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two per cent annual reduction

in greenhouse gas emissions.

Reflecting the need to protect the planet for present and future generations, we endeavour to use fewer natural resources and to promote environmental responsibility. We operate our business in an environmentally conscious manner and advocate for good practices in our relationships with stakeholders.

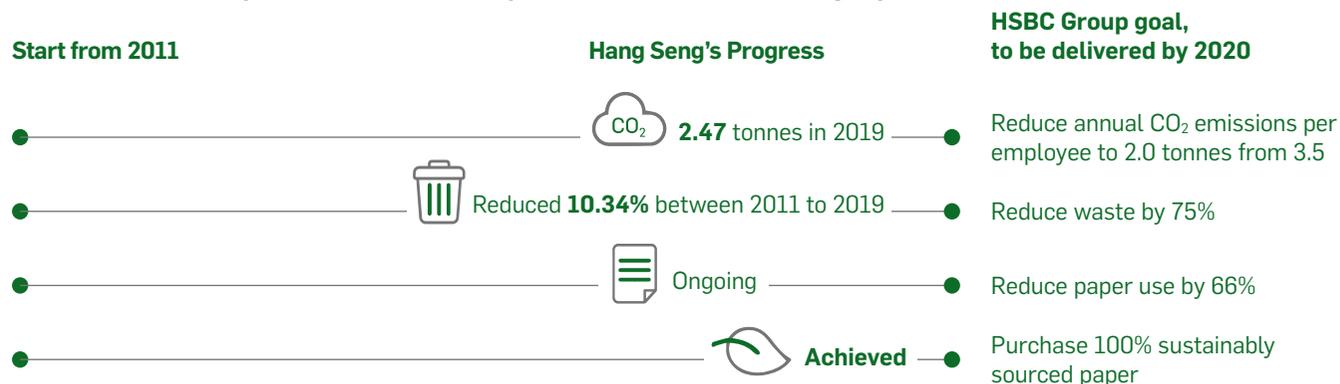
We are working to reduce our consumption of energy and natural resources, to reduce waste, and to use environmentally friendly products and services wherever possible. We ensure that our operations comply fully with environmental laws and regulations enacted by the Hong Kong government. We use internal channels and engage in volunteer service to raise environmental awareness and communicate green values to our staff. Our policies, services and community engagement activities encourage suppliers, business partners and customers to improve their environmental performance.

Our Shared Responsibility

We set annual targets for minimising the negative environmental effects of our business, such as a two per cent annual reduction in greenhouse gas emissions.

We follow the HSBC Group's direction – mitigation, adaptation and finance – in tackling the global challenge of climate change. Through advocacy, our products and our services, we support customers as they progress towards a low-carbon economy. This policy is detailed in the [HSBC Group's Statement on Climate Change](#).

We have also adopted the HSBC Group's environmental strategic plan:



Our Environmental Management

As Hong Kong's first domestic bank to attain ISO 14001 certification for all offices and branches, we strive to lead by example in supporting the transition to a low-carbon economy.

We monitor our environmental management system (EMS) to ensure it continues to meet ISO 14001 standards. A committee established under our [Environmental Policy](#) verifies that our EMS and business strategies complement each other and support continual improvement in our environmental performance. The committee's instructions – regarding issues such as procurement and waste management – provide a guide to adopting green practices and achieving a greener workplace.

By raising awareness of green issues through channels such as training and volunteering, we empower staff to act as ambassadors for the environment. We also consider the environmental impact of our business travel, and are working to reduce nonessential journeys via increased use of alternatives such as teleconferencing.

We monitor regulatory developments that could directly or indirectly impact our business, and participate in the Carbon Disclosure Project. This is a forum for the world's largest institutional investors to collectively consider the business implications of climate change.

We support the conservation of biodiversity through our financing policies and within our operations. At bank functions in our penthouse, we do not serve shark fin and have removed endangered reef fish species from our menus. We provide a WWF (Hong Kong)-endorsed sustainable seafood menu at our banquet hall.

Our operations comply with Hong Kong regulations and guidelines, such as the Waste Disposal Ordinance (Cap. 354). This governs the storage and disposal of electronic waste and is relevant to our office-based operation. In 2019, no sanction for breach in environmental laws or regulations was identified or reported.

Our green ambassadors

A number of our staff are trained as Green Ambassadors to support the implementation of our EMS. They also raise awareness of environmental issues among their associates, families and friends, by providing regular updates on relevant policies and measures.

Our buildings

We have adopted measures to help reduce energy usage and mitigate climate change. For example, all lighting and air conditioning in Hang Seng core buildings are programmed to switch off at a set time, typically 19:30. Unnecessary lift services are suspended out of office hours.

We aim for energy-efficient, sustainable office buildings that meet the highest international standards. Hang Seng 113 was Hong Kong's first domestic bank office building to be certified Platinum – the highest attainable level – under the US Green Building Council's LEED (Leadership in Energy and Environmental Design) scheme. Our Hang Seng Tower office building also attained LEED Gold certification for its fitting-out works.

Hang Seng 113 has low-energy LED lighting and chilled ceiling and fresh air systems that, per year, use approximately 25 per cent less energy than conventional air conditioning. In 2019, the office earned a Merit Award in the Green Building awards. Solar panels are to be installed at Hang Seng 113 to generate renewable energy.

In 2019, we purchased Renewable Energy Certificates worth a total of 330 MWh from the local electricity suppliers. Each unit in a certificate represents electricity produced by local renewable energy sources, such as solar, wind and landfill gas. The Bank's efforts to support local renewable energy generation were recognised with a Renewable Energy Contribution Award in the CLP Smart Energy Award 2019.



Our Environmental Management

Our workplace enhancement programme uses technology and digital solutions to achieve paperless working and reduce storage space. This will allow us to build meeting rooms, spacious pantries and breakout areas to support mobile and collaborative work.

We are aware of the business risks that extreme weather and climate change may present. To prepare for and minimise damage by typhoons, and to adapt to other forms of extreme weather, we are enhancing the curtain wall at our headquarters.

Our construction

We employ contractors to remove construction waste generated by demolition and renovation. That waste is taken only to government-approved facilities. We ensure that contractors' waste management and handling meet our standards. When renovating offices, we try to reuse furniture that is in good condition. We engage vendors to recycle furniture that can no longer be used.

Our materials

We use environmentally-friendly building materials and energy-efficient appliances in our premises. These include low volatile organic compound paints, LED lights, high-efficiency air conditioners and Grade-1-rated electrical appliances.

Our water

Hang Seng earned the Gold Class Fresh Water Award for its headquarters and the Quality Fresh Water and Quality Flushing Water awards for Hang Seng 113. These are the

result of our voluntary participation in the Quality Water Supply Scheme for Buildings, administered by the Water Supplies Department. We reuse cooling water for flushing in Hang Seng 113.

Our customer communications

53.3 per cent of our statements and advices are sent out to customers through electronic channel in 2019. Comparing to 2018, there is 13.3 per cent increase in the count of e-statement and e-advice. Particularly in credit card business, as of the end of 2019, 53.3 per cent of our credit card customers received electronic rather than physical statements while 51.3 per cent of credit card applications and 96.2 per cent of personal loan applications were received from phone or electronic channels.

89.82 per cent of shareholders adopted our e-communication services in 2019 that saved approximately 13.39 million sheets of paper.

For Commercial Banking, 78.6 per cent of customer transactions were being processed via different digital channels for 2019 (15.06 million digital transactions out of total 19.15 million transactions). The digital channels include our internet banking service, mobile apps, ATM and phone banking services. The digital transactions include payment transfer, autopay, deposit placing, payroll and ATM services. The 2019's donation via eChannels to charitable organisations reached more than 500,000 in transaction count and HK\$60 million in amount.

Our environmental advocacy

As one of Hong Kong's largest listed companies, we are well positioned to champion environmental stewardship. We strive to set a good example by continually improving



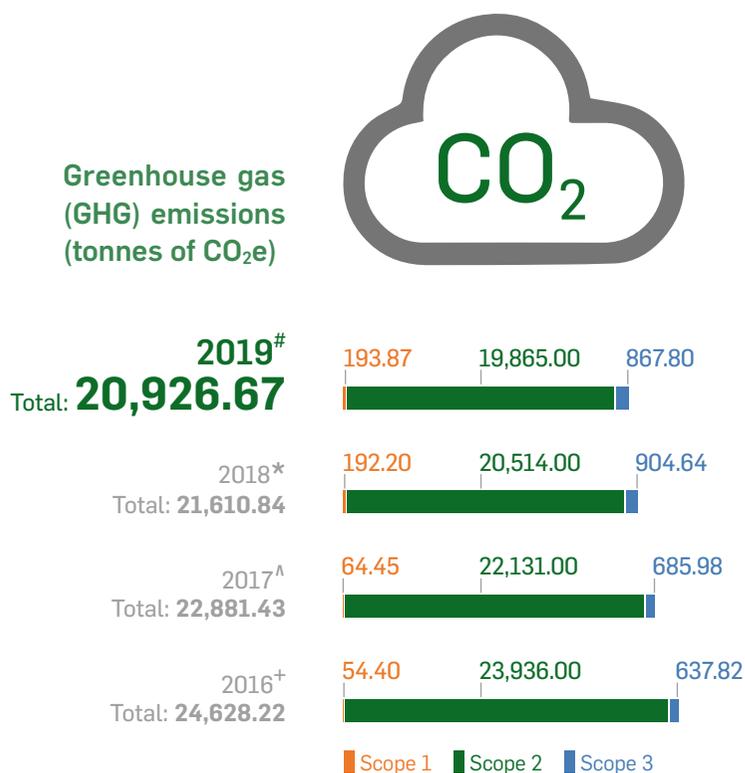
our environmental performance. Our financing policies and support for external initiatives, are designed to encourage staff, customers and the community to appreciate the importance of safeguarding natural resources and enhancing environmental health.

Talks on waste reduction and recycling were held at our core offices in 2019. Quarterly newsletters also include green facts. At our annual CSR Sustainers Workshop, we discuss how climate risk affects our daily operation.

In 2019, we continued to support the Conservancy Association's Hang Seng – CA Eco-Rangers orienteering event. This raised funds while promoting public awareness of environmental issues and the natural outdoor beauty of Hong Kong.

Hang Seng supports local NGOs and green groups as a corporate member and via campaigns and initiatives such as Friends of the Earth (Hong Kong)'s Power Smart Energy Saving Contest, WWF (Hong Kong)'s Earth Hour, the Green Power Hike and the Environmental Bureau's Charter on External Lighting.

Environmental Performance



	Unit	2019 [#]	2018*	2017 [^]	2016 ⁺
Greenhouse gas (GHG) emissions					
Total GHG emissions¹	tonnes of CO ₂ e	20,926.67	21,610.84	22,881.43	24,628.22
Scope 1	tonnes of CO ₂ e	193.87	192.20	64.45	54.40
• Stationary combustion	tonnes of CO ₂ e	78.30	79.32	64.45	54.40
• Mobile combustion	tonnes of CO ₂ e	115.57	112.88	N/A	N/A
Scope 2	tonnes of CO ₂ e	19,865.00	20,514.00	22,131.00	23,936.00
• Purchased electricity	tonnes of CO ₂ e	19,848.00	20,496.00	22,116.00	23,923.00
• Towngas	tonnes of CO ₂ e	17.00	18.00	15.00	13.00
Scope 3	tonnes of CO ₂ e	867.80	904.64	685.98	637.82
• Business travel (land and air)	tonnes of CO ₂ e	551.96	563.43	342.98	305.82
• Transmission and distribution loss	tonnes of CO ₂ e	309.00	337.00	343.00	332.00
• Upstream transportation and distribution (mobile branch)	tonnes of CO ₂ e	6.84	4.21	N/A	N/A
Total GHG emissions per FTE	tonnes of CO ₂ e/FTE	2.47	2.56	2.95	3.16
• From Scope 1	tonnes of CO ₂ e/FTE	0.02	0.02	0.01	0.01
• From Scope 2	tonnes of CO ₂ e/FTE	2.35	2.43	2.85	3.07
• From Scope 3	tonnes of CO ₂ e/FTE	0.10	0.11	0.09	0.08
GHG emissions per sq ft	tonnes of CO ₂ e/sq ft	0.015	0.016	0.016	0.016

Data coverage: Hang Seng Bank's Hong Kong operations.

Data is rounded up to two decimal places.

Key: CO₂e: Carbon dioxide equivalent FTE: Full-time equivalent employee² sq ft: Square foot³

[#] From 1 Oct 2018 – 30 Sep 2019 * From 1 Oct 2017 – 30 Sep 2018 [^] From 1 Oct 2016 – 30 Sep 2017 ⁺ From 1 Oct 2015 – 30 Sep 2016

¹ Scopes 1 and 2 greenhouse gas emissions were estimated according to the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition).

Scope 2 greenhouse gas emissions are calculated based on electricity and towngas consumed, as well as the corresponding emission factors, as provided by the utility companies. The emission factors for CLP and Hong Kong Electric were 0.51 kg CO₂e/kWh and 0.80 kg CO₂e/kWh respectively, as of 2018.

Scope 3 greenhouse gas emissions were estimated with reference to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

² The number of full-time equivalent employees as at 30 Sep 2019, 30 Sep 2018, 30 Sep 2017 and 30 Sep 2016 was 8,468, 8,452, 7,769 and 7,786, respectively.

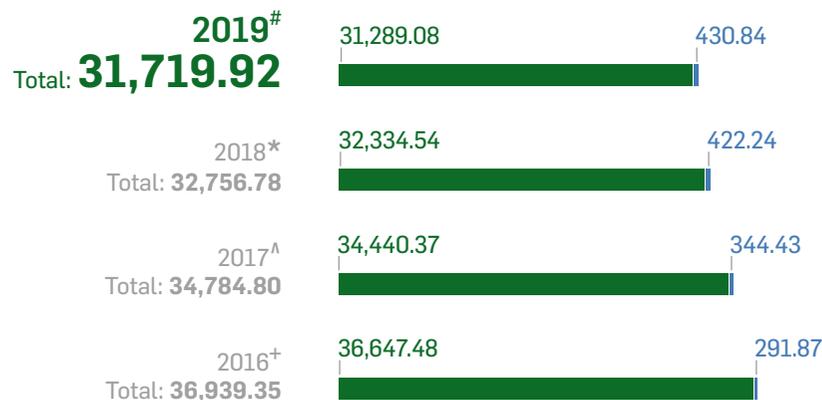
³ The floor area as of 30 Sep 2019, 30 Sep 2018, 30 Sep 2017 and 30 Sep 2016 was 1,387,344, 1,357,948, 1,427,358 and 1,635,975 sq ft, respectively.

Environmental Performance

Total energy consumption (MWh)

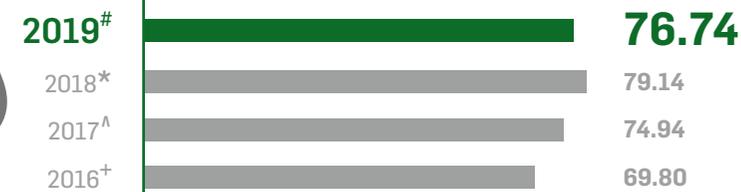


■ Indirect: electricity
■ Direct: gas and diesel



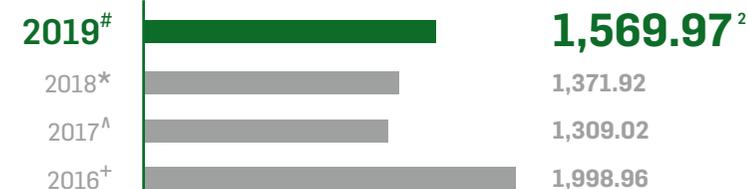
	Unit	2019 [#]	2018 [*]	2017 [^]	2016 ⁺
Energy consumption per FTE	MWh/FTE	3.75	3.88	4.48	4.74
Energy consumption per sq ft	MWh/sq ft	0.02	0.02	0.02	0.02

Total water consumption¹ (000 m³)



	Unit	2019 [#]	2018 [*]	2017 [^]	2016 ⁺
Water consumption per FTE	m ³ /FTE	9.06	9.36	9.65	8.96

Total paper consumption (tonnes)



Data coverage: Hang Seng Bank's Hong Kong operations.

Data is rounded up to two decimal places.

Key: m³: Cubic MWh: Megawatt hour FTE: Full-time equivalent employee⁴ sq ft: Square foot⁵

[#] From 1 Oct 2018 – 30 Sep 2019 ^{*} From 1 Oct 2017 – 30 Sep 2018 [^] From 1 Oct 2016 – 30 Sep 2017 ⁺ From 1 Oct 2015 – 30 Sep 2016

¹ Freshwater is used for toilet flushing in Hang Seng 113 as it is not covered by the Water Supplies Department's seawater supply system.

² The surge in paper consumption in office was resulted from change in data collection method in the second quarter of 2019 which reflects upon user base.

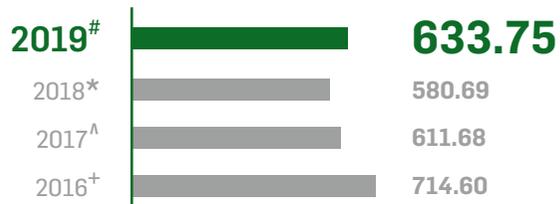
³ Paper certified by an HSBC-approved certification scheme. Currently includes FSC, Canadian Standards Association, etc.

⁴ The number of full-time equivalent employees as at 30 Sep 2019, 30 Sep 2018, 30 Sep 2017 and 30 Sep 2016 was 8,468, 8,452, 7,769 and 7,786, respectively.

⁵ The floor area as of 30 Sep 2019, 30 Sep 2018, 30 Sep 2017 and 30 Sep 2016 was 1,387,344, 1,357,948, 1,427,358 and 1,635,975 sq ft, respectively.

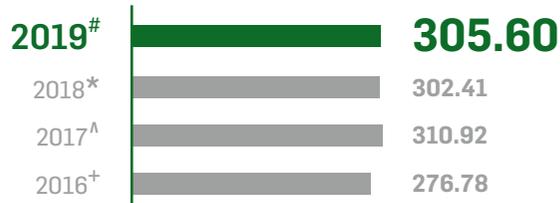
Environmental Performance >>>

Waste collected for recycling (tonnes)



	Unit	2019 [#]	2018 [*]	2017 [^]	2016 ⁺
Waste collected for recycling					
Paper	tonnes	598.20	530.07	550.77	597.20
Plastic	tonnes	1.40	0.59	0.44	0.53
Aluminium cans	tonnes	0.66	0.20	0.18	0.12
Glass ²	tonnes	0.29	0.10	N/A	N/A
Furniture	tonnes	0.79	7.14	19.11	53.31
IT and electrical ³	tonnes	4.79	17.61	20.73	47.22
Food waste	tonnes	27.62	24.98	20.45	16.22

Waste disposed to landfill¹ (tonnes)



	Unit	2019 [#]	2018 [*]	2017 [^]	2016 ⁺
Waste disposed per FTE	tonnes/FTE	0.04	0.04	0.04	0.04

Data coverage: Hang Seng Bank's Hong Kong operations.

Data is rounded up to two decimal places.

Key: FTE: Full-time equivalent employee⁴

[#] From 1 Oct 2018 – 30 Sep 2019 ^{*} From 1 Oct 2017 – 30 Sep 2018 [^] From 1 Oct 2016 – 30 Sep 2017 ⁺ From 1 Oct 2015 – 30 Sep 2016

¹ Disposal amount of hazardous waste is not counted due to the insignificant amount of hazardous waste disposal.

² Relevant data has been collected for reporting since 2018.

³ IT and electrical waste consisting of flat panel displays and printed circuit boards is classified as hazardous.

⁴ The number of full-time equivalent employees as at 30 Sep 2019, 30 Sep 2018, 30 Sep 2017 and 30 Sep 2016 was 8,468, 8,452, 7,769 and 7,786, respectively.