

CONTENT INDEX

Content Index for GRI Standards, Sector Disclosure and HKEX ESG Guide

Items with # were selected and rigorously verified by HKQAA as part of the report verification process to devise opinions and conclusions on this report.

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
GRI 1: Foundation 2021			
GRI 1	Reporting Principles: para 11; Overall Approach: para 7, para 8. para 11	Foundation	About This Report (91-94)
General Disclosure			
GRI 2: General Disclosures 2021			
The organisation and its reporting practices			
Disclosure 2-1		Organisational details	Cover, About This Report (91-94)
Disclosure 2-2	Reporting Boundary 15	Entities included in the organisation's sustainability reporting	About This Report (91-94)
Disclosure 2-3		Reporting period, frequency and contact point	About This Report (91-94)
Disclosure 2-4		Restatements of information	About This Report (91-94)
Disclosure 2-5	Overall Approach: para 9	External assurance	Verification Statement (127)
Activities and workers			
Disclosure 2-6	Reporting Boundary 15; KPI B5.1	Activities, value chain and other business relationships	About This Report (91-94)
Disclosure 2-7	KPI B1.1	Employees	Key Metrics – Performance Data Summary (98-102)
Governance			
Disclosure 2-9		Governance structure and composition	Our ESG Journey (7-8)
Disclosure 2-10		Nomination and selection of the highest governance body	Governance (74), Social > Our People (64)
Disclosure 2-11		Chair of the highest governance body	Our ESG Journey (7-8)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
Disclosure 2-12	Overall Approach: para 10, Governance structure 13	Role of the highest governance body in overseeing the management of impacts	Board Statement & Chief Executive's Message (5-6), Governance (74-75)
Disclosure 2-13		Delegation of responsibility for managing impacts	Governance (74-75)
Disclosure 2-14	Overall Approach: para 10	Role of the highest governance body in sustainability reporting	Our ESG Journey (7-8)
Disclosure 2-15		Conflicts of interest	Governance (74, 83)
Disclosure 2-16		Communication of critical concerns	Governance (88-90)
Disclosure 2-17		Collective knowledge of the highest governance body	Governance (77)
Disclosure 2-18		Evaluation of the performance of the highest governance body	Our ESG Journey (7-8)
Disclosure 2-19		Remuneration policies	Social > Our People (56, 63)
Disclosure 2-20		Process to determine remuneration	Social > Our People (56, 63), Governance (74)
Strategy, policies and practices			
Disclosure 2-22	Governance Structure 13	Statement on sustainable development strategy	Board Statement & Chief Executive's Message (5-6), Snapshot (3)
Disclosure 2-23		Policy commitments	Our ESG Journey (8), Our Environment (14-31), Social > Our Customers (32-41), Social > Our People (42-68), Governance (74-87)
Disclosure 2-24		Embedding policy commitments	Our ESG Journey (8), Our Environment (14-31), Social > Our Customers (32-41), Social > Our People (42-68), Governance (74-87)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
Disclosure 2-25		Processes to remediate negative impacts	Our ESG Journey (7-8)
Disclosure 2-26	KPI B7.2	Mechanisms for seeking advice and raising concerns	Social > Our People (64), Governance (83-84)
Disclosure 2-27		Compliance with laws and regulations	Our Environment (14-31), Social > Our Customers (32-41), Social > Our People (42-68), Governance (74-87) No judgments were entered against the Bank in litigation concerning employment practice, occupational health and safety, child or forced labour, product responsibility and corruption in 2022.
Disclosure 2-28		Membership associations	Governance (90)
Stakeholder engagement			
Disclosure 2-29	Overall Approach: para 7	Approach to stakeholder engagement	Governance (88-89), Our ESG Journey (11-13)
Material topics			
GRI 3: Material Topics 2021			
Disclosure 3-1	Reporting Principles: para 11	Process to determine material topics	Our ESG Journey (11-13)
Disclosure 3-2		List of material topics	Our ESG Journey (11-13)
Disclosure 3-3		Management of material topics	Board Statement & Chief Executive's Message (5-6), Our ESG Journey (11-13)
Economic performance			
GRI 201: Economic Performance 2016			
Disclosure 3-3	GDA4, KPI A4.1	Management of material topics	Governance (77-78)
201-1	KPI B8.2	Direct economic value generated and distributed	Key Metrics - Performance Data Summary (95)
201-2	KPI A4.1	Financial implication and other risks and opportunities due to climate change	Our Environment (15)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
201-3		Defined benefit plan obligations and other retirement plans	Social > Our People (75)
GRI 202: Market Presence 2016			
Disclosure 3-3	GD B1; KPI B1.1	Management of material topics	Social > Our People (42-68)
GRI 203: Indirect Economic Impacts 2016			
Disclosure 3-3		Management of material topics	Our ESG Journey (10), Social > Our Community (69-73)
203-1	GD B8; KPI B8.1	Infrastructure investments and services supported	Our ESG Journey (10), Social > Our Community (69-73)
203-2		Significant indirect economic impacts	Social > Our Community (69-73)
GRI 204: Procurement Practices 2016			
Disclosure 3-3		Management of material topics	Governance (86-87)
204-1	KPI B5.1	Proportion of spending on local suppliers	Governance (86-87)
GRI 205: Anti-corruption 2016			
Disclosure 3-3	GD B7	Management of material topics	Governance (79)
205-1	KPI B7.2	Operations assessed for risks related to corruption	Governance (79)
205-2	KPI B7.3	Communication and training about anti-corruption policies and procedures	Governance (79)
205-3	KPI B7.1	Confirmed incidents of corruption and action taken	Governance (79) In 2022, there were no fines, penalties or settlements in relation to corruption. In 2022, there was no case of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery.
N/A	KPI B7.3	Description of anti-corruption training provided to directors and staff	Governance (79)
N/A	KPI B7.2	Whistleblowing procedures	Governance (79)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
GRI 206: Anti-competitive Behaviour 2016			
Disclosure 3-3		Management of material topics	Social > Our People (50), Governance (79)
206-1	KPI B7.3	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Governance (79)
GRI 207: Tax 2019			
Disclosure 3-3		Management of material topics	Governance (78)
207-1		Approach to tax	Governance (78)
207-2		Tax governance, control, and risk management	Governance (78)
207-3		Stakeholder engagement and management of concerns related to tax	Governance (78)
207-4		Country-by-country reporting	Governance (78)
Environmental Standards Series			
GRI 301: Materials 2016			
Disclosure 3-3	GD A1, GD A2, GD A3	Management of material topics	Our Environment (14-31)
301-1		Materials used by weight or volume	Key Metrics - Performance Data Summary (97)
GRI 302: Energy 2016			
Disclosure 3-3	GD A1, GD A2, GD A3	Management of material topics	Our Environment (14-31)
302-1	KPI A2.1	Energy consumption within the organisation	Our Environment (28), Key Metrics - Performance Data Summary (96)
302-3	KPI A2.1	Energy intensity	Our Environment (28), Key Metrics - Performance Data Summary (96) Direct energy consumption per employee: 0.04 MWh Indirect energy consumption per employee: 3.77 MWh

