SHANGHAI COMMERCIAL BANK



2022
Sustainability Report

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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 corporate and personal customers, particularly Small and Medium-Sized Enterprises ("SMEs") and high-net-worth individuals.

With "Serving the Community" as motto and "For Personalised 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, 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.



Locations in which we operate

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 built our brand image as "Three Shanghai Banks, All Caring for You" (「三地上銀，一心為您」). This service philosophy delivers one-stop and cross-strait banking services through a broad footprint comprising more than 400 outlets worldwide.

Shanghai Commercial Bank at a Glance (As of 31 December 2022)



Return on average equity at **7.7%**



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



Total headcount of the Group was **1,864** (including part-time employees)



Consolidated profit after tax of the Bank for 2022 was **HK$2,586 million**



Total customer deposits of **HK$177 billion** at the end of 2022



Loan to deposit ratio at **54.8%**



Total assets of **HK$223 billion** at the end of 2022



Return on average assets at **1.1%**



Total capital adequacy ratio and Common Equity Tier 1 ratio were **22.0%** and **19.6%** respectively



Liquidity maintenance ratio stayed at a comfortable level throughout the year with an average of **55.1%**

Our Bank's Vision, Mission and Values

Our Vision

- To be a trusted bank of choice for customers in Greater China, served by our staff capable of delivering comprehensive one-stop personalised 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



ABOUT THIS REPORT

Reporting Scope, Boundary, and Period

Our Sustainability Report demonstrates the Bank's management and performance on sustainability-related issues, covering Environmental, Social and Governance ("ESG") and Green and Sustainable Banking ("GSB") that are material to the Bank and of interest to our stakeholders. This report supplements information in the Bank's 2022 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 2022 from 1 January to 31 December 2022 (the "Reporting Year").

Reporting Framework

This report has been developed with reference to the provisions of the 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 operation. 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 reference methodologies developed by the Global Reporting Initiative Standards.

Consistency

The report adopts consistent methodologies as per previous report issued and allows for a fair comparison. Where applicable, we will communicate any changes to reporting scope or boundary in this section of the report, and any restatements of quantitative information will be signalled in the Our Performance section with supporting rationale.

Balance

We strive to present an unbiased picture of the Bank's sustainability performance to our stakeholders and readers of this report, where our achievements around material sustainability-related topics are disclosed in a transparent manner.

Feedback

Readers may share 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 in business operations and growth a significant matter for the Bank, for ensuring resilience in the face of environmental and climate risks, and for contributing to society over the long term, as exemplified by the Hong Kong Special Administration Region ("HKSAR") Government's Climate Action Plan 2050 and the development of green and sustainable finance in Hong Kong.

In 2022, the Board continued to uphold the sustainability objectives, further across green and sustainable finance and climate risk-related matters, including:

- Directing sustainability priorities of the Bank, as well as upholding its sustainability vision
- Maintaining effective governance structure to manage the Bank's sustainability risks and opportunities
- Determining the Bank's ESG and GSB goals
- Establishing the Bank's sustainability-related policy and strategy frameworks such as the Climate Risk Management Framework

In 2021, the Board approved the establishment of the Sustainability Committee to oversee the development and implementation of the Bank's sustainability strategy, and the management-level Sustainability Working Group, which is responsible for driving sustainability-related strategies and monitoring corresponding performance and progress. Facilitated by these two governing bodies, the Board approved several bank-wide policies and frameworks adopted by the Bank and its subsidiaries in April 2022, including the Sustainability Policy, Vision Statement, Strategy Framework, Climate Risk Management Framework and Risk Appetite Statement for promoting and integrating sustainable growth, governance processes and climate-risk resilience. Additionally, in 2022 the Board also reviewed and approved the Terms of Reference of the Sustainability Committee and sustainability-related KPIs that are considered material to the Bank's business and operations.



Riding on the initial assessment of material sustainability topics identified in 2021, the Board reviewed and approved the updated materiality assessment results with topics being streamlined during the Reporting Year. The streamlined topics were identified via stakeholder engagement and are considered material to the Bank's business and operations for more effective monitoring and execution of relevant KPIs, as well as reporting of our sustainability performance. Details of the materiality assessment for 2022 are outlined in the Our Approach to Sustainability section. The information presented in this report will be as reference for reviewing the Bank's performance going forward.

In 2022, the Board's proactive approach in managing sustainability-related matters included:



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



Reviewing the annual results of the Bank's Climate Risk Stress Test ("CRST")



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



Reviewing performance of the Bank's sustainability-related KPIs as well as climate risk-related management



Directing the Bank to pursue opportunities for sustainable financing

Going forward, the Bank will continue to make ongoing investments in our people and systems, as well as pursue more business opportunities for green and sustainable finance 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

Spelled out in the previous Board Statement on Sustainability, the long-term horizon for Hong Kong towards mid-century – which would still be a milestone in a longer journey – signifies the importance that sustainability holds for all of us as individuals, as stakeholders of the Bank, and as members of a larger society. It is our social responsibility as a bank to build on the groundwork of the past two years and continue on this journey across the regions where we operate, by adding more structure, capabilities and actions, which I hope can be brought out through this report.

Building on the vision

Our vision as laid out in our inaugural report is to be a trusted bank that promotes sustainability through integrating our sustainable operations, culture and business together with our stakeholders and community. To help realize this, on top of the governance bodies that had been put in place, we have formalized our Climate Risk Management Framework, enhanced our goals, and further engaged our colleagues on awareness and learning, as well as on the need for more action for both our internal operations and our customer-facing business.

Embracing sustainability

To enhance the Bank's focus on sustainability and meet the expectations of our stakeholders and regulators, we have enhanced our plans and goals for ESG and GSB. Going forward, the Bank will continue to promote sustainability mind-set and awareness among our customers, stakeholders and employees, and to consistently deepen our support of charitable organisations and activities for causes that advance our community in a meaningful manner, it is up to all at our Bank to contribute to sustainability, for the environment, for our customers, and for our community, while we shall continue to invest more in resources and people, to help the Bank to grow while also being more sustainable and resilient for the future.

I would like to take this opportunity to thank our customers, business partners and shareholders for their support, and also our staff for their engagement and dedication on this sustainability journey for the Bank.

David Sek-chi KWOK
Managing Director & Chief Executive

2022 HIGHLIGHTS

SUSTAINABLE OPERATIONS

Closely tracked our environmental footprint:

- Set environmental targets in **reducing greenhouse gases ("GHG") emissions**, energy consumption, waste generation and water consumption

- **6.0% reduction** in GHG emissions from 2021

- **13.3% reduction** in water consumption from 2021

Received recognition from environmental aspects:

- Awarded the **Wastewi$e Certificate** issued by the Hong Kong Green Organisation Certification ("HKGOC") since 2015

CULTURE

Continued investing in our people:

- Increased Total Training Hours: **74,409 hours** in 2022 (+32.3% compared to 2021)

- Increased Average Training Hour per Staff: **35.3 hours** in 2022 (+29.3% compared to 2021)

Continued delivering high-quality services:

- Approved as one of the **pilot banks** under the **Cross-boundary Wealth Management Connect Scheme**

- **Zero substantial complaints**

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

- Contributed approximately **HK$7.6 million in monetary donations** to our NGO partners

- Organised, sponsored, and participated in **42 CSR** events

- Received the "**10 Years Plus Caring Company**" Award from the Hong Kong Council of Social Service for the **14th consecutive year**

BUSINESS





Reviewed our green and sustainable finance offerings

- A total of **46 ESG products** on product shelf (+10 compared to 2021)
- Held **HK$3.9 billion in Green Bonds** (+HK$1.8 billion compared to 2021)
- Participated in **ESG syndicated lending**



Continued to digitalise our processes

- Launched the **Corporate Banking Mobile application** ("Shacom Business") to enable our customers to manage their bank accounts at their fingertips
- Revamped our **Online Securities Trading Platform and Mobile Trading App**





Integrated climate risk in our risk management process

- Accelerated the development of our climate risk management capabilities and enhanced our **Climate Risk Management Framework** and **Climate Risk Appetite Statement**
- Developed an **auxiliary physical risk visualisation tool** to present the physical risk of different locations visually to support business operations and decisions



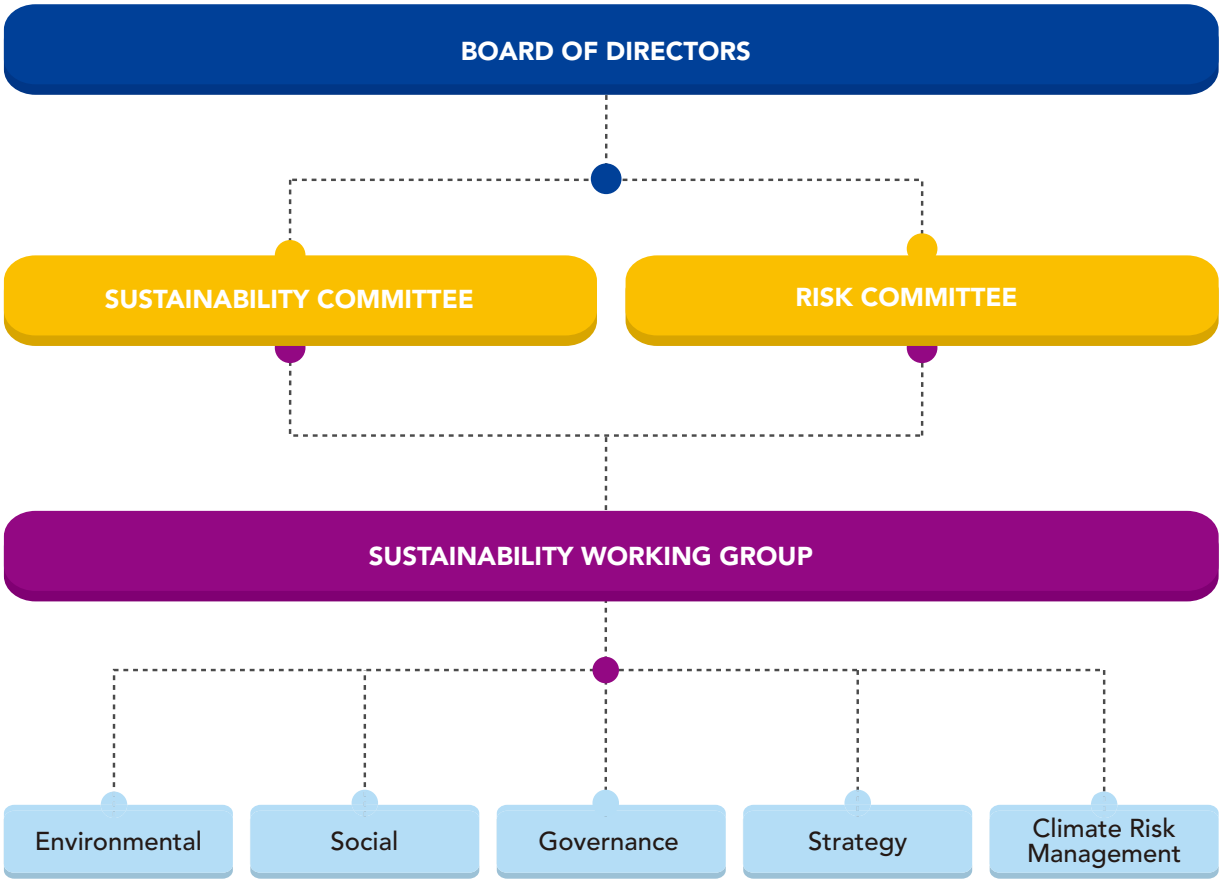
OUR APPROACH TO SUSTAINABILITY

The Bank incorporates sustainability through multi-pronged approaches, a journey that our Board and management are intrinsically involved in to implement our sustainability vision. Through our well-developed governance structure, holistic strategies are deployed along with pragmatic actions to tackle sustainability-related matters. We also actively engage with our stakeholders and customers to maintain our robustness in understanding and addressing their expectations.

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

SUSTAINABILITY GOVERNANCE

To embed our sustainability vision into operations and drive the Bank to go green, a top down sustainability governance structure has been developed to ensure our approaches to sustainability being efficiently addressed, executed, and monitored.



Board of Directors

The Board is responsible for formulation of climate strategy of the Bank and delivery of sustainable value to shareholders by overseeing the development and implementation of the Bank's strategies, targets and plans to ensure sustainable growth. During the Reporting Year, the Board adopted the following approaches to manage sustainability matters:

- Integrate principles and measures to address relevant sustainability issues into the Bank's businesses, strategies and financial planning, spanning in short-, medium- and long-term timeframes;
- Oversee the development and implementation of climate-related risk management and sustainability strategy;
- Review and approve the approach to public disclosure of sustainability-related information, including sustainability report, by considering the global reporting standards and local regulatory requirements; and
- Participate in various trainings and seminars organized by professional organisations, covering topics such as latest sustainability regulatory requirements as well as insights from industry practices and market trends, to facilitate its effective management and oversight of the Bank's sustainable development process.

