

Our Environment

Environmental Management

Environmental Management Policy and Mechanism

As Hong Kong's first local 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. With an Environmental Policy in place, we monitor our environmental management system ('EMS') and ensure its ongoing compliance with ISO 14001 standards.

Hang Seng has been undertaking a bank-wide office enhancement programme. This includes initiatives to make our workplaces more energy-efficient and sustainable, with reference to internationally recognised standards. We have also developed guidelines for green procurement and waste management.

A number of staff members are trained as Green Ambassadors to support the implementation of our EMS. They also raise awareness of environmental matters among their colleagues, families and friends, and provide regular updates to their colleagues in the same department on relevant policies and measures.

Our operations comply with Hong Kong regulations and guidelines, such as the Waste Disposal Ordinance (Cap. 354) that governs the storage and disposal of electronic waste. In 2021, no judgments were entered against the Bank for breaching environmental laws or regulations.

Greening Our Buildings

We aim for energy-efficient, sustainable buildings that meet the highest international standards. Hang Seng 113 was Hong Kong's first local 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 building also attained LEED Gold certification for its fitting-out. In our premises, we use environmentally friendly building materials and energy-efficient appliances. These include low volatile organic compound paints, LED lights, high-efficiency air conditioners and Grade-1-rated electrical appliances.

We have adopted measures to help reduce energy usage. For example, all lighting and air conditioning in our core buildings are programmed to switch off at a set time, typically from 19:30 to 07:30 on working days and whole day on weekends. We limit the number of operating lifts after office hours and at weekends. We shortened the operating hour of most of our branches' bulkhead signage by one hour in 2021 (new signage operating schedule changed from 18:00 to 23:00 to 18:00 to 22:00). We also organised a three-month Branch Energy Saving Competition in 2021 to increase staff awareness on energy savings and inspire actions to reduce carbon emissions. Over half of the branches have recorded a drop in energy consumption compared to the same period last year.

Examples of initiatives carried out in 2021 include:



Became a signatory to Carbon Neutrality Partnership, organised by the Environment Bureau of Hong Kong SAR Government



Joined the Climate Change Business Forum Advisory Group of Business Environment Council to promote and support climate action



The Bank distributed a gift set of reusable cutlery to each employee to encourage staff to reduce the use of disposable cutlery



The staff canteens and cafes at our offices provide discounts to employees who bring their own containers for buying takeaways

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↓ 230 tonnes CO₂e

The bank invested around HK\$7 million on several environmental initiatives in 2021. It is estimated that these initiatives can help us reduce greenhouse gas emissions by 230 tonnes CO₂e and operation cost by HK\$500,000 every year.



Seven of the Bank's buildings enrolled in the Energy Saving Charter 2021 and the 4T Charter schemes

Supporting the government's effort on energy consumption, seven of the Bank's buildings enrolled in the Energy Saving Charter 2021 and the 4T Charter schemes. In order to reduce energy consumption and carbon emissions, the Bank has embedded energy saving features at its branches. For example, the use of LED lighting and natural light at our new Central branch will reduce the overall electricity consumption of the branch by 50%, compared to conventional lighting designs.



Standard temperature 24.5°C

The standard temperature in our offices and outlets is 24.5°C during the hot season. This reduces our energy consumption while providing a pleasant environment for customers and staff.



Paperless working

Our workplace enhancement programme applies technology and digital solutions to achieve paperless working and to reduce storage space, which allows us to redesign meeting rooms and spacious breakout areas to support mobile and collaborative work. The renovation of all the office floors at our headquarters was completed in 2021. This workplace enhancement programme is extended to our two office buildings in Mongkok and Kowloon Bay. Eight more office floors are scheduled to be renovated in 2022.

Construction waste generated from demolition and renovation is handled by contractors and taken only to government-approved facilities. We ensure that contractors' waste management and handling meet our standards. We have initiated an "Integrated Furniture Waste Reduction Programme" to handle furniture which will no longer be used after office renovation by the sequence below:

- 1** Furniture will be reused within Hang Seng as the first priority.
- 2** Offer the remaining furniture to Hang Seng staff for personal use.
- 3** Collaborate with partners to donate or recycle the remaining furniture.
- 4** The remaining furniture will be collected by recycling service providers.

Reusable utensils, containers and cups are provided in pantries to encourage colleagues to abstain from using disposable ones.

All plastic bottle products have been removed from the vending machines in our office buildings in order to minimise non-recyclable waste.

We currently hold the Gold Class Fresh Water Award for our headquarters and the Silver Class Fresh Water and Quality Flushing Water awards for Hang Seng 113. These are the results of our voluntary participation in the Quality Water Supply Scheme for Buildings, administered by Hong Kong's Water Supplies Department. Cooling water was reused for flushing in Hang Seng 113.

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Environmental Performance (Operational Eco-Efficiency)

To reduce our paper usage, 70.2% of our retail customer statements and advice slips were sent via electronic channels as of December 2021. This represents a year-on-year increase of 4.6 percentage points in e-Statements and e-Advices. 95% of personal banking customer transactions were processed via digital channels in 2021. Those channels include our internet banking services, voice response system (VRS), ATMs and automated electronics machine services. The transactions include product transactions, everyday banking services including payments, transfers, deposits and withdrawals. For Commercial Banking, 86% of customer transactions were processed via digital channels in 2021. Those channels include our internet banking services, ATMs and automated electronics machine services. The transactions included payment transfers, auto-pay, deposits, and payroll and ATM services. In 2021, the charitable donations via digital channels totalled 690,653 in transaction count and HK\$117 million in amount. Meanwhile, 93.2% of shareholders adopted our e-communication services in 2021. This saved about 16.8 million sheets of paper.

| Aspect | Base year | Our progress as of the end of September 2021 | Short-term goals (by 2022) | Medium-term goals (by 2025) | Long-term goals (by 2030) |
|---|-----------|---|--|--|--|
| Electricity Consumption | 2018 | ▼ 9.8% | ▼ 7.5% | ▼ 15% | ▼ 30% |
| Greenhouse Gas Emissions – total scope 1 and 2* | 2018 | ▼ 22.5% | ▼ 7.5% | ▼ 15% | ▼ 30% |
| Water Consumption | 2018 | ▼ 7.5% | ▼ 8% | ▼ 14% | ▼ 24% |
| Paper Consumption [^] | 2019 | ▼ 30.8% | ▼ 15% | ▼ 22.5% | ▼ 35% |
| Waste Diversion | N/A | Diverted 57.3% of waste away from landfill | Divert 70% of waste away from landfill | Divert 74% of waste away from landfill | Divert 80% of waste away from landfill |

Note:

* This target excludes the carbon emissions reduction from the purchase of renewable energy certificates from local electricity providers.

[^] Data collection methodology for paper consumption was enhanced in 2019. To ensure comparability with future performance, 2019 is used as base year for the target instead.

[#] It is found that the waste recycling rate in 2021 decreased, compared to 2020. One of the reasons is that the general waste in office are mainly food waste and disposal containers & cutlery because more colleagues have lunch in office under the COVID-19 situation. These waste are difficult to be recycled as they are usually disposed in bundle. We installed food waste decomposers at our headquarters and Hang Seng 113 in late 2021. We also plan to set up food waste collection point on our communal floors and arrange cleaners to collect residue food from colleagues and categorise it from disposable utensils starting in 2022. The food waste will then be sent to our composting machine for decomposing to effluent safe for discharge into drainage system. We are going to conduct a waste audit in our office buildings to measure the composition and quantities of our waste, revisit our waste target and propose waste minimisation strategies.