope 1 GHG emissions are direct emissions such as from the combustion of fuels in motor vehicles of the Bank. Scope 2 GHG emissions are indirect emissions mainly resulting from the generation of purchased energy.

OUR PERFORMANCE

ECONOMIC PERFORMANCE

CATEGORY	2021 (HKD million)	2020 (HKD million)
Direct economic value generated and distributed		
Revenue	5,462.1	5,306.0
Operating costs	564.0	567.4
Employee compensation and benefits	1,079.1	1,001.6
Payment to providers of capital	505.8	503.4
Payments to government in **Hong Kong**	339.4	367.5
Payments to government in **Mainland China**	50.3	53.9
Payments to government in **Overseas**	289.5	250.0
Economic value retained	2,623.7	2,553.5
Total financial donations to charitable organizations	10.3	8.7

ENVIRONMENTAL PERFORMANCE

Energy, water, air emissions and carbon emissions

HKEX KPI	INDICATOR	Unit	2021	2020
Energy				
KPI A2.1	**Total direct and indirect energy consumption by type**			
	Total energy consumption	'000 kilowatt hours (kWh)	8,264.76	8,501.04
	Total electricity consumption	'000 kWh	7,962.14	8,194.92
	Total heating purchased for consumption	'000 kWh	–	–
	Total cooling purchased for consumption	'000 kWh	–	–
	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	'000 kWh	302.62	306.12
	Total fuel consumption from renewable sources	'000 kWh	–	–
KPI A2.1	**Overall energy intensity of the Group**			
	by Gross Floor Area	kWh/m^2	0.16	0.16
Water				
KPI A2.2	**Water consumption**			
	Total consumption of municipal fresh water	m^3	12,684.57	10,340.12
	Water intensity			
	per square metre of GFA	m^3/m^2	0.25	0.20

HKEX KPI	INDICATOR	Unit	2021	2020
Air emissions				
KPI A1.1	**Emissions from gaseous fuel consumption**			
	Nitrogen Oxide (NOx)	kilograms (kg)	0.73	0.46
	Sulphur Oxide (SOx)	kg	0.0037	0.0023
	Emissions from vehicles			
	NOx	kg	25.34	31.84
	SOx	kg	0.39	0.42
	Particulate matter (PM)	kg	2.05	2.65
Carbon emissions				
KPI A1.2	**Total greenhouse gas (GHG) emissions in Hong Kong**			
	Scope 1 emissions	tonnes CO_2 equivalent (CO_2e)	80.19	82.70
	Scope 2 emissions	tonnes CO_2e	3,474.60	3,360.78
	Scope 1 & 2 emissions	tonnes CO_2e	3,554.79	3,443.48
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.08	0.07
KPI A1.2	**Total GHG emissions in Mainland China**			
	Scope 1 emissions	tonnes CO_2 equivalent (CO_2e)	–	–
	Scope 2 emissions	tonnes CO_2e	112.15	101.86
	Scope 1 & 2 emissions	tonnes CO_2e	112.15	101.86
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.04	0.04
KPI A1.2	**Total GHG emissions from Overseas**			
	Scope 1 emissions	tonnes CO_2 equivalent (CO_2e)	–	–
	Scope 2 emissions	tonnes CO_2e	178.08	236.10
	Scope 1 & 2 emissions	tonnes CO_2e	178.08	236.10
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.05	0.07
KPI A1.2	**Total GHG emissions of Shanghai Commercial Bank**			
	Scope 1 emissions	tonnes CO_2 equivalent (CO_2e)	80.19	82.70
	Scope 2 emissions	tonnes CO_2e	3,764.83	3,698.75
	Scope 1 & 2 emissions	tonnes CO_2e	3,845.03	3,781.44
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.07	0.07

Materials use and waste

HKEX KPI	INDICATOR	Unit	2021	2020
KPI A1.4	Paper consumption	tonnes	125.86	132.66
	Paper recycled	tonnes	120.27	111.21
	Other recycled (printer cartridges)	tonnes	0.52	0.49
KPI A1.4	Paper waste intensity	kg per full-time employee per year	64.25	58.66

Notes

- Scope 1 and 2 GHG emissions were estimated according to the Stock Exchange's How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs and the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition). Calculations use IPCC Sixth Assessment Report (AR6) Global Warming Potential figures where relevant.
- Scope 2 GHG emissions are calculated based on electricity and Towngas consumed, as well as the corresponding market-based emission factors as provided by the utility companies in Hong Kong and overseas energy organizations. Where market-based emission factors are not available, calculations use location-based factors.
- The increase in water consumption was contributed by less remote working by the workforce during the year.
- Recycled paper data only includes copy paper and IT paper, our most material paper types.

WORKFORCE DATA

Employees by gender and age

HKEX KPI	EMPLOYEES BY GENDER AND AGE	TOTAL	MALE	FEMALE	UNDER 30	AGED 30-39	AGED 40-49	50 AND OVER
KPI B1.1	Overall	1,878	926	952	449	507	418	504
	Hong Kong	1,692	846	846	413	438	376	465
	Mainland China	70	28	42	12	45	12	1
	Overseas	116	52	64	24	24	30	38

Note

- The numbers include 6 part time employees. More details can be found in the "Employee by contract type" table.