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
302-4	KPI A2.3; KP1 A1.5	Reduction of energy consumption	Our Environment (14-31)
302-5	KPI A2.3; KP1 A1.5	Reduction in energy requirements of products and services	Our Environment (14-31)
N/A	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our ESG Journey (9), Our Environment (27)
GRI 303: Water and Effluents 2018			
Disclosure 3-3	KPI A2.2, KPI A2.4	Management of material topics	Our Environment (14-31)
303-1	KPI A2.4	Interaction with water as a shared resource	Our Environment (14-31)
303-2		Management of water discharge-related impacts	Our Environment (14-31)
303-3		Water withdrawal	Only municipal water from Water Supplies Department is used in the operation. Hong Kong is of low water stress, and there is no issue in sourcing water.
303-5	KPI A2.2	Water consumption	Our Environment (28), Key Metrics - Performance Data Summary (96)
N/A	KPI 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.	Our ESG Journey (9), Our Environment (27)
GRI 305: Emissions 2016			
Disclosure 3-3	GD A1 GD A2 GD A3	Management of material topics	Our Environment (14-31)
305-1	KPI A1.2	Direct (Scope 1) GHG emissions	Our ESG Journey (9), Our Environment (28), Key Metrics - Performance Data Summary (96)
305-2	KPI A1.2	Energy indirect (Scope 2) GHG emissions	Our ESG Journey (9), Our Environment (28), Key Metrics - Performance Data Summary (96)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
305-3		Other indirect (Scope 3) GHG emissions	Our Environment (28), Key Metrics - Performance Data Summary (96)
305-4	KPI A1.2	GHG emissions intensity	Our Environment (28), Key Metrics - Performance Data Summary (96)
305-5	KPI A1.5; KPI A2.3	Reduction of GHG emissions	Our Environment (14-31)
305-7	KPI A1.1	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	The topic of Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions is not material to the business and therefore not disclosed.
N/A	KPI A1.5	Description of emission target and steps to achieve them	Our ESG Journey (9), Our Environment (27)
GRI 306: Waste 2020			
Disclosure 3-3	KPI A1, KPI A1.3, KPI A1.4, KPI A1.6	Management of material topics	Our Environment (14-31)
306-1	KPI A1.6	Waste generation and significant waste-related impacts	Our Environment (14-31)
306-2	KPI A1.6	Management of significant waste-related impacts	Our Environment (14-31)
306-3	KPI A1.3 KPI A1.4	Waste generated	Our Environment (28), Key Metrics - Performance Data Summary (97)
306-4	KPI A1.3	Waste diverted from disposal	Our Environment (28)
306-5	KPI A1.3	Waste directed to disposal	Our Environment (28), Key Metrics - Performance Data Summary (97)
N/A	KPI 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.	Our ESG Journey (9), Our Environment (14-31)
GRI 308: Supplier Environmental Assessment 2016			
Disclosure 3-3	GD B5, KPI B5.2, KPI B5.4	Management of material topics	Our Environment (25), Governance (86-87)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
308-1	KPI B5.2	New suppliers that were screened using environmental criteria	Our Environment (25), Governance (86-87) In our survey of top 50 spending-rank suppliers, 51% of suppliers responded with a Carbon Emissions Reduction Commitment. 50% of our top 40 suppliers, i.e. half of our total spend, committed to the Carbon Emissions Reduction when we sent out the questionnaire on a zero carbon commitment.
Social Standard Series			
GRI 401: Employment 2016			
Disclosure 3-3	GD B1; KPI B1.1	Management of material topics	Social > Our People (42-68)
401-1	KPI B1.2	New employee hires and employee turnover	Key Metrics - Performance Data Summary (98-102)
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social > Our People (57-58)
401-3		Parental leave	Social > Our People (58)
GRI 402: Labour Management Relations 2016			
Disclosure 3-3		Management of material topics	Social > Our People (42-68)
GRI 403: Occupational Health and Safety 2018			
Disclosure 3-3	GD B2, KPI B2.3	Management of material topics	Social > Our People (58-61)
403-1		Occupational health and safety management system	Social > Our People (58-61)
403-2		Hazard identification, risk assessment, and incident investigation	Social > Our People (58-61)
403-3		Occupational health services	Social > Our People (58-61)
403-4		Worker participation, consultation, and communication on occupational health and safety	Social > Our People (58-61)
403-5		Worker training on occupational health and safety	Social > Our People (58-61)
403-6		Promotion of worker health	Social > Our People (58-61)
403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social > Our People (58-61)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
403-8		Workers covered by an occupational health and safety management system	Social > Our People (58-61)
403-9	KPI B2.1	Work-related injuries	Key Metrics - Performance Data Summary (102)
N/A	GD B2, KPI B2.3	Specify health and safety-related laws and regulations (e.g. Occupational Safety and Health Ordinance)	Social > Our People (58-61)
N/A	KPI B2.1, KPI B2.2	Lost days due to work injury.; Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Metrics - Performance Data Summary (102)
GRI 404: Training and Education 2016			
Disclosure 3-3	GD B3	Management of material topics	Social > Our People (49-51, 67-68)
404-1	KPI B3.2	Averaging hours of training per year per employee	Social > Our People (50), Key Metrics - Performance Data Summary (102)
404-2	GD B3	Programmes for upgrading employee skills and transition assistance programmes	Social > Our People (49-51, 67-68)
404-3		Percentage of employees receiving regular performance and career development reviews	Social > Our People (56)
N/A	GD B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social > Our People (49-51, 67-68)
N/A	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social > Our People (50)
GRI 405: Diversity and Equal Opportunity 2016			
Disclosure 3-3	GD B1	Management of material topics	Social > Our People (63-66), Governance (86-87)
405-1		Diversity of governance bodies and employees	Social > Our People (64)
GRI 406: Non-discrimination 2016			
Disclosure 3-3	GD B1	Management of material topics	Social > Our People (63-66), Governance (86-87)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
406-1		Incidents of discrimination and corrective actions taken	Social > Our People (64) 10 incidents of discrimination and harassment were reviewed in 2022.
GRI 408: Child Labour 2016			
Disclosure 3-3	GD B4, GD B5	Management of material topics	Governance (86-87)
408-1	KPI B5.2, KPI B5.3	Operations and suppliers at significant risk for incidents of child labour	Governance (86-87)
GRI 409: Forced or Compulsory Labour 2016			
Disclosure 3-3	GD B4, GD B5	Management of material topics	Governance (86-87)
409-1	KPI B5.2, KPI B5.3	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Governance (86-87)
GRI 410: Security Practices 2016			
Disclosure 3-3		Management of material topics	Social > Our People (63-66)
410-1		Security personnel trained in human rights policies or procedures	Social > Our People (63-66)
GRI 411: Rights of Indigenous Peoples 2016			
Disclosure 3-3		Management of material topics	Governance (87)
411-1		Incidents of violations involving rights of indigenous peoples	Governance (87) No violation of the rights of indigenous peoples, were reported in 2022
GRI 413: Local Communities 2016			
Disclosure 3-3	GD B8; KPI B8.1; KPI B8.2	Management of material topics	Social > Our Community (69-73)
413-1		Operations with local community engagement, impact assessments, and development programmes	Social > Our Community (69-73)
413-2		Negative social impacts in the supply chain and actions taken	Social > Our Community (69-73)
N/A	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport); Resources contributed (e.g. money or time) to the focus area	Social > Our Community (69-73)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
N/A	KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Our ESG Journey (10), Social > Our Community (69-73)
GRI 414: Supplier Social Assessment 2016			
Disclosure 3-3	GD B5	Management of material topics	Governance (86-87)
414-1	KPI B5.2, KPI B5.3	New suppliers that were screened using social criteria	Governance (86-87) In 2022, there was no confirmed incident when contracts with business partners were terminated or not renewed due to violations related to corruption.
GRI 415: Public Policy 2016			
Disclosure 3-3		Management of material topics	Governance (79)
415-1		Political contribution	Governance (79) In the past five years, we made no contributions in any form to lobbyists, trade unions, or political organisations and campaigns.
GRI 416 Customer Health and Safety 2016			
Disclosure 3-3	GD B6	Management of material topics	Social > Our Customers (32-41)
416-1		Assessment of the health and safety impacts of product and service categories	Social > Our Customers (32-41)
416-2	KPI B6.1	Incidents of non-compliance concerning the health and safety impacts of products and services	Social > Our Customers (32-41) In 2022, there were no incidents of non-compliance concerning the health and safety impacts of products and services.
N/A	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social > Our Customers (33)
GRI 417: Marketing and Labeling 2016			
Disclosure 3-3	GD B6	Management of material topics	Social > Our Customers (34)
417-1	GD B6	Requirements for product and service information and labeling	Social > Our Customers (34)
417-2	GD B6	Incidents of non-compliance concerning product and service information and labeling	Social > Our Customers (34)
417-3	GD B6	Incidents of non-compliance concerning marketing communications	Social > Our Customers (34)

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
N/A	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social > Our Customers (34)
GRI 418: Customer Privacy 2016			
Disclosure 3-3	GD B6; KPI B6.5	Management of material topics	Social > Our Customers (35), Governance (80-81)
418-1	KPI B6.5	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance (80-81)
Product and Service Labeling			
G4-DMA		Management approach	Social > Our Customers (34)
Product Portfolio			
G4-FS6		Percentage of the portfolio for business lines by specific region, size (e.g. micro / SME / large) and by sector	Annual Report 2022 : Segmental Analysis Banking Disclosure Statement 2022 : Table 18: CR2 – Changes in defaulted loan and debt securities Table 19: CRB1 – Exposures by geographical location Table 20: CRB2 – Exposures by industry Table 26: Loans and advances to customers by geographical location Table 27: Gross loans and advances to customers by industry sector Table 28: Overdue loans and advances to customers
G4-FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Hang Seng is undergoing an alignment process to record sustainable data in its upgraded system, which, once complete, will enable the Bank to disclose quantitative sustainable finance-related data with enhanced accuracy and completeness based on the system data availability.
G4-FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Hang Seng is undergoing an alignment process to record sustainable data in its upgraded system, which, once complete, will enable the Bank to disclose quantitative sustainable finance-related data with enhanced accuracy and completeness based on the system data availability.

GRI Standards Disclosure	HKEX ESG Guide	Disclosure Description	Reference / Remarks (page number)
Active Ownership			
G4-DMA		Management of material topics	Governance (74-90)
G4-FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Hang Seng is undergoing an alignment process to record sustainable data in its upgraded system, which, once complete, will enable the Bank to disclose quantitative sustainable finance-related data with enhanced accuracy and completeness based on the system data availability.
G4-FS11		Percentage of assets subject to positive and negative environmental or social screening	We do not report publicly on percentage of assets subject to positive and negative environmental or social screening. All subsidiaries are covered by HSBC's sustainability policies.
Local communities			
G4-FS13		Access points in low-populated or economically disadvantaged areas by type	Social > Our Customers (36-41)
G4-FS14	KPIB8.1	Initiatives to improve access to financial services for disadvantaged people	Social > Our Customers (36-41)

Content Index for SASB Standards

Topic	Code	Disclosure Description	Section / Remarks (page number)
Activity Metric	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Total value of deposit (personal banking): HK\$931 billion
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Total value of loans(personal banking): HK\$383 billion
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Social > Our Customers (35), Governance (80-81)
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Social > Our Customers (35), Governance (80-81)
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	As we are still in the process of defining internal framework for calculating the internal metrics, we do not disclose such information for Financial Year 2022.
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development	
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Nil.
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Social > Our Customers (36-41), Social > Our Community (69-73)

Topic	Code	Disclosure Description	Section / Remarks (page number)
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Annual Report 2022 : Segmental Analysis Banking Disclosure Statement 2022 : Table 18: CR2 – Changes in defaulted loan and debt securities Table 19: CRB1 – Exposures by geographical location Table 20: CRB2 – Exposures by industry Table 26: Loans and advances to customers by geographical location Table 27: Gross loans and advances to customers by industry sector Table 28: Overdue loans and advances to customers
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Our Environment (15-24, 29-31), Governance (85)
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Governance (79)
	FN-CB-510a.2	Description of whistle-blower policies and procedures	Governance (79)
Systematic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	As Hang Seng is not classified as G-SIB, we disclose information on being a Domestic Systematically Important Bank ('D-SIB'). Annual Report 2022 : Management Discussion and Analysis – Risk
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Our Environment (15-24, 29-31) Draft Annual Report 2022 Management Discussion and Analysis (Risk Management page 8 and 9, "Management Discussion and Analysis > Risk > Risk management tools > Stress testing and recovery planning")

Task Force on Climate-related Financial Disclosures ('TCFD') index table

The table on the next page sets out the 11 TCFD recommendations and summarises where additional information can be found.

Where Hang Seng has not included climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures, the reasons for this and steps being undertaken are set out accordingly. Hang Seng will continue to develop and refine its reporting and disclosures on ESG matters in line with feedback received from our stakeholders, and in view of our obligations under the HKMA SPM GS-1.

With respect to our obligations under HKMA SPM GS-1 as part of considering what to measure and publicly report, we perform an assessment to ascertain the appropriate level of detail to be included in the TCFD that are set out in our ESG Report. Our assessment takes into account factors such as the level of our exposure to climate-related risks and opportunities, the scope and objectives of our climate-related strategy, transitional challenges, and the nature, size and complexity of our business.

Recommendation	Response	Disclosure location
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities		
Process, frequency and training	<p>The Board takes overall responsibility for our climate strategy, overseeing executive management in the development of the approach, execution and associated reporting.</p> <p>NEDs attended NED Summits in March and September 2022. Topics of the Summits covered, among others, climate and energy security, net zero and sustainability policies. Directors also received a training on climate risk management in November 2022.</p> <p>Our ESG Steering Committee is chaired by our Executive Director and Chief Executive, who also chairs Executive Committee which reports to the Board. The Steering Committee is supported by four Working Groups (ESG Strategy, Environmental, Corporate Social Responsibility and ESG Disclosure), each of which is led by a member of the Bank's Executive Committee. Our Chief Risk Officer ('CRO') represents the risk team on the ESG Steering Committee and leads the incorporation of climate risk into our risk management.</p> <p>The Chief Risk Officer is responsible for the management of climate-related risks. Our Climate Risk Working Group is responsible for overseeing our climate related risk management. Chief Risk Officer represents the risk team on the ESG Steering Committee and leads the incorporation of climate risk into our risk management.</p>	Page 7, 77
Examples of the Board and relevant Board committees taking climate into account	<p>During 2022, the discussion of important climate change matters among the Board and the Risk Committee included:</p> <ul style="list-style-type: none"> The Board set direction and approved the Bank's ESG matters, review and comment on ESG progress updates at least twice a year, note the results of the materiality assessment. The Board had endorsed our net zero ambition in our own operations by 2030 The Risk Committee had engaged consultant to develop the Bank's climate risk management. 	Page 7

Recommendation	Response	Disclosure location
b) Describe management's role in assessing and managing climate-related risks and opportunities		
Who manages climate-related risks and opportunities	The Chief Risk Officer is responsible for the management of climate-related risks. Our Climate Risk Working Group is responsible for overseeing our climate related risk management. Chief Risk Officer represents the risk team on the ESG Steering Committee and leads the incorporation of climate risk into our risk management.	Page 18
How management reports to the Board	In accordance to the ESG Reporting Guide of Hong Kong Exchanges and Clearing Limited ('HKEX') i.e. Appendix 27 of the Main Board Listing Rules, the Board was updated regularly about the progress on ESG-related matters at certain of its meetings that were held in 2022 and early 2023. At these meetings, the Board noted the progress update against the ESG-related goals and targets being set at the beginning of 2022, provided related comments or suggestions to the Management and also exercised oversight over the ESG matters. The Board also confirmed the effectiveness and adequacy of the Bank's disclosure framework, including the risk management and internal control systems relating to ESG.	Page 7
Processes used to inform management	Our risk governance forums hold regular meetings to ensure our governance and control framework is properly discharged, managed, sustained and communicated. Besides, Our Chief Risk Officer represents the risk team on the ESG Steering Committee and leads the incorporation of climate risk into our risk management. Please refer to our Annual Report 2022 to learn more about our bank-wide approach to risk. ESG updates are provided to the Board at least twice a year, and the relevant key performance indicators are measured, monitored and reported to EXCO on a quarterly basis. Meanwhile, ESG performance of the Bank and the relevant key performance indicators are measured, monitored and reported on a regular basis.	Page 75
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term		
Processes used to determine material risks and opportunities	<p>We have identified six key sectors where our wholesale credit customers have the highest climate transition risk, based on their carbon emissions. These are oil and gas, building and construction, chemicals, automotive, power and utilities, and metals and mining. We continue to roll out our transition and physical risk questionnaire to our largest customers in high-risk sectors, with the addition of four more sectors: agriculture, industrials, real estate and transportation. The questionnaire helps us to assess and improve our understanding of the impact of climate changes on some of our customers' business models and any related transition strategies. It also helps us to identify potential business opportunities to support the transition.</p> <p>For retail credit risk, we continue to enhance our identification and assessment of climate risk, prioritizing our largest portfolios, by increasing our investment in physical risk data and by developing internal capabilities.</p> <p>In 2022, we undertook an internal climate stress testing exercise to further our understanding and assessment of the potential impact of physical risk to our mortgage portfolios</p>	Page 16, 19, 29

Recommendation	Response	Disclosure location
<p>Relevant short, medium, and long term time horizons</p>	<p>Hang Seng continues to contribute to the HSBC Group's ambitions to achieve net zero in its financed emissions by 2050, in its supply chain by 2030, and HSBC Group to provide and facilitate between US\$750bn and US\$1tn of sustainable finance and investment for its customers in their transition to net zero and a sustainable future by 2030.</p> <p>Hang Seng has also set its ambition to net zero carbon emissions in our own operations by 2030. We have our internal KPIs in environmental performance in 2025 and 2030.</p> <p>Hang Seng aligns with HSBC Group's definition of short, medium, and long term time horizon: short term to be less than one year, medium term to be by 2030 and long term to be by 2050.</p>	<p>Page 5</p>
<p>Transition or physical climate-related issues identified</p>	<p>Transition or physical climate-related risk, together with greenwashing risk exist across Hang Seng's risk taxonomy.</p>	<p>Page 17</p>
<p>Risks and opportunities by sector and / or geography</p>	<p>Scenario analysis supports the group's risks and opportunities under a range of climate scenarios. It helps to build the group's awareness of the impact of climate change and future planning.</p> <p>Hang Seng completed an asset-level analysis in terms of real estate books, that our retail mortgages and commercial real estate portfolio would be vulnerable to severe tropical cyclones and flooding events under the DP scenario as physical risk evolves.</p> <p>Hang Seng does not currently fully disclose the impacts of transition and physical risk quantitatively by sector/geography, due to transitional challenges including data limitations and evolving science and methodologies.</p>	<p>Page 29-30</p>
<p>Concentrations of credit exposure to carbon-related assets (supplemental guidance for banks)</p>	<p>We have identified six key sectors where our wholesale credit customers have the highest climate transition risk, based on their carbon emissions. These are oil and gas, building and construction, chemicals, automotive, power