Sustainability Committee

The Sustainability Committee consists of Independent Non-executive Director ("INED") as the Chairman, Non-executive Director, Chief Executive, Deputy Chief Executive and senior management representatives. It is responsible for assisting the Board in overseeing the development and implementation of sustainability-related strategies, targets, and plans. The Sustainability Committee exercised the following duties during the Reporting Year:

- Review and approve sustainability-related goals, strategies, priorities, policies and frameworks, as well as other related recommendations from the Sustainability Working Group;
- Make recommendations to the Board on appropriate standards, priorities and goals for the Bank;
- Report and make recommendations to the Board on the benchmarking and improvement of the Bank's sustainability performance; and
- Review and making recommendations to the Board for approval of the sustainability-related disclosures, including annual sustainability report, frameworks and policies etc.

Risk Committee

The Risk Committee is responsible for assisting the Board in ensuring adequate oversight of bank-wide risks and advising the Board on high-level risk related matters, risk management strategies and risk governance of the Bank. In 2022, the Risk Committee continued to take actions to enhance its climate risk management including:

- Oversee and review various aspects of risk management in a holistic manner;
- Review regularly periodic reports and updates on the risk culture, risk management activities and major risk exposures of the Bank including climate-related risk;
- Review and make recommendation to the Board for approval of the best practices of risk management frameworks and strategies, covering the Bank's risk profile, limits, tolerance, and risk appetite; and
- Oversee the implementation of the Bank's Climate Risk Management Framework, including assessing climate risk appetite and exposure.

Sustainability Working Group

A Sustainability Working Group at the management-level, chaired by the Chief Risk Officer, has been established to support the Sustainability Committee and the Risk Committee with a mission of promoting the initiatives of five pillars: "Environmental", "Social", "Governance", "Strategy" and "Climate Risk Management", which are driven by a Pillar Owner assigned by the Chief Executive. During the Reporting Year, the Sustainability Working Group performed the following sustainability related matters:

- Develop the Bank's sustainability strategy and related policies;
- Identify climate-related risks and opportunities;
- Support sustainability reporting and other forms of stakeholder communication;
- Discuss and monitor the progress and performance of the Group's sustainability initiatives; and
- Report to the Board-level committees regarding sustainability-related performance and progress.

SUSTAINABILITY STRATEGY, POLICY AND TARGET

The Bank is committed to upholding our holistic sustainability strategy that succinctly articulates the Bank's approach to sustainable development. Coincidental to the acronym for the Bank, our sustainability strategy consists of 'S', 'C' and 'B', which illustrates the Bank's strategic focus in implementing our vision.



In 2022, we continued to enhance our sustainability strategy by reassessing the material topics under the three themes of the Bank's sustainability strategy – 'Sustainable Operations', 'Culture', and 'Business'. For each of our material topic, we selected relevant metrics, referenced applicable standards and best market practices, as well as conducted baseline setting, which served as a foundation for us to set our sustainability-related goals towards the five strategic pillars of the Bank – 'Environment', 'Social', 'Governance', 'Strategy' and 'Climate Risk Management'. The three themes and corresponding material topics are explained in more detail in sections headed "Sustainable Operations", "Culture", and "Business".

The Bank devoted time and resources to review and update our Sustainability Policy in 2022, by setting out the approaches and principles that enable the Bank to better promote sustainable growth. This policy articulates a robust sustainability governance process, suggesting relevant committees to actively identify, assess and manage sustainability-related matters. Clauses in the policy setting forth that staff at all levels are expected to observe and adhere to relevant rules and requirements when carrying out day-to-day responsibilities aiming to facilitate positive customer feedback and market outcomes under prudent and active risk management. To ensure its relevance and effectiveness, the Sustainability Policy is reviewed, updated, and approved by the Sustainability Committee and the Board on an annual basis.

In 2022, we set sustainability-related goals revolving the five strategic pillars of the Bank, which are in line with our sustainability strategy as mentioned above. To inform the Board and key business units in a timely manner, we periodically report the achievement progress of these goals and corresponding KPIs on meetings. The performance details of our environmental goals and KPIs in 2022 are further provided in the "Sustainable Operations" section.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

The Bank proactively engages with stakeholders to understand their concerns and expectations, to stay up to date on trends impacting the industry, and to identify appropriate measures on the management of sustainability matters. We have strengthened our understanding of risks, opportunities, and business resilience through forging interactions with key stakeholder groups, such as the communities we serve, employees, shareholders, customers, business partners, regulators, and relevant industry organisations.

In 2021, a strategic approach to our stakeholder engagement was taken, with the dual purposes of informing our sustainability strategy and understanding our stakeholders' opinions on various sustainability topics. The outcome of such exercise helped to facilitate a comprehensive materiality assessment and thereby plotted our 2021 materiality matrix, covering 24 material topics. In 2022, we conducted a yearly review and proposed relevant amendments based on the assessment results in 2021, the Bank's operational environment, and regular communications with our stakeholders.

Given that there was no significant change to the material topics of the Bank, our 2022 sustainability stakeholder engagement exercise intended to seek opinions regarding the latest material topics and the Bank's performance on such topics from our key internal stakeholders of the five pillars. Replies from the five pillars were subsequently reviewed, summarised and archived as an internal reference for the Bank to identify its areas of improvement.

Procedures of yearly review on material topics are described below:

2021
The 24 material issues and their priority were confirmed in 2021 based on external and internal stakeholder engagement through online survey and interviews.

2022
The 24 material issues identified in 2021 were reassessed and regrouped into 16 material issues based on industry benchmark, market analysis and reference to relevant standards.



1 UNDERSTAND THE CONTEXT AND IDENTIFY MATERIAL TOPICS

- Review materiality assessment results for 2021
- Conduct industry benchmarking through analysing peer practices
- Reference latest sustainability standards and recommendations from international financial regulators

2 REPRIORITISE AND REGROUP MATERIAL TOPICS

- Regroup the material topics for 2022 based on peer benchmarking
- With reference to the materiality assessment results in 2021, recalculate the scores of each material topic by identifying the most material topics with highest scores prior to re-grouping
- Update materiality matrix for 2022

3 VALIDATE, REVIEW AND APPROVE THE RESULTS

- Conduct internal stakeholder engagement through online survey to validate the applicability of topic re-grouping
- Sustainability Working Group reviews the materiality assessment results
- Sustainability Committee and the Board approve the materiality assessment results

The Bank has developed a strategy to integrate, communicate and monitor our stakeholder engagement and materiality assessment process. Going forward, we will actively manage our material topics, align metrics with regulatory requirements and our business operations, and communicate with internal and external stakeholders on our management approach and performance.

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



Environment	Governance
1. Greenhouse Gases Emissions	11. Corporate Governance and Risk Management
2. Sustainable Resource Usage	12. Compliance and Reporting
Social	13. Data Privacy
3. Responsible Procurement	**Strategy**
4. Anti-corruption	14. Green and Sustainable Banking
5. Ethical Management	15. Inclusive Finance
6. Customer Relationship Management	**Climate Risk Management**
7. Talent Management and Development	16. Climate Change Response
8. Diversity and Equal Opportunities	
9. Occupational Health and Safety	
10. Community Investment	

SUSTAINABLE OPERATIONS

Sustainable practices are of importance to the Bank's business operations and it is crucial to demonstrate our commitment to environmental sustainability through tangible actions. We endeavour to not only mitigate our own carbon footprint through a sound environmental footprint management approach covering various environmental aspects, but also to promote the concept of responsible procurement and sustainability-minded businesses across our supply chain.



ENVIRONMENTAL FOOTPRINT MANAGEMENT

Environmental damage and climate change are exacerbating negative impacts across the ecological system, business and commercial market, and extending to the entire society. There is an urgent need to mitigate environmental impacts and combat climate change, and meanwhile, shaping a common goal for different regions to collaborate in the environmental footprint management. As Mainland China and Hong Kong have announced plans to reach net zero emissions by 2060 and 2050 respectively, corporates across all sectors are now working on decarbonisation goals and roadmap to support these local, regional and national pledges.

With a global network of more than 50 branches, the Bank is responsible for ensuring that the operation is environmentally sustainable and the environmental footprint is properly managed. We strive to demonstrate our dedication towards environmental sustainability in our business practices and identify multiple environmental topics that are material to the Bank, including GHG emissions, energy consumption, materials use, waste management and water consumption.

OUR APPROACH

Our Sustainability Policy outlines our commitment to sustainable development, which showcases the initiatives targeting to optimise our basic infrastructure, raise awareness among our employees, and comply with applicable environmental laws and regulations, such as the Waste Disposal Ordinance, in Hong Kong and other areas in which we operate. For more information, please refer to three environmental aspects described below.

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

As a member of the Business Environmental Council in Hong Kong, we share and continue learning about responsible business practices that balance economic, social and environmental interests across diverse sectors. In day-to-day operations, we continue to engage employees through various initiatives and awareness-raising programmes to change consumption behaviour and reduce our environmental footprint by applying these concepts in our bank operations.

GHG Emissions and Energy Usage

During the Reporting Year, we set targets to reduce the Bank's GHG emissions and energy usage by 2025. To this end, we regularly review our GHG emissions and energy usage to ensure our daily operations have minimum impact to the environment, while identified that in 2022, the major GHG emissions from our daily operations – Scope 1 and Scope 2 – were emitted from electricity consumption and vehicle usage.

To reduce our GHG emissions and energy usage, we have been exploring possible solutions and developed key actions to facilitate the decarbonisation of our infrastructures and operations, as well as raising staff awareness on energy savings. Our decarbonisation approach focuses on enhancing energy efficiency, including but not limited to the following actions:



Prioritise the use of energy-efficient 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



Plan to phase out the conventional vehicle fleet and replace with electric vehicles in long-term

In 2022, initiatives included providing relevant training and participating in the annual "Earth Hour Campaign", as well as frequent distribution of environmental protection messages to our staff via electronic means covering resource conservation, ESG and GSB. In addition, our staff in offices and branches are required to switch off lighting and electrical appliances including computers and monitors before leaving.

Materials Use

The Bank continues to advocate paperless operations. When paper is required, we source paper that is certified by the Forest Stewardship Council to ensure the paper we use is produced in a responsible and sustainable way that conserves forestry. On top of a newly-introduced mode of online communication to gradually phase out printed office papers and computer reports, we further launched an internal campaign called "Let's Go Paperless", encompassing a series of initiatives with an aim to digitalise our work process to reduce paper consumption. This includes the promotion of switching from traditional bank paper statements to e-statements to customers, introducing Mandatory Provident Fund ("MPF") e-statement services to employees, and setting all office printers to duplex printing with internal circulars to remind staff to avoid unnecessary printout. Additionally, we continue to adopt an internal monitoring system to monitor the amount of office paper purchased and consumed, with targets set to achieve paper consumption reduction.

Waste Management and Water Usage

Following our approach to optimise material usage and driven by our directional target of gradually reducing non-hazardous & hazardous wastes on an annual basis through better waste management, our waste disposal strategy rests on an integrated model of resource circularity that minimises waste generation and maximises the recovery of materials. Due to the Bank's business nature, hazardous waste generation is rarely anticipated in our operations and if ever, discharged. The major non-hazardous waste generated by the Bank include domestic waste and paper waste, while we reduce domestic waste at source and used recycle paper as much as possible. For our operation in Hong Kong, we strive to raise staff awareness and provide relevant training and guidance to employees on waste management, and actively donate second-handed computers to charities such as Caritas Computer Workshop.

Our operation sites consume water directly sourced from the utilities provider and subsequently discharged in an appropriate manner. Hence, we have not encountered any issues regarding water supply and effluent. To further promote environmental sustainability in the workplace and achieve our target of gradual decrease on annual water consumption, we have water conservation measures in place, such as installing water-saving taps. We regularly communicate relevant water saving actions to staff to raise their awareness through internal circulars and screensaver display, and plan to use more water-saving taps and install removable water flow controllers in all the office pantries in 2023.

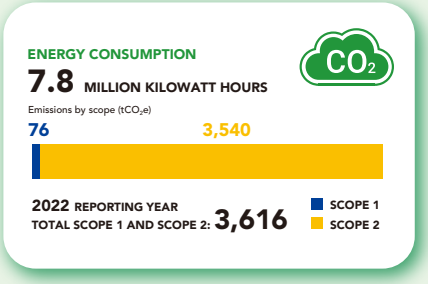


New water-saving taps were installed in the office

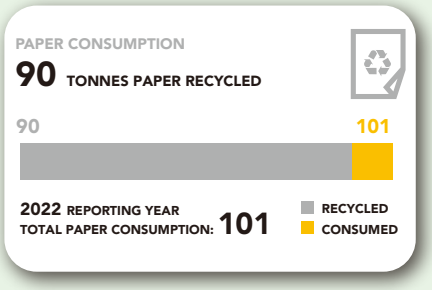
2022 PERFORMANCE

In recognition of our continuous efforts on environmental conservation through reducing waste in the workplace, we have been awarded the Wastewi$e Certificate issued by HKGOC since 2015.





In 2022, our energy consumption amounted to around 7.8 million kilowatt hours. The total emissions (Scope 1 and Scope 2) amounted to 3,616 tonnes of CO_2 equivalent ("tCO_2e"), of which Scope 1 emissions accounted for 76 tCO_2e and Scope 2 emissions accounted for 3,540 tCO_2e. Compared to 2021, a 6% reduction was achieved in Scope 1 and Scope 2 emission.



During the Reporting Year, we consumed 101 tonnes and recycled 90 tonnes of paper. We encourage our staff to reduce their paper consumption and will continuously review our business processes in order to further reduce our paper consumption.



During the Reporting Year, we consumed 11,004 cubic meters of water. We continue to actively encourage our staff to conserve water and will treat wastewater properly to reduce our water consumption. Compared to 2021, a 13.3% reduction was achieved in water consumption.

RESPONSIBLE PROCUREMENT

As there are increasingly stringent regulations and more stakeholders' attention on environmental and social issues along the supply chain, we collaborate with various types of suppliers, including consultants, services providers, vendors, and contractors, and maintain a close relationship with our business partners and encourage them to strive for the shared goals of sustainable development.

OUR APPROACH

Our Supplier Code of Conduct ("SCoC") enables us to incorporate sustainability considerations into our procurement processes and supply chain management, thereby equipping our staff with the skills for responsible procurement and encourage our suppliers to operate in a sustainable and responsible manner. Applied to all individuals and organisations that provide products and services to the Bank, the SCoC expects them to develop policies and related measures, which are in line with ethical business principles.

In terms of supplier engagement, we have standard procedures in place to assess suppliers' performance against the SCoC. Prior to contract signing, we will evaluate if their operations align with the Bank's expectations on material ESG aspects, including business ethics, data protection, human rights, health and safety, community impact, diversity and inclusion, and environmental performance. Qualified suppliers will be added in the Bank's supplier list and undergo assessment on an annual basis. Meanwhile, we have built a two-way communication channel with suppliers to maintain regular communication, so that they understand the Bank's expectations and latest requirements. Adhering to our supplier engagement approach, we engaged 70 material suppliers during the Reporting Year.

When we are sourcing from suppliers, we first consider suppliers with Green and International Organisation for Standardisation certification and lower environmental footprint.

Abiding by the SCoC being reviewed on an annual basis to maintain its relevance and effectiveness, we endeavour to construct a responsible supply chain by allocating resources to help our suppliers improve sustainability performance. If the Bank identifies any non-compliance caused by suppliers, we will provide assistance for improvement or review the terms of contract at the Bank's discretion.

2022 PERFORMANCE

During the Reporting Year, we reviewed and updated the SCoC to ensure that it is aligned with the Bank's operational environment whilst keeping abreast of the latest ESG trend. We have published our 2022 Slavery and Human Trafficking Statement, which is available on our website, and also established an internal guideline for U.K. Modern Slavery Act.

CULTURE

At Shanghai Commercial Bank, we are dedicated to promoting a sound corporate culture and promulgating the Seven Core Values, namely Proactive, Integrity, Respect, Professionalism, Teamwork, Accountability, and Leadership. We strive to instil our corporate culture into daily operations by upholding the highest business ethics to conduct banking and investment activities, building a harmonious and safe workplace for our employees, and give back to the communities nearby.



ROBUST GOVERNANCE

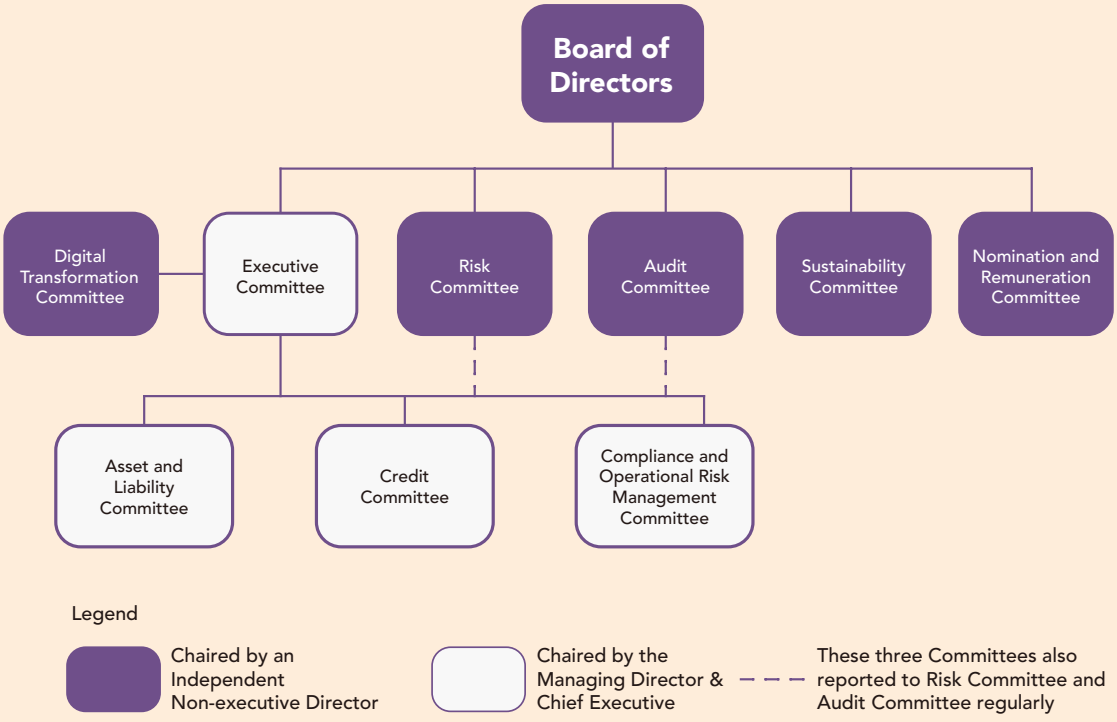
The Bank is committed to maintaining a strong corporate governance to protect the interests of our shareholders, customers, employees, and other relevant stakeholders. Accordingly, we have established a robust governance structure, a comprehensive risk management framework, and a strong oversight of Anti-Money Laundering matters. Adhering to the highest ethical standards, discipline and righteous behaviours are expected to be abided by all staff as one of the Seven Core Values of the Bank. Further, apart from strictly complying with the laws and regulations stipulated by regulatory authorities in jurisdictions where the Bank operates, we regularly review corporate governance standards and procedures and strive to align with international and local best practices.

OUR APPROACH

Governance Structure

The Bank attaches great importance to maintaining and upholding high standards of corporate governance. The Board, having a collective responsibility for the long-term success of the Bank, is committed to providing strategic direction and overseeing the implementation of strategic objectives and goals by the management, as well as supervising its affairs within a framework of prudent and effective controls that enables risks to be properly assessed and managed. 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 committees with clear delegation and formal terms of reference for the oversight of certain major functional areas including Executive Committee (and its sub-committee, Digital Transformation Committee), Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Sustainability Committee, to provide with sufficient resources to perform their duties. Three senior management-level committees, namely, Asset and Liability Committee, Credit Committee, and Compliance and Operational Risk Management Committee, are also set up by the Board to manage different areas of the Bank's operations and risks.



Each of the above-mentioned Committees has specific written terms of reference setting out their authorities, responsibilities, and membership in details. For further information on our corporate governance structure and practice, please refer to the Corporate Governance Report contained in the 2022 Annual Report.

Risk Management

As risk management plays a critical role in the success of a financial institution and is integral to all aspects of business activities, the Bank seeks to instil a strong risk culture in its operations, in which each employee plays an important role by conducting business ethically and in compliance with applicable rules and regulations. The Bank sets out the risk management strategy for aligning risk, capital, and performance goals, taking into consideration the regulatory requirements, market circumstances, industry best practices, and the Bank's unique strengths and preferences.

The Bank proactively identifies, assesses, manages, and monitors numerous risk components through day-to-day risk management processes for major risks in the financial services sector, including traditional risks inherent to the banking sector as well as new risk types such as climate risk and shocks arising from the global pandemic.

MAJOR RISKS IN THE FINANCIAL SECTOR



Management of risks is guided by the Risk Appetite Statement which articulates the Bank's risk tolerance and is approved by the Board. The Board is ultimately responsible for the effective management of risks, as well as the approval and oversight on the Bank's major functional areas, while the Risk Committee is responsible for overseeing bank-wide risks, meeting at regular intervals, and giving advice to the Board on high-level risk related matters, risk management strategies, and risk governance of the Bank.

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

Three Lines of Defence Risk Management Model

First Line of Defence	Frontlines and Business Units	Responsible for proper identification, assessment, management and reporting of risk exposures on an ongoing basis
Second Line of Defence	Credit Division, Legal and Compliance Division, and Risk Management Division	Responsible for overseeing the Bank's risk-taking activities, undertaking risk assessments and reporting independently
Third Line of Defence	Internal Audit Department	Responsible for assurance on the effectiveness of the Bank's risk management framework

Business Ethics

The Bank is committed to conducting business in accordance with all applicable laws, rules, regulations, and the highest ethical standards. We equip our employees with knowledge to identify illegal and unethical behaviours as well as encourage them to take necessary actions to mitigate such risks.

Code of Conduct

The Bank's Code of Conduct (the "Code") sets the standards and values that promote ethical, responsible, and professional behaviours for all staff member to follow consistently. The Code emphasises the prohibition of any forms of corruption set out in the Banking Ordinance and Prevention of Bribery Ordinance in Hong Kong. Key aspects related 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 included for all employees to follow.

Whistleblowing Policy

Our Whistleblowing Policy lists out confidential whistleblowing channels and investigation mechanism in detail, so that our employees can report on malpractice, impropriety, misconduct, or unethical activity in confidence and good faith to help the Bank avoid or mitigate potential risks. For any unethical and illegal behaviour identified at any level within the Bank, the Bank's Internal Audit Department is empowered to escalate such concerns to the Chief Risk Officer, Chief Executive, and Audit Committee where appropriate. All employees are required to report on any suspected unethical or illegal activities.

Customer Acceptance and Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CFT") Policy



To safeguard the Bank from being misused for money laundering, terrorist financing, and sanction evasions activities, the Bank has established the AML and CFT Policy that sets the principles and standards in respect of AML/CFT and outlines its AML/CFT risk management control framework encompassing key controls areas such as customer due diligence, enterprise-wide assessment, sanctions screening, ongoing monitoring, and suspicious activity reporting.

To ensure expectations on business ethics are upheld, all new hires are required to carefully review and sign to acknowledge that they have understood the Bank's Code, Whistleblowing Policy, and Staff Handbook during on-boarding. For existing employees, on a biannual basis, circulars of the Code with highlights of key compliance and ethical matters are sent out for their reference and acknowledgement, and annual refresher trainings covering relevant topics are also put in place. For more information, please refer to "2022 Performance" below.

Apart from arranging regular anti-corruption training programmes for all Directors and senior management as a part of their continued professional training programmes, we also assign induction training programmes for newly appointed Directors, covering topics such as Director's duties regarding personally conferred benefits under the Companies Ordinance.

In addition, we link employee's compliance behaviours to the employee performance evaluation. Any violation of internal and regulatory requirements will counteract an employee's financial performance, and variable remuneration might be reduced after considering the severity level of the impact of the incident to the Bank. In 2022, there was no judgement regarding corrupt practices entered against the Bank or our employees.

To ensure our compliance with the HKMA Code of Conduct, we review our Code every year and conduct regular audits as well as regularly review our monitoring mechanisms related to business ethics in different departments.

Compliance and Reporting

The Board is responsible for overseeing the development and implementation of risk management and internal control systems, including financial, operational and compliance controls, and reviewing their respective effectiveness; the Risk Committee which is responsible for assisting the Board in ensuring adequate oversight of bank-wide risks, and advising the Board on high-level risk related matters, risk management strategies and risk governance of the Bank; the senior management-level Compliance and Operational Risk Management Committee is responsible for dealing with the major aspects of the Bank's risks and defining the proper risk strategies within the Bank's overall business.

In response to growing market demand for transparent information disclosures, enhanced reporting standards have been introduced on group basis to ensure orderly business operations, a fair business environment, and useful information for stakeholders making decisions. The Bank has established robust organisational structure, comprehensive policies, and orderly procedures to ensure our compliance with applicable laws, rules, and regulations.

2022 PERFORMANCE

In addition to the programme below, we continued to deliver gamified learning modules and case sharing sessions, as well as arrange annual refresher trainings on relevant legal, regulatory and internal control requirements, to all staff to reinforce their understanding on our policies and reporting practice. Those initiatives are aim at promoting a culture of doing the right thing, which is critical to the Bank's success.

Anti-corruption Training

In 2022, the Bank invited Hong Kong Independence Commission Against Corruption to deliver an "Ethics at Work" training to 141 of our frontline staff and trainees with the objective of heightening their awareness on the vulnerability at work, understanding the legal requirements in preventing corruption, and equipping them with the skills to handle ethical dilemmas in the workplace. The seminar mainly covered the below topics:

- Current Corruption Scene in the Private Sector
- Legal and Administrative Controls
- Corruption Prone Areas in the Workplace
- Role of Staff in Corruption Prevention

PRIVACY AND CYBERSECURITY

The number of cases in terms of data breaches and cyber-attacks is increasing alongside the rapid advancement in digital transformation. Possessing large amounts of personal data of our stakeholders such as customers and employees, the Bank identified technology risk as one of the key risks. We act proactively and prudently to secure our databases and mitigate potential technology risk to safeguard the interests of the Bank and our stakeholders.

OUR APPROACH

Privacy Information Protection

Aiming to protect the interests of our customers, employees, business partners, and other stakeholders, our daily operations are required to strictly align with the Personal Data (Privacy) Ordinance in Hong Kong and relevant legislations in jurisdictions where we operate, and we have security policies and standard procedures in place and closely monitor their implementation. As stipulated in the security policies, all units in the Bank are responsible for upkeeping the highest standards of cybersecurity procedures, and timely communications with our stakeholders are required when conducting business activities involving any data collection, retention, or transfer. We also continuously monitor regulatory updates and make necessary and timely enhancement to our policies and procedures in response to the latest regulatory requirements.

The Bank strives to achieve zero reportable incident on leakage of customer data and employment-related personal data. When handling personal data, only authorised personnel who are regularly trained and equipped with sufficient knowledge are allowed to have restricted access. To improve the security level of our digital infrastructures, we provide secure data storage facilities, incorporate security measures into data storage equipment, and apply encryption technology for sensitive data transmission. Personal Data Protection Action Officers will be appointed in each department or branch with access to personal data to ensure the procedures and controls are properly implemented and closely monitored.

Information Security

All levels of employees within the Bank are required to comply with standards and requirements related to security and confidentiality, such as the Supervisory Policy Manual and Guidelines of the HKMA. To ensure a secured operational environment, we also devise a cybersecurity programme, which outlines systems and procedures in place to protect the Bank from cyber-attacks or hacking, conducts regular trainings and drills as well as stresses the importance of data privacy among our employees when handling personal data to enhance the awareness of cybersecurity.

2022 PERFORMANCE

This year, to maintain and enhance staff awareness on information security, the Bank has participated in an Ethical Phishing Email Campaign organised by the Hong Kong Police Force, in April 2022, which we had demonstrated an above-average performance among other participating enterprises. Meanwhile, the Bank has also conducted social engineering drills, from time to time, to test staff awareness particularly for the avoidance from suspicious external emails, with the aim to reduce the chance of fraudsters from obtaining genuine information from our employees. In 2022, we continued to adhere to the established personal data protection framework and controls for customers' and employees' personal data privacy.

CUSTOMER RELATIONSHIP

Upholding the Bank's customer service philosophy of "For Personalised Service" (「處處為您着想」), we strive to pursue a customer-centric business and forge a trustworthy relationship with our stakeholders. Our customer service philosophy is embodied through our high-quality products and services, prudential selling practices, and well-established complaint handling procedures.

OUR APPROACH

Customer Relationship Management

We value our relationship with customers and are committed to serving customers with fairness and integrity. By strictly adhering to the Code of Banking Practice, we ensure to deliver high-quality services to our customers, meeting their financial and investment needs. Meanwhile, we arrange regular workshops, conducted by business department/team heads, focusing on the importance of customer relationship management and relevant techniques for front line staff.

Product and Service Improvement

We continued to develop new products and services to better serve our customers and to continuously meet their needs. For example, we launched the Corporate Banking Mobile application ("Shacom Business"), allowing our customers to easily manage their bank accounts anytime at anywhere. When a new product or service is developed, business teams are required to follow the Code of Banking Practice and other relevant requirements. The new product or service is subsequently reviewed and endorsed by the Product/Service Governance Committee, who will thoroughly assess the inherent risks to make sure it complies with regulatory standards, thus protecting the interests of both the Bank and our customers.

Selling Practices

We have an Investment Product Selling Procedure to guide our practices when providing investment advice to customers. We provide induction training to new joiners as well as regular training to concerned staff on selling practices. When selling investment products to customers, our employees are trained to behave in a sincere and professional manner throughout the communication and explain all required product information, including but not limited to product features and related risks.

Complaints Handling Procedure

We handle all complaints promptly and professionally and have set out the Complaint Handling Procedures that outlines our complaints handling process. After customers submit their complaints or feedback on our services or products via different channels, upon internal verification, substantiated complaints would result in a detailed investigation followed by an examination report as needed, along with appropriate follow-up actions for resolution. Striving to provide a satisfying customer experience, we are trying our best to lower the number of substantiated complaints.

2022 PERFORMANCE

To provide a more flexible and convenient banking service for our customers across the Greater Bay Area, we were approved as one of the pilot banks in 2022 under the provision of Cross-boundary Wealth Management Connect Scheme, to provide different types of qualified financial products to customers. The Bank now offers customers about 100 funds and bonds in the area, as well as a wide range of cross-border financial services, including RMB, HKD, and foreign currency deposits, and foreign currency exchange.

During the Reporting Year, there was no violation of fair banking and selling practices, and we received 33 complaints regarding service standards, refund or compensation requests, and bank policy or practices. After evaluation, all complaints were not substantiated. The Bank has acknowledged all complaints received and has taken prompt remedial actions to avoid similar incident in the future.

TALENT MANAGEMENT AND DEVELOPMENT

Attracting, engaging, developing, deploying, and retaining the best diverse talent is critical for the Bank to yield high quality products and provide personalised customer services. We regard human capital as one of the pillars that contributes to the Bank's long-term business growth and success. Hence, we are committed to creating a harmonious, safe and rewarding working environment and platform where our employees can maximise their potential.

OUR APPROACH

Talent Attraction and Retention

The Bank offers competitive remuneration packages, industry-standard benefit coverages, and family-friendly policies to attract the best talents, a talent strategy that we view as a key to succeed in this market and maintain our competitiveness. Furthermore, the Bank strives to develop talents, enhance employees' competencies, and enable them to reach their full potential at work, as it is our objective to empower employees to grow their skills and maximize productivity at work. We also provide the Professional Qualification Subsidy Scheme and scholarships for employees to develop their professional skills and knowledge as well as facilitate their future career development.

In 2022, the Bank's Professional Qualification Subsidy Scheme was revamped – we increased the amount of subsidies, expanded the pre-approved course list, and extended extra cash award to cover selected professional qualification programmes, i.e. Fintech, Data Literacy and ESG courses, etc., for enhancing staff knowledge and competencies for discharging duties at work.

While the Bank recognises the importance to attract and retain talents, we have policies and procedures in our recruitment process to avoid child and forced labour, and ensure that our recruitment process is strictly in line with legal requirements. During the Reporting Year, there were no non-compliance cases. When there is a suspicious case of child and forced labour, we would take necessary steps to avoid violation of internal policy and external laws and regulations.



Training and Development

In the ever-changing and fast-pacing banking industry, it is important to build a sustainable leadership pipeline for succession of key roles and nurture future leaders to maintain our competitiveness in the market. In order to help our employees unlock their full potential, we place a great emphasis on staff training and development, which focus on reskilling and up-skilling them with professional knowledge and providing up-to-date knowledge on the latest development of green finance and digitalization so as to broadening our employees' horizons.

We have designed and put in place structured programmes to equip our employees with the exposures and skillsets that are essential for success in the financial services sector. Specifically, we have the following programmes to address the development need of our talents:

- The High Potential Talent Development Programme aims at identifying and cultivating staff with potential to be an effective leader at a higher level who also has capabilities to drive high performance and commitment to lead and contribute to the Bank, enabling them to tackle current and future challenges, and supporting them to rise to leadership positions. The programme lasts for 12 to 18 months and includes job expansion, job rotation, on-job-training, mentoring, experience sharing with senior management, as well as exclusive development activities.

- The Graduate Trainee Programme and Banking Talent Programme are designed to build a solid foundation for fresh graduates from universities to acquire function-specific training and basic management skills. These programmes also feature with a clear career path, job exposure and rotation so as to help young talents develop a long-term career in the Bank.



To align our employees' behaviours with the Bank's commitment on sustainability, we foster this through regular communication and staff engagement activities. In addition, relevant training on up-to-date sustainability trends and knowledge in the banking sector is arranged to enable employees in implementing various sustainability related initiatives of the Bank. Offering suitable career development programmes not only helps build a sustainable pool of professionals but also improves the employees' engagement and loyalty. To continuously enhance our career development programmes for employees, the Bank analyses training hours data and conducts regular performance reviews to understand employees' expectations of their career and development needs.

Diversity and Equal Opportunities

Creating an inclusive and diverse working environment to all employees is important for the Bank to embrace our value, "Work collaboratively across teams with mutual support to achieve common goal". To build a workplace with inclusiveness and diversity, we are committed to promoting equality, eliminating all forms of discrimination, and raising awareness on different types of ethnic and social groups. In particular, we embrace gender diversity within our workforce and strive to achieve gender balance at the executive and senior-management level. These commitments and approaches towards workforce diversity and equal opportunities are stated clearly in our Policy on Equal Opportunities. We review annually and enhance Policy on Equal Opportunities to align with the latest regulatory requirements.

Occupational Health and Safety ("OHS")

As the Bank strives to promote a healthy and safe working environment and provide comprehensive support for our employees, we identify various types of health and safety risks that are material in our daily operations and actively manage and mitigate these risks through below programmes.

While the risk of physical injury is relatively low in the banking industry, we have programmes in place to support the physical and mental/emotional needs of our employees. For example, the Employee Assistance Programme safeguards the mental health of our employees by providing our employees and their family members with counselling and stress management services. This year, we also enhanced hospitalisation benefits and extended dependent coverage for better staff wellness.

To maintain workplace hygiene, we continued to implement several preventive measures such as regular disinfection and cleaning. In light of the ongoing pandemic, in 2022, the Bank continued to provide a range of COVID-19 pandemic related precautionary measures, including offering flexible work arrangements, shortened business and working hours, split operations, vaccination leaves, etc. Furthermore, we organised health and wellness lunch talks and on-site vaccination sessions this year to better protect the health of our employees.

In daily operations, our approaches to maintain the health and safety in offices are outlined in the Occupational Safety and Health Guidelines, and each employee is required to comply with relevant regulations in jurisdictions where we operate, such as the Occupational Safety and Health Ordinance of Hong Kong. To ensure the health and safety programmes are implemented properly, we maintain an effective mechanism for staff to report any potential hazards in workplace to respective Occupational Safety Officer, actively monitor potential workplace hazards and develop safety precautions accordingly, and review our Occupational Safety Officers appointment in all departments and branches annually.

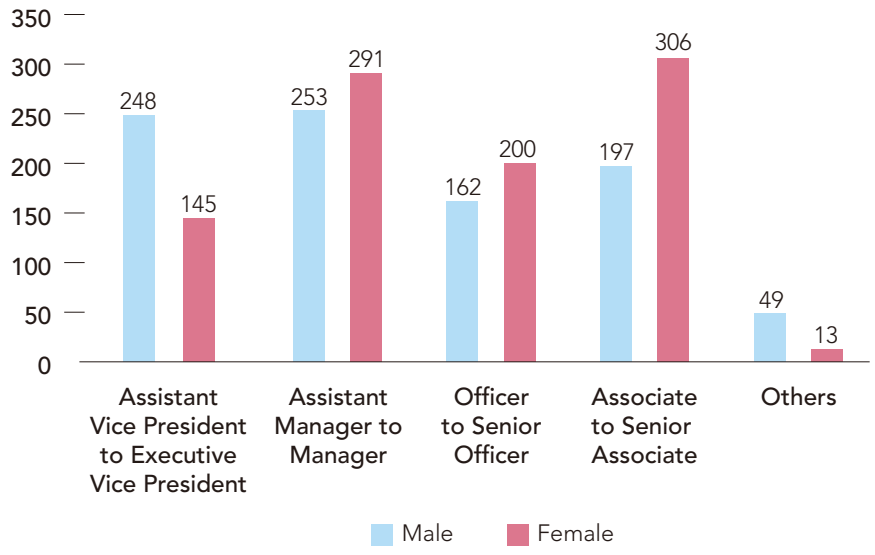
To ensure the Bank's smooth operations under any emergencies, crises, or serious incidents, the Bank has a Business Continuity Plan in place according to which our branches have already placed numerous measures to minimise the unexpected impact on our customers and employees. Apart from the plan, the Bank also put in place a Crisis Management Team, comprising members from management, to develop contingency plans and make proper decisions in response to emergencies.

2022 PERFORMANCE

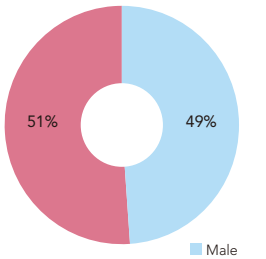
Workforce

As of 31 December 2022, the Bank had a total of 1,864 employees[1]. We continued to attract local talents, with a diverse age distribution of employees, 90% of whom were based in Hong Kong. We are also committed to maintaining a balanced gender mix, with a total of 955 female employees, showing a gender ratio of 95 males to 100 females by the end of 2022. The break down information of employees is shown below:

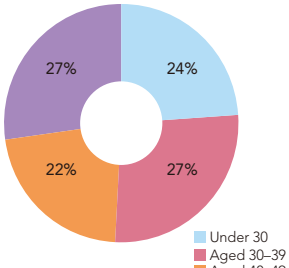
BREAKDOWN OF EMPLOYEES BY CORPORATE TITLE AND GENDER



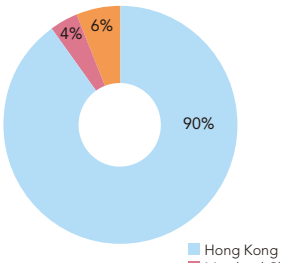
PERCENTAGE OF EMPLOYEES BY GENDER



BREAKDOWN OF EMPLOYEES BY AGE GROUP



BREAKDOWN OF EMPLOYEES BY GEOGRAPHY



[1] The total headcount includes 5 part-time employees

Team Activities

In 2022, the Bank has organised team building events across different functions aiming to encourage proactive communication among staff and advocate team spirit as well as the Bank's corporate culture. We have also held tailored workshops for selected leaders to align their vision / mission with the Bank and facilitate how they can contribute to the Bank's key agendas.





The workshop "Together, we Share, Come, Bang" was held in August 2022, during which leaders were brought together to build "mini cities" and tackle challenges through a common goal to achieve a specific mission.





A mingling session with the Board was held in October 2022, during which senior leaders shared their vision, management experience with Directors, while also gaining valuable insights from Directors.

Health and Safety

The Bank placed great importance on employees' safety and took preventive measures in a timely manner. We have revamped the OHS database to provide relevant workplace safety knowledge and promote injury-proof stretching exercises. In 2022, 4 cases of work-related accident happened, among which 2 cases exceeded 3 days of sick leave. To prevent similar case from reoccurrence, we informed our Facility Management team and General Affairs Department of the accidents in bank premises, and subsequently took necessary actions, such as applying 3M safety-walk slip resistant material in our branches.



Slip resistant material applied in Tsim Sha Tsui Branch

In recognition of the Bank's commitment to always try our best to create a hazard-free workplace for our employees, we have received the following awards by different authorities:





We were awarded the IAQwi$e Certificate and the Indoor Air Quality Certificates for Shanghai Commercial Bank Tower by the Hong Kong Green Organisation Certification and the Environmental Protection Department respectively.



Our Shanghai Commercial Bank Tower was certified to comply with the standards of the Quality Water Supply Scheme for Buildings by the Water Supplies Department.



The service and management level of our lifts in Shanghai Commercial Bank Tower attained the standard of Excellent under the Quality Lift Service Recognition Scheme by the Electrical and Mechanical Services Department.

Training and Development

In 2022, we provided an average of 35.3 training hours per staff, with material topics that focus on 7 areas.



Mind-set, Personal Competencies and Skillsets



Business and Operations



Induction and Orientation



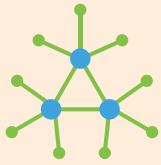
Regulatory, Risk and Compliance



ESG



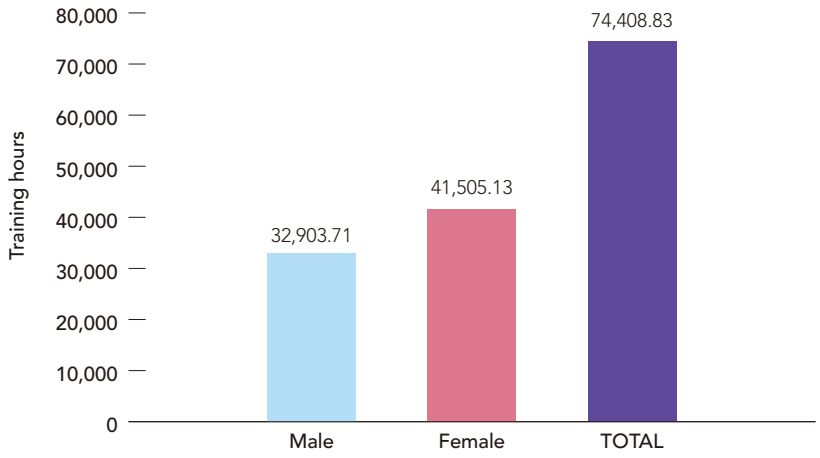
Fintech/Regtech



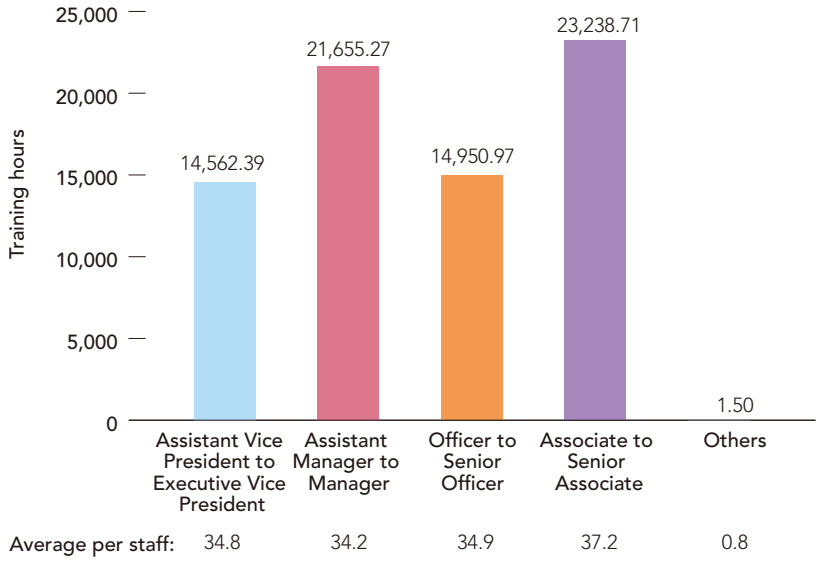
Others

To build fundamental awareness on ESG, green and sustainable finance, climate-related risks, as well as for Fintech for our talents and the banking industry, we have set commitments to provide and organise various eLearning, seminars, and conferences for our employees, with topics including "An Introduction to Climate Risk", "Training on HKSAR Green Bond", "An Introduction to Green Investment", "Fintech 101 eLearning Series" and "Digital Transformation Seminar Series", etc. This year, we enriched our Graduate Trainee Programme by making the passing of Hong Kong Institute of Bankers Stage I examination as a mandatory graduation requirement to ensure they acquire the basic banking and professional knowledge.

BREAKDOWN OF TOTAL TRAINING HOURS BY GENDER



BREAKDOWN OF TOTAL TRAINING HOURS BY CORPORATE TITLE



COMMUNITY INVESTMENT

As an established bank with over 70 years of history in Hong Kong, Shanghai Commercial Bank invests and strives to contribute to our community beyond providing financial services. We have maintained strong local relationship and steadfast commitment to support our communities, through community investment in delivering social improvement initiatives, community investment, and local support programmes.

OUR APPROACH

To fulfill our commitment of "Serving the Community", we dedicate time, resources and expertise to local communities in need. Our efforts include participating in volunteer services and charitable activities, making monetary and in-kind donation to charitable entities and educational institutions, advocating for environmental and social causes, and improving the wellbeing and work-life balance of our staff. According to the Bank's Guideline on Community Investment, our philanthropic initiatives focus on three areas:

Environment	Support environmental conservation in communities and promote sustainability practices across the Bank
Youth Development	Nurture future leaders by providing academic scholarships and build their capabilities
Community Care	Contribute to and improve community life for those in need, including children, elderlies, persons with disabilities, and others

To build a sustainable future in our focus areas, we are committed to proactively explore cross-sector collaboration opportunities and continue to partner with non-governmental organisations ("NGOs"). We have established strong connections with long-standing NGO partners such as Pok Oi Hospital, Po Leung Kuk and the Community Chest of Hong Kong. For more details on community investment programmes and corresponding achievements, please refer to "2022 Performance" below.

2022 PERFORMANCE

During the Reporting Year, the Bank contributed approximately HK$7.6 million in monetary donation to our NGO partners as well as organised, sponsored, and participated in 42 CSR events pertaining to environment, youth development and community care. In recognition of the Bank's enduring efforts in supporting local communities, we have received the prestigious "10 Years Plus Caring Company" award from the Hong Kong Council of Social Service for the 14th consecutive year. Our sincere gratitude to all our staff volunteers for their joint efforts in serving the community, and we will continue to work with more NGO partners to fulfill our social responsibility.

Environment

In 2022, we made a donation to the World Wide Fund for Nature – Hong Kong ("WWF-HK"), for restoring coastal areas at their Island House Conservation Studies Centre in Tai Po after the destruction by super typhoon Mangkhut in 2018. The project involves removing invasive species, replanting mangroves and fruit trees, and promoting organic farming. In collaboration with WWF-HK, this project also targets to offer more community outreach opportunities for schools, organisations, and the public on eco-friendliness and sustainability through hands-on experience. This underscores our commitment to sustainability with the intention to raise awareness among our staff and the community.





We strive to explore more environmental protection initiatives locally in multiple aspects. Apart from participating in regular campaigns such as Community Chest's Green Low Carbon Day and WWF Earth Hour, we continued to support Green Council's annual International Coastal Cleanup HK with participation from staff volunteers to collect and document trash from beaches and waterways. Data collected will be published for educational and outreach purposes focusing on the marine debris issue in Hong Kong.



Youth Development

In 2022, we continued to offer tertiary institution scholarships and contributed approximately HK$1.2 million covering 11 universities in Hong Kong.

This year, we were proud to be one of the sponsors supporting Team Hong Kong, led by the Vocational Training Council, to participate in the WorldSkills Competition 2022 Special Edition with record-breaking achievement of one Gold Medal and twelve Medallions for Excellence. The biennial competition showcases skills excellence to raise awareness and status of vocational education and skills training across the world.





The Bank also supported Heep Hong Society's Charity Football Fun Day to fundraise for its "Children and Youth Training Fund", which supports economically under-privileged Special Educational Needs ("SEN") children and their families with appropriate professional learning assistance.



Community Care

Despite the challenging times in 2022, the Bank continued to support NGO partners and help communities in need. While social distancing measures were still in effect, besides virtual participation in charity walks, runs and cycling to carry on with fundraising, our staff volunteers continued to visit low-income elderlies during festive seasons in collaboration with local centres for senior citizens.

The Bank donated HK$300,000 to sponsor Food Angel's "Support General Meals Production" Programme in addressing the surge of food assistance demand across different local districts to support economically deprived elderlies and families. Our staff volunteers also participated in preparing meals at Food Angel's Sham Shui Po Kitchen. As an extension, we organised a bank-wide food drive across all premises with collection of more than 360 kg of non-perishable food items from staff.





The prevalence of mental health issue in relation to the COVID-19 pandemic has been a gradual concern besides physical impact caused by the virus. In 2022, the Bank was a diamond sponsor for a world record breaking attempt organised by the JC Happiness Charity Foundation and the International Association of Mental Health Hong Kong, aimed at promoting mental health awareness among the public. The campaign "INNER CHILL", which broke the Guinness World Records for having the largest display of picture frames, presented over 18,000 paintings of "The Chill Panda" by children and celebrities in 3,333 frames.





Others – Arts & Culture

The Bank continued to facilitate the promotion of arts and culture in the community by sponsoring and participating in events and programmes hosted by the Hong Kong Arts Festival, Opera Hong Kong, Friends of Hong Kong Museum of Arts and the Hong Kong Children's Musical Theatre. In particular, we were proud to support Hong Kong Enharmonica, a foundation aiming to promote disability inclusion through music. In 2022, the Bank sponsored its mini-series "The Hidden Gems" broadcasted on TVB J2 featuring its members and other musicians.













The Bank strives to sustain business growth through value creation for our customers and shareholders, whilst enhancing the resilience of our business model. We incorporate sustainability into banking activities to champion a low-carbon economy, extend the accessibility of financial services to larger populations by utilising the tailwinds of digital transformation, and allocate resources to capture green and sustainable banking opportunities and to tackle emerging risks such as climate-related risks.



GREEN AND SUSTAINABLE BANKING

The conversation and audience of sustainability have evolved drastically over time, with arising attention on financial institutions regarding their ESG considerations when conducting banking and investment practices, and thereby better positioning themselves under the backdrop of societal transition to sustainability.

OUR APPROACH

Located in a leading global financial centre where there is thriving development of green and sustainable finance, Shanghai Commercial Bank recognises our role in championing green and sustainable finance initiatives in Hong Kong. To empower our business alongside the rapid local development of green and sustainable finance, we actively explore green opportunities, assess the environmental and social impact of our business activities, and establish green and sustainable banking initiatives for our diverse business activities.

As outlined in our 5-year Plan for Corporate Banking, we leverage our tri-bank alliance and participate in ESG-related syndication loans to facilitate the development of green industries and new technologies towards a future with net-zero carbon emission.

Case Study

To help enterprises seize the potential opportunities of green and sustainable finance, we actively support them in launching relevant products. Together with Bank of China (Hong Kong) Limited and China Construction Bank (Asia) Corporation Limited, we signed a HK$2.4 billion sustainability-linked loan facility with HKR International Limited, helping it issue the first sustainability-linked loan.

We are closely working with other peers from the banking community to support companies who set ambitious targets that facilitate the low-carbon transition and carbon neutrality in Hong Kong. The Bank supported Sun Hung Kai Properties, one of the largest Hong Kong property developers at the forefront of the development of sustainable cities and communities, in issuing a HK$20.7 billion sustainability-linked loan.



In terms of Retail Banking, we address customers' investment needs and incorporate sustainability considerations into the services we provide to promote sustainable investment among the public. A Sales Education and Motivation Programme is also provided to our sales team to ensure our staff with adequate capability in introducing potential ESG investment opportunities to customers in a genuine manner. Apart from regularly providing educational programmes such as online webinars to customers, we also actively explore market opportunities and offer sustainability-related products to enlarge our green financial product shelf, encompassing relevant products such as ESG funds and green bonds in a total of 46 products. Taking a further step, we extended our efforts beyond the services we provide to our customers, and introduced sustainable philosophies into our own Treasury activities, particularly in investment portfolios.

To keep abreast of the latest green and sustainable finance market trends, we hold a tripartite annual conference each year. 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 geographical regions through in-bound and out-bound referrals. This year, at the 23rd tripartite annual conference held in November 2022, we invited external ESG specialists to share their insights on green and sustainable finance regulations and market trends in Greater China, ESG investing initiatives, as well as approaches to combat climate-related risks.

2022 PERFORMANCE

In 2022, the Bank leveraged our tri-bank alliance and participated in offering a total of $2.65 billion in new syndicated loans targeting green industries. Meanwhile, we continued to launch new ESG products and pushed the total number of ESG products on the shelf to 46 products.

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$3.9 BILLION
GREEN BONDS

With increasing concerns over environmental issues and sustainable / ESG investing in recent years, the Bank assisted in holding the "ESG Investing Webinar" in Hong Kong and Taiwan in July 2022, aiming to help customers understand the construction of investment portfolios by sharing all-round sustainable investment strategies. We invited a professional team from an internationally renowned asset management company and briefed our customers on how to incorporate ESG factors into their investment decisions.

In order to encourage our customers to nourish the ecosystem while managing their wealth, especially wildlife conservation, the Bank launched a promotional activity for our ESG funds. For each subscription of the ESG funds, we will donate through WWF-HK to plant a tree to help protect the environment.

The Bank also actively supported the HKSAR Government in implementing green and sustainable finance initiatives, and provided a "Green Retail Bond" subscription service to customers. With a subscription fee discount, we stimulated the participation of our customers in green bonds, thus promoting environmental protection and sustainable development in Hong Kong.

Going forward, we will continue to support in ESG-related syndication loans and seek for the opportunity for bilateral loans. Additionally, we will explore more innovative green products in the market for customers by sourcing more suitable green products with internal sales education, and organise motivational programmes to up-skill our staff on green and sustainable investment.

INCLUSIVE FINANCE AND INNOVATIVE BUSINESS

Implementing sustainable practices in the finance and banking industry requires financial institutions to not only consider ESG impacts in banking and investment practices, but also embed inclusive finance and innovation across their business areas.

As a community bank, inclusive finance and digitalisation are, in fact, two key drivers that can synergistically navigate us to a modern business model that caters to the needs of different social groups. Leveraging innovative solutions stemming from financial technologies, we contribute to the financial inclusion of vulnerable populations and support the local economic development.

OUR APPROACH

Inclusive Finance

Inclusive finance is at the core of our banking business, especially when we are serving our SMEs and retail customers.

Under our inclusive finance initiative, the Bank is committed to supporting the growth of SMEs with tailored solutions under two different timeframes:

In the short run



We will enhance existing infrastructure and channels to provide a more comprehensive banking service. For instance, we will make use of the HKSAR Government's SME Financing Guarantee Scheme and actively involve in green-related sectors, start-ups and technology, healthcare, imports and exports, and wholesale and retail trade.

In the long run



We will continue to improve the Bank's service platforms, such as the Corporate Banking Mobile App and HKMA's Commercial Data Interchange, to provide innovative services that facilitate the development of SMEs business.

For Retail Banking, the Bank strives to enhance financial access for physically and socio-economically disadvantaged groups, and perfect our services and infrastructure, by introducing the following approaches:

- Build our branches with barrier-free design concepts, with ramps and meeting rooms to support customers with special needs
- Install voice-navigation ATMs at various branches to support and serve visually impaired customers
- Waive a range of service charges, including check issuance fees for senior citizens
- Provide priority counters at our branches for senior citizen customers
- Optimise the font size of our payment app "Shacom Pay" to improve senior citizens' experience on our mobile platform

Digitalisation and Innovation

Digitalising our services brings convenience, security, efficiency, environmentally friendliness, and accessibility to a broader audience and population. The Digital Transformation Committee ("DTC") and the Digital Transformation Office are the main bodies responsible for formulating and executing digital strategies to provide personalised trustworthy financial services.

Spearheaded by senior management from functions such as Retail Banking, Corporate Banking, and Information Technology & Operations, the DTC is a cross-functional committee that oversees the Bank's digital transformation strategy and initiatives relevant to Fintech. It supervises the Digital Transformation Office to conduct the following digital finance initiatives:

- Deliberate investment decisions related to digital transformation
- Promote our digital culture across the Bank, such as relevant training programmes provided to our staff, covering the theme of Fintech and digital transformation
- Implement the 3-year plan on Fintech adoption to enhance customer experience, operational efficiency, big data application as well as risk management and monitoring

2022 PERFORMANCE

The Bank continued to improve the digital convenience of "Shacom Pay" by introducing more user-friendly functions. Leveraging Open API Phase 4, we are one of the first local banks to partner with Octopus to offer App-to-App top-up value-added service, supporting Octopus Card top-up payment through seamless integration with "Shacom Pay". To further optimise credit card payment channels, the Bank introduced QR codes of the Faster Payment System ("FPS") to credit card monthly statements. Users can pay their bills directly by scanning QR codes using the "Shacom Pay" or mobile apps from other banks that support FPS.

As part of the enriched digital services in 2022, we launched the Corporate Banking Mobile application, "Shacom Business", to enable our customers to manage their bank accounts at their fingertips. With an aim to extend our digitalisation solution to SMEs, "Shacom Business" is equipped with a variety of functions such as account enquiry, transfer, remittance, foreign exchange, and MPF approval and payroll transaction approval. Supported by this app, SMEs can easily manage corporate accounts whilst keeping abreast of the latest company's financial status and market trends.

In addition, we always strive to improve customer experience. Real-time display of transaction status and enhanced notifications enable our customers to grasp the status of FPS transfer and whether the payee has received the fund. Our Internet Stock Trading Platform and Mobile Stock Trading Platform had also been revamped in mid-2022, with the new functions of eIPO subscription/financing services, e-daily statements/contract note, as well as e-corporate action that can facilitate customers to make their investment decisions anytime anywhere.



CLIMATE CHANGE RESPONSE

Climate change is the defining issue of our time. From shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Climate-related risks, such as damage caused by extreme weather events or a decline of asset value in carbon-intensive sectors are a unique type of risk to the financial system.

Without taking action today, adapting to climate impacts in the future will be more difficult and costly. Regulators around the world have been putting more emphasis on addressing climate-related financial risks, such as requirements from the HKMA on banks to manage climate risks. At Shanghai Commercial Bank, we recognise the urgency of the issue and proactively act on climate change. Accordingly, we have allocated resources and developed a tailored response, as described below.

OUR APPROACH

Apart from actively minimising our own carbon footprints that contribute to climate change and facilitating the transition to a low-carbon economy, the Bank also proactively responds to climate change by embedding climate risk throughout our sustainability framework, including incorporating climate risk considerations into our overall sustainability strategy as led by the management-level Sustainability Working Group.

In 2022, the Bank formulated a Climate Risk Management Framework which subsequently approved by the Board and standardised the methodology on analysing the physical risk and transition risk under different climate scenarios. More details on our approach and assessment results could be found in the "Risk Management" section in the TCFD report below. To ensure that the Bank is up to date on the latest trends impacting our industry, we regularly engage with regulators, including HKMA and use the most appropriate measures to address climate change.

2022 PERFORMANCE

Climate Risk Appetite Statement have been put in place in 2022, with key principles of monitoring the integration of climate risk governance and measures, risk exposures in particular to high carbon-emission sectors, and vulnerability and resilience to climate stress. As development of climate risks management is still at the early stage among financial industry, we will continue to enhance our Climate Risk Management Framework, which includes but not limited to facilitating a better understanding of the potential impact of climate risk on our customers. For example, we have developed and put in place an information collection template for relevant units to assess information on how our newly on boarded clients manage climate risks, as part of the KYC process.

2022 TCFD REPORT

Climate change imposes a unique type of risk to the banking industry, having a high likelihood of materialising, affecting businesses globally, and persistently increasing unless swift action is taken today. We recognise that banks have a critical role to play in facilitating various industries to combat climate change and build their own climate resilience. In response, we started to disclose our TCFD-related work progress in 2021 to provide transparency to our stakeholders on our progress and will continue to improve our governance, strategy, risk management, and monitoring processes with reference to the recommendations developed by the TCFD.



GOVERNANCE



STRATEGY



RISK MANAGEMENT



MONITOR THROUGH METRICS AND TARGETS



Governance

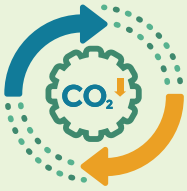
To effectively combat climate change, the Bank has set up the Sustainability Committee and the Sustainability Working Group at the Board and management level respectively, to formulate climate-related strategy as well as to support the effective communication and co-ordination among different business and operation units. This governance structure addresses and closely monitors the impact of the Bank's business activities on the environment and society.

The Board has delegated the Sustainability Committee to oversee and manage the development and implementation of the Bank's plan in embedding climate-related risks into the risk management framework. The Sustainability Committee would be regularly provided with relevant management information for risk oversight as well as updates on major policy initiatives and development concerning climate-related issues. To ensure the robustness and effectiveness of the Bank's climate risk management, the Board has also delegated the Risk Committee to oversee climate risks through regular monitoring of relevant exposures, reviewing and endorsing the Climate Risk Appetite Statement and Climate Risk Management Framework for the Board's approval.

In the Sustainability Working Group, senior management members are responsible for the implementation of the Bank's sustainability initiatives and risk management framework, encompassing driving necessary changes, and addressing climate-related issues. This includes ensuring the effectiveness of the framework through regular review, formulation, and implementation of relevant policies and processes. The senior management will also put in place effective escalation channels for reporting material risks and exceptions.

Strategy

The Bank proactively identifies the key topics/goals related to climate change response and green and sustainable finance through stakeholder engagements and materiality assessments conducted. Subsequently, we set relevant targets over different time horizons based on both internal factors, such as the Bank's strengths and weaknesses, and external factors, such as the environment and location where the Bank operates. Below are selected examples of climate-related risks and opportunities that the Bank has identified.

Climate-related Risks	Potential Financial Impact
Transition Risk: Risks relate to the process of adjustment towards a lower-carbon economy 	**Policies and regulations:** Carbon tax is commonly used to assess climate resilience, while enhanced regulations on GHG emissions may impose greater obligations on information disclosure. The impact may affect the profitability, financing cost, and investor relationship.
	Technology development: Emerging technologies will have a significant but indeterminate impact on climate adaptation and mitigation efforts. To manage the risks, significant investment is needed to lower the cost and increase the development of low-carbon technologies.
	Market: More gradual weather and landscape changes and consequent natural resource constraints will result in shifting customer needs. The impact may involve changes in consumer behaviour, market signals with greater uncertainty and a risk in material cost.
	Reputation: Reputational risk is tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy. It may also involve criticism against certain industries, increased concern among stakeholders, and emerging legal cases related to climate change for governments, firms, and investors.

Climate-related Risks	Potential Financial Impact
Physical Risk: Physical risks arise from changes in weather and climate that impact the economy, including acute impacts and chronic impacts of climate change 	**Acute:** Acute climate-related events (e.g. heat waves, floods, hurricanes and wildfires) can impair or destroy asset values and increase underwriting risks for insurer, possibly leading to lower insurance coverage in some regions, increased insurance premium, higher capital expenditure and operational costs, and a decrease in the liquidity and value of properties, facilities, infrastructures, and other assets.
	Chronic: Chronic impacts of climate change particularly from increased temperatures, sea levels rise and precipitation possibly leading to heat waves, floods, hurricanes and wildfires. The impact may affect labour capital and agriculture productivity and require a significant level of investment and adaptation from companies, households and governments.

Climate-related Opportunities	Potential Financial Impact
Sustainable Operations 	We seek to minimise the Bank's own carbon footprint through our sustainable operations and thus have set GHG emission reduction targets. We will also closely monitor our performance against the targets set and enhance these targets as appropriate. Our approach to carbon management can be found in the "Sustainable Operations" section.
Green and Sustainable Banking 	We aspire to enable transition to a low-carbon economy through our green and sustainable finance initiatives. As mentioned in the "Green and Sustainable Banking" section, we deployed a wide range of financial products and services to help our customers build resilience and to take part in opportunities from climate change.

Responding to climate change proactively as a financial institution, the Bank incorporates climate-related strategic goals in relevant business and lending policies wherever appropriate. For instance, the Bank has embedded climate risk considerations into its client's risk profiling with the aid of the Sectorial Lending Guideline. Further, the Bank has developed and put in place appropriate Climate Risk Appetite Statement in phases, starting with qualitative principles initially, to ensure the Bank's investments, products, and service offerings are consistent with the overall climate strategy and corporate values.

In addition to incorporating climate-related considerations in the Bank's business operations and risk management process, we endeavour to take the wider encompassing sustainability matters into account in staff's performance evaluation process where possible. For example, the Bank has integrated climate considerations into its remuneration system to ensure that the remuneration practices are consistent with the climate strategy as appropriate. We have also devoted adequate resources to ensure the Bank's capability on climate strategy implementation, through staff up-skill/reskill, talent recruitment, and external consultation with experts. In addition, as climate-related risks require reliable data for monitoring and assessment, the Bank continues to enhance the data collection process and its system to capture the necessary data for effective implementation of climate strategy.

The Climate Risk Management Framework is established to mitigate and better manage climate-related financial risks and build climate resilience. We also apply climate scenarios to assess the potential vulnerability of the Bank's financial position, largely in terms of profitability and capital adequacy, under stressed business conditions due to climate change. Details of the climate scenario analysis and stress test can be found in the "Risk Management" section below.

Risk Management

We have incorporated climate-related risk considerations into our existing risk management framework and established effective risk management processes to identify, measure, monitor, report, control, and mitigate climate risks. In line with the Bank's established risk governance framework, the responsibilities of managing climate-related risks are allocated among "Three Lines of Defence".

First Line of Defence



Performed by the Bank's frontlines and business units (e.g. Corporate Banking Division, Retail Banking Division, Treasury Division) where risks are taken. Relevant staff should have sufficient awareness and understanding to identify and assess potential climate-related risks

Second Line of Defence



Performed by the Bank's risk management functions (e.g. Credit Division, Risk Management Division, Legal and Compliance Division). Each of these units is primarily responsible for executing its respective risk management framework, which includes risks associated with climate changes in accordance with the Bank's Climate Risk Management Framework.

Third Line of Defence



Performed by an independent and effective internal audit function (e.g. Internal Audit Department). Relevant staff are responsible for providing assurance and periodic audit evaluation on the effectiveness of the Bank's climate-related risk management.

Our Climate Risk Management Framework is formulated in accordance with the HKMA's Supervisory Policy Manual GS-1 on climate risk governance and management, and we adopted the methodology in HKMA's pilot CRST exercise to identify and assess our exposures to climate risk, including physical risk and transition risk. In order to properly manage these risks, the Bank would evaluate the significance of such risks and understand how climate risks could be transmitted to traditional risk types, as well as assess their potential impacts on our businesses.

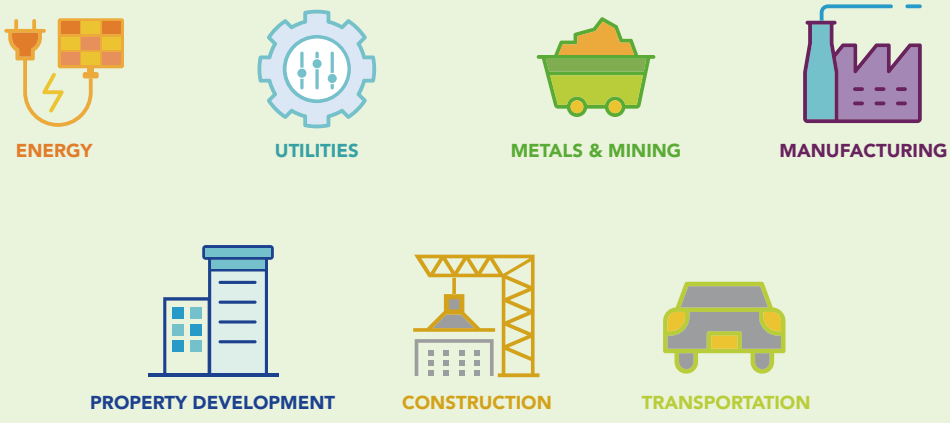
Transition Risk Analysis

Transition risks related to the process of adjustment towards a lower-carbon economy include the introduction of climate policy and regulation measures, developments in technology, and/or changes in market sentiment. To properly assess the impact of transition risks on the Bank, we conducted transition risk analysis in accordance with regulatory guidelines and evaluated the corresponding financial implications.

Our transition risk analysis is conducted based on the most recent version of the representative scenarios developed by the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS"), namely "Disorderly", "Orderly" and "Hot House World" scenarios.

The "Disorderly" scenario assumes the global economy will go through a challenging pathway to meet the Paris Agreement target (below 1.5°C within this century), where changes in energy consumption patterns and jump in carbon price are observed under this scenario. For the "Orderly" scenario, it assumes global climate actions are being efficiently and steadily taken, where the pathway to achieving the Paris Agreement target is smoothly on track. For the "Hot House World" scenario, it assumes limited global actions are being taken, where nations' respective targets to meet the Paris Agreement target have failed with irreversible impacts such as global sea level increase occurred.

The transition risk analysis focuses on the following 7 high carbon-emission sectors:



The Bank assessed the transition risks from the 7 high-carbon emission sectors for relevant portfolios in scope (e.g. loans and advances, debt securities, and trading equities portfolio). Due to the limited exposure of the loans and advances portfolio to carbon intensive sectors such as Energy and Utilities, the overall impact of the in-scope portfolios on capital adequacy ratio ("CAR") remains insignificant at less than 1%.

Physical Risk Analysis

Physical risks arise from climate and weather-related events, such as sea-level rises, as well as progressive shifts in climate and weather patterns, such as increasing temperatures. In accordance with the HKMA's guidance, we assessed the impact of physical risks on the Bank.

The physical risk analysis is conducted with reference to the scenarios and climate pathways suggested by the Intergovernmental Panel on Climate Change ("IPCC") which assumed that Hong Kong will be affected by the acute impacts of extreme weather events, including increasing temperatures, rising sea levels, and more intense tropical cyclones.

We assessed the impact of physical risk on property collateralised loans and advances, property investment, and operational losses arising from extreme weather events such as tropical cyclones and floods across key locations where the Bank operates. We then quantified physical risk based on the impacted value of physical properties and expected business disruptions, and the overall impact of physical risk on the Bank's CAR remains insignificant at less than 1%. Among the portfolios being assessed, operational losses would be exposed to relatively higher risk due to business disruptions in banking activities. Nonetheless, such impact on CAR is insignificant.

Monitoring

As the results from the climate risk analysis on the portfolio data in 2022 revealed that the overall impact on CAR is minimal and within manageable level, no risk mitigation action is considered imminent currently. Despite the minimal impact assessed in 2022, the Bank will continue to regularly monitor the risks arising from climate change using the policies and protocols in the Climate Risk Management Framework. The Bank's portfolios will be assessed for climate risk exposures and reported at regular intervals to the management and the Risk Committee. Scenario analysis will also be conducted on a regular basis to assess the Bank's resilience to climate change under different climate scenarios, informing the Bank's development of plans to mitigate the adverse impacts. The Bank will regularly report climate-related risk exposures and scenario analysis results to management-level committees for risk monitoring purpose, ensuring that the exposures align with the established risk appetite. To ensure our staff have adequate knowledge to manage climate-related risks, we will provide them trainings on climate risk management annually.

The Bank also carries out different initiatives to better address climate change, including but not limited to enhancement in reporting and visualisation of physical risks. In 2022, the Bank developed a physical risk visualisation tool that has been shared to the relevant parties as an auxiliary tool to support their business operations when applicable. We will also further integrate climate risk considerations into our existing processes, such as the processes for data acquisition and credit assessment, to consider climate risks comprehensively in our business operation.

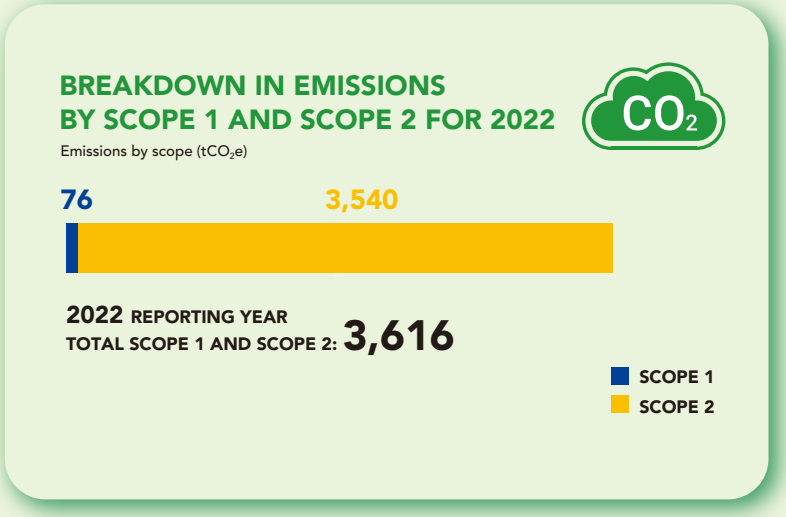
Metrics and Targets

To demonstrate the Bank's commitment to supporting the transition towards a sustainable economy and managing the arising risks exposure to climate and other ESG-related issues, we have developed various targets related to our business to capture climate-related opportunities.



The Bank has set relevant quantitative metrics and targets regarding GHG emissions, energy usage, material usage, waste management, and water usage of our own business operation, to facilitate monitoring of our progress in managing climate-related risks. The metrics are designed with considerations of materiality of the climate-related risks to our business operation and the TCFD Recommendations. The Bank will closely monitor our performance and action plan against the targets and enhance as appropriate.

GHG Emissions



The Bank will also set limit on loans and advances to the seven high-carbon emission sectors as well as on bond portfolios to those sectors to reduce our environmental footprint. Furthermore, we will integrate climate-related elements into the Bank's existing obligor evaluation process during customer on-boarding and regular client review to facilitate climate risk-related data collection from customer and facilitate our management of climate-related risks in the future.

ECONOMIC PERFORMANCE

CATEGORY	2022 (HKD MILLION)	2021 (HKD MILLION)
Direct economic value generated and distributed		
Revenue	5,461.2	5,462.1
Operating costs	627.8	564.0
Employee compensation and benefits	1,111.4	1,079.1
Payment to providers of capital	506.3	505.8
Payments to government in **Hong Kong**	344.1	339.4
Payments to government in **Mainland China**	73.2	50.3
Payments to government in **Overseas**	318.9	289.5
Economic value retained	2,471.9	2,623.7
Total financial donations to charitable organisations	7.6	10.3

ENVIRONMENTAL PERFORMANCE

HKEX KPI	INDICATOR	UNIT	2022	2021
Energy				
KPI A2.1	**Total direct and indirect energy consumption by type**			
	Total energy consumption	'000 kilowatt hours (kWh)	7,849.74	8,264.76
	Total electricity consumption	'000 kWh	7,571.52	7,962.14
	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	278.22	302.62
	Total fuel consumption from renewable sources	'000 kWh	–	–
KPI A2.1	**Overall energy intensity of the Group**			
	By Gross Floor Area ("GFA")	'000 kWh/m^2	0.15	0.16
Water				
KPI A2.2	**Water consumption**			
	Total consumption of municipal fresh water	m^3	11,003.70	12,684.57
	Water intensity			
	Per square metre of GFA	m^3/m^2	0.21	0.25

HKEX KPI	INDICATOR	UNIT	2022	2021
Air emissions				
KPI A1.1	**Emissions from gaseous fuel consumption**			
	Nitrogen Oxide ("NOx")	kilogram (kg)	0.36	0.73
	Sulphur Oxide ("SOx")	kg	0.0018	0.0037
	Emissions from vehicles			
	NOx	kg	23.28	25.34
	SOx	kg	0.39	0.39
	Particular matter ("PM")	kg	1.85	2.05
Carbon emissions				
KPI A1.2	**Total GHG emissions in Hong Kong**			
	Scope 1 emissions	tonnes CO_2 equivalent (CO_2e)	75.73	80.19
	Scope 2 emissions	tonnes CO_2e	3,287.96	3,474.60
	Scope 1 & 2 emissions	tonnes CO_2e	3,363.69	3,554.79
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.07	0.08
KPI A1.2	**Total GHG emissions in Mainland China**			
	Scope 1 emissions	tonnes CO_2e	–	–
	Scope 2 emissions	tonnes CO_2e	101.13	112.15
	Scope 1 & 2 emissions	tonnes CO_2e	101.13	112.15
	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_2e	–	–
	Scope 2 emissions	tonnes CO_2e	151.05	178.08
	Scope 1 & 2 emissions	tonnes CO_2e	151.05	178.08
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.04	0.05
KPI A1.2	**Total GHG emissions of Shanghai Commercial Bank**			
	Scope 1 emissions	tonnes CO_2e	75.73	80.19
	Scope 2 emissions	tonnes CO_2e	3,540.14	3,764.83
	Scope 1 & 2 emissions	tonnes CO_2e	3,615.87	3,845.03
	GHG emissions intensity per unit of GFA	tonnes CO_2e/m^2	0.07	0.07

Materials use and waste

HKEX KPI	INDICATOR	UNIT	2022	2021
KPI 1.4	Paper consumption	tonnes	100.85	125.86
	Paper recycled	tonnes	90.19	120.27
	Other recycled (printer cartridges)	tonnes	0.40	0.52
	Paper waste intensity	kg per full-time employee per year	54.25	64.25

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 were 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 organisations. Where market-based emission factors are not available, calculations use location-based factors.
- Recycled paper data only includes copy paper and IT paper, our most material paper types.

WORKFORCE DATA

Employees by gender and age

HKEX KPI	LOCATION	2022 TOTAL	MALE	FEMALE	<30	30–39	40–49	≥50
KPI B1.1	Overall	1,864	909	955	443	495	418	508
	Hong Kong	1,675	828	847	409	426	370	470
	Mainland China	70	28	42	8	40	20	2
	Overseas	119	53	66	26	29	28	36

HKEX KPI	LOCATION	2021 TOTAL	MALE	FEMALE	<30	30–39	40–49	≥50
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 5 part-time employees. More details can be found in the "Employees by contract type" table.

Employees by contract type

HKEX KPI	LOCATION	2022 PERMANENT CONTRACT	2022 FIXED TERM/ TEMPORARY CONTRACT	2022 FULL-TIME	2022 PART-TIME
KPI B1.1	Hong Kong	1,628	47	1,670	5
	Mainland China	69	1	70	0
	Overseas	119	0	119	0

HKEX KPI	LOCATION	2021 PERMANENT CONTRACT	2021 FIXED TERM/ TEMPORARY CONTRACT	2021 FULL-TIME	2021 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	2022 ASSISTANT VICE PRESIDENT TO EXECUTIVE VICE PRESIDENT	2022 ASSISTANT MANAGER TO MANAGER	2022 OFFICER TO SENIOR OFFICER	2022 ASSOCIATE TO SENIOR ASSOCIATE	2022 OTHERS
KPI B1.1	Male	248	253	162	197	49
	Female	145	291	200	306	13

HKEX KPI	GENDER	2021 ASSISTANT VICE PRESIDENT TO EXECUTIVE VICE PRESIDENT	2021 ASSISTANT MANAGER TO MANAGER	2021 OFFICER TO SENIOR OFFICER	2021 ASSOCIATE TO SENIOR ASSOCIATE	2021 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	2022 NUMBER	2022 RATE (%)
KPI B1.2	Overall	406	21.8
	Hong Kong	385	23.0
	Mainland China	0	0.0
	Overseas	21	17.6
	Male	213	23.4
	Female	193	20.2
	Under 30	215	48.5
	Aged 30–39	134	27.1
	Aged 40–49	45	10.8
	50 and over	12	2.4

HKEX KPI	LOCATION/GENDER/AGE	2021 NUMBER	2021 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	2022 AVERAGE TRAINING HOURS	2022 PERCENTAGE OF EMPLOYEES TRAINED	2021 AVERAGE TRAINING HOURS	2021 PERCENTAGE OF EMPLOYEES TRAINED
KPI B3.1, KPI B3.2	Male	32.6	111.0	26.9	110.2
	Female	37.8	115.1	27.6	109.6
	Assistant Vice President to Executive Vice President	34.8	106.6	27.7	109.4
	Assistant Manager to Manager	34.2	116.5	23.0	108.3
	Officer to Senior Officer	34.9	118.5	20.5	114.1
	Associate to Senior Associate	37.2	124.1	35.0	122.6
	Others	0.8	3.2	1.5	2.9

Note

- Training delivered to employees who left the Bank during 2022 is included and may result in percentages of more than 100%.

HEALTH AND SAFETY

Workplace injuries and fatalities

HKEX KPI	CATEGORY	2022	2021	2020
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	135	20	9
	Hong Kong	135	20	9
	Mainland China	0	0	0
	Overseas	0	0	0

SOCIAL DATA

Fair products and services, and responsible marketing

HKEX KPI	INDICATOR	2022	2021
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	0	2
KPI B7.1	Confirmed incidents of corruption and action taken	0	0

SUPPLIERS

Suppliers by geographic location

HKEX KPI	LOCATION	2022 NUMBER	2022 PERCENTAGE (%)	2021 NUMBER	2021 PERCENTAGE (%)
KPI B5.1	Europe	0	0%	2	3%
	Hong Kong	65	93%	66	93%
	Mainland China	1	1%	1	1%
	North America	4	6%	2	3%

COMMUNITY CONTRIBUTIONS

Charitable donations and volunteering

HKEX KPI	CATEGORY	2022 (HKD'000)	2021 (HKD'000)
KPI B8.2	Charitable donations by category	7,643	10,290
	Environment	181	38
	Youth Development	1,729	1,904
	Community Care	5,463	8,171
	Others	270	177
KPI B8.2	Volunteering hours	2,325	2,291

APPENDICES

AWARDS AND RECOGNITIONS

AWARD IN 2022	AWARDING BODY
Corporate and Employee Contribution Programme 2021/22 Gold Award	The Community Chest of Hong Kong
Award of Distinction	The Community Chest of Hong Kong
10 Years Plus Caring Company Award (for the 14th consecutive year)	The Hong Kong Council of Social Service
Social Capital Builder Award	Home and Youth Affairs Bureau – Community Investment and Inclusion Fund
General Member	Business Environment Council
Silver Member	WWF-Hong Kong
Provisional Gold, BEAM Plus – Shanghai Commercial Bank Tower – Residential and Commercial Development of Catchick Street, Kennedy Town	Hong Kong Green Building Council
Platinum Award, Charter on External Lighting	Environment and Ecology Bureau
Wastewi$e Certificate	Hong Kong Green Organisation Certification
Indoor Air Quality Certificate	Environmental Protection Department
IAQwi$e Certificate	Hong Kong Green Organisation Certification
Quality Lift Service Recognition Scheme	Electrical and Mechanical Services Department
Quality Water Supply Scheme for Buildings	Water Supplies Department
CAPITAL Magazine Merits of Achievements in Banking & Finance 2022 – Trade Finance Banking Services	South China Media Limited
EDigest Brand Awards 2022 – Best SME Financing Services	EDigest
Hong Kong Economic Journal Corporate Brand Awards of Excellence 2022 – SME Banking Services	Hong Kong Economic Journal
Best SME's Partner Gold Award	The Hong Kong General Chamber of Small and Medium Business

GLOSSARY

TERM	DEFINITION
AML	Anti-Money Laundering
CAR	Capital Adequacy Ratio
CFT	Counter-Financing of Terrorism
Covid-19	Coronavirus disease 2019
CRST	Climate Risk Stress Test
CSR	Corporate Social Responsibility
DTC	Digital Transformation Committee
ESG	Environmental, Social and Governance
FPS	Faster Payment System
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
HKEX	The Stock Exchange of Hong Kong Limited
HKGOC	Hong Kong Green Organisation Certification
HKMA	Hong Kong Monetary Authority
INED	Independent Non-executive Director
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicators
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NGO	Non-governmental Organisation
PGC	Product/Service Governance Committee
RCP	Representative Concentration Pathway
SCoC	Supplier Code of Conduct
SMEs	Small and Medium-Sized Enterprises
SWG	Sustainability Working Group
TCFD	Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of CO_2 Equivalent
The Bank	Shanghai Commercial Bank
The Board	The Board of Directors
WSI	WorldSkills International
WWF-HK	The World Wide Fund for Nature – Hong Kong

REPORTING CONTENT INDEX

ESG Reporting Guide Content Index

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	Board Statement on Sustainability (P. 6–7); Chief Executive's Message (P. 8); Sustainability Governance (P. 11–13)
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About this Report (P. 5); Sustainability Strategy, Policy and Target (P. 14–15); Stakeholder Engagement & Materiality Assessment (P.15–17)
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report (P. 5); Sustainability Strategy, Policy and Target (P. 14–15); Stakeholder Engagement & Materiality Assessment (P.15–17)

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Footprint Management (P. 18–21)
A1.1	The types of emissions and respective emissions data.	Environmental Footprint Management: – 2022 Performance (P. 21); Our Performance: – Environmental Performance (P. 68)
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Footprint Management: – 2022 Performance (P. 21); Our Performance: – Environmental Performance (P. 67–68)
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Footprint Management: – 2022 Performance (P. 21); Our Performance: – Environmental Performance (P. 69)
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Footprint Management: – 2022 Performance (P. 21); Our Performance: – Environmental Performance (P. 69)
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Footprint Management: – GHG Emissions and Energy Usage (P. 19)
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Footprint Management: – Materials Use (P. 20) – Waste Management and Water Usage (P. 20)

ASPECT GENERAL DISCLOSURES AND KPI	DESCRIPTION	PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
A. Environmental		
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Footprint Management (P. 18–21)
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Performance: – Environmental Performance (P. 67)
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Performance: – Environmental Performance (P. 67)
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Footprint Management: – GHG Emissions and Energy Usage (P. 19)
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Footprint Management: – Waste Management and Water Usage (P. 20–21)
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not material to the Bank's operations
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resource.	Environmental Footprint Management (P. 18–20)
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Footprint Management: – GHG Emissions and Energy Usage (P. 19, 21) – Material Use (P. 20–21) – Waste Management and Water Usage (P. 20–21)

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
A. Environmental		
A4 Climate Change General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response (P. 57)
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2022 TCFD Report (P. 58–66)
B. Social		
B1 Employment General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Management and Development (P. 35–38)
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Talent Management and Development: – Workforce (P. 39); Our Performance: – Workforce Data (P. 69–71)
B1.2	Employee turnover rate by gender, age group and geographical region.	Our Performance: – Workforce Data (P. 69–71)
B2 Health and Safety General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Management and Development: – Occupational Health and Safety (P. 37–38) – Health and Safety (P. 41–42)
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Our Performance: – Health and Safety (P. 72)
B2.2	Lost days due to work injury.	Our Performance: – Health and Safety (P. 72)
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Management and Development: – Occupational Health and Safety (P. 37–38)

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
B. Social		
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Management and Development: – Training and Development (P. 36–37)
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Management and Development: – Training and Development (P. 44); Our Performance: – Training and Development (P. 72)
B3.2	The average training hours completed per employee by gender and employee category.	Talent Management and Development: – Training and Development (P. 44); Our Performance: – Training and Development (P. 72)
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Responsible Procurement (P.22–23); Talent Management and Development: – Talent Attraction and Retention (P. 35–36)
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management and Development: – Talent Attraction and Retention (P. 35–36)
B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management and Development: – Talent Attraction and Retention (P. 35–36)

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
B. Social		
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement (P. 22–23)
B5.1	Number of suppliers by geographical region.	Our Performance: – Suppliers (P. 73)
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Procurement (P. 22–23)
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement (P. 22–23)
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement (P. 22–23)
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Privacy and Cybersecurity (P. 31–32); Customer Relationship (P. 33–34)
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product recalls are not material to the Bank's operations
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Relationship: – Complaints Handling Procedure (P. 33–34); Our Performance: – Social Data (P. 73)
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights are not material to the Bank's operations
B6.4	Description of quality assurance process and recall procedures.	Customer Relationship: – Product and Service Improvement (P. 33)
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy and Cybersecurity: – Privacy Information Protection (P. 31–32)

ASPECT GENERAL DISCLOSURES AND KPI DESCRIPTION		PAGE NUMBER(S) AND/OR EXPLANATIONS
"Comply or explain" Provisions		
B. Social		
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Robust Governance (P. 24–30)
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Robust Governance: – Customer Acceptance and Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CFT") Policy (P. 28–29)
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Robust Governance: – Code of Conduct (P. 28) – Whistleblowing Policy (P. 28) – Customer Acceptance and Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CFT") Policy (P. 28–29) – Compliance and Reporting (P. 29)
B7.3	Description of anti-corruption training provided to directors and staff.	Robust Governance: – Customer Acceptance and Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CFT") Policy (P. 28–29) – 2022 Performance – Anti-corruption Training (P. 30)
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment (P. 45–50)
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment (P. 45–50)
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment (P. 45–50); Our Performance: – Community Contributions (P. 73)

TCFD Index

PILLAR	ITEM	RECOMMENDED DISCLOSURE	PAGE NUMBER(S) AND/OR EXPLANATIONS
Governance	a	Describe the board's oversight of climate-related risks and opportunities.	Robust Governance (P. 24–29); 2022 TCFD Report: – Governance (P. 58)
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	Robust Governance (P. 24–29); 2022 TCFD Report: – Governance (P. 58)
Strategy	a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	2022 TCFD Report: – Strategy (P. 59–61)
	b	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	2022 TCFD Report: – Strategy (P. 59–61)
	c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2022 TCFD Report: – Strategy (P. 59–60) – Risk Management (P. 62–64)
Risk Management	a	Describe the organisation's processes for identifying and assessing climate-related risks.	2022 TCFD Report: – Risk Management (P.62–65) – Metrics and Targets (P. 65–66)
	b	Describe the organisation's processes for managing climate-related risks.	2022 TCFD Report: – Risk Management (P.62–65) – Metrics and Targets (P. 65–66)
	c	Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	2022 TCFD Report: – Risk Management (P.62–65) – Metrics and Targets (P. 65–66)
Metrics and Targets	a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	2022 TCFD Report: – Metrics and Targets (P.65–66)
	b	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	2022 TCFD Report: – Metrics and Targets (P. 65–66); Our Performance: – Environmental Performance (P. 68)
	c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	2022 TCFD Report: – Strategy (P. 59–61) – Metrics and Targets (P. 65–66); Our Performance: – Environmental Performance (P. 67–68)