Employees by contract type

HKEX KPI	LOCATION	PERMANENT CONTRACT	FIXED TERM/ TEMPORARY CONTRACT	FULL TIME	PART TIME
KPI B1.1	Hong Kong	1,652	40	1,688	4
	Mainland China	68	2	70	0
	Overseas	116	0	114	2

Employees by corporate title

HKEX KPI	GENDER	ASSISTANT VICE PRESIDENT TO EXECUTIVE VICE PRESIDENT	ASSISTANT MANAGER TO MANAGER	OFFICER TO SENIOR OFFICER	ASSOCIATE TO SENIOR ASSOCIATE	OTHERS
KPI B1.1	Male	228	250	173	223	52
	Female	145	289	188	313	17

Turnover and turnover rate by location, gender, and age

HKEX KPI	LOCATION/GENDER/AGE	NUMBER	RATE (%)
KPI B1.2	Overall	375	20.0
	Hong Kong	356	21.0
	Mainland China	3	4.3
	Overseas	16	13.8
	Male	195	21.1
	Female	180	18.9
	Under 30	245	54.6
	Aged 30-39	86	17.0
	Aged 40-49	36	8.6
	50 and over	8	1.6

TRAINING AND DEVELOPMENT

Training by gender and corporate title

HKEX KPI	CATEGORY	AVERAGE TRAINING HOURS	PERCENTAGE OF EMPLOYEES TRAINED
KPI B3.1, KPI B3.2	Male	26.9	110.2
	Female	27.6	109.6
	Assistant Vice President to Executive Vice President	27.7	109.4
	Assistant Manager to Manager	23.0	108.3
	Officer to Senior Officer	20.5	114.1
	Associate to Senior Associate	35.0	122.6
	Non-clerical	1.5	2.9

Note

- Training delivered to employees who left the Bank during 2021 is included and may result in percentages of more than 100%.

HEALTH AND SAFETY

Workplace injuries and fatalities

HKEX KPI	CATEGORY	2021	2020	2019
KPI B2.1	No. of work-related fatalities	Total	Total	Total
	Overall	0	0	0
KPI B2.2	Lost days due to work related injury	Total	Total	Total
	Overall	20	9	172
	Hong Kong	20	9	172
	Mainland China	0	0	0
	Overseas	0	0	0

SOCIAL DATA

Fair products and services, and responsible marketing

HKEX KPI	INDICATOR	2021	2020
B6 General disclosure	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0	0
	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0	0
	Total number of substantiated complaints regarding standards, refund or compensation requests, and bank policy or practices	2	5
Human Rights and Society			
KPI B7.1	Confirmed incidents of corruption and actions taken	0	0

SUPPLIERS

Suppliers by geographic location

HKEX KPI	LOCATION	NUMBER	PERCENTAGE (%)
KPI B5.1	Europe	2	3%
	Hong Kong	66	93%
	Mainland China	1	1%
	North America	2	3%

COMMUNITY CONTRIBUTIONS

Charitable donations and volunteering

HKEX KPI	CATEGORY	2021 (HKD'000)	2020 (HKD'000)
KPI B8.2	Charitable donations by category	10,290	8,712
	Environment	38	31
	Youth Development	1,904	1,333
	Community Care	8,171	6,772
	Others	177	576
KPI B8.2	Volunteering hours	2,291	1,098

APPENDICES

AWARDS AND RECOGNITIONS

Award in 2021	Awarding body
10 Year Plus Caring Company Award (for the 13th consecutive year)	The Hong Kong Council of Social Service
Social Capital Builder Award	Community Investment and Inclusion Fund of the Labour and Welfare Bureau
Wastewi$e Certificate	Environmental Campaign Committee of the Environmental Protection Department
Platinum Award, Charter on External Lighting	Environment Bureau
Provisional Gold, BEAM Plus	Hong Kong Green Building Council
Cyber Security Enterprise Excellence Award	Hong Kong Police Force, the Government Computer Emergency Response Team Hong Kong and the Hong Kong Computer Emergency Response Team Coordination Centre
Award of Distinction	The Community Chest of Hong Kong
Gold Award, Corporate and Employee Contribution Programme	The Community Chest of Hong Kong

APPENDICES

GLOSSARY

Term	Definition
CAR	Capital Adequacy Ratio
COVID-19	Coronavirus disease
CRST	Climate Risk Stress Test
DTC	Digital Transformation Committee
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas
HKGOC	Hong Kong Green Organization Certification
HKMA	Hong Kong Monetary Authority
HKMC	Hong Kong Mortgage Corporation
INED	Independent Non-executive Director
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
KYC	Know-Your-Customer
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
PGC	Product/Service Governance Committee
RCP	Representative Concentration Pathways
SCoC	Supplier Code of Conduct
SME	Small and Medium-Sized Enterprise
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of CO_2 Equivalent
The Bank	Shanghai Commercial Bank
The Board	The Board of Directors
The Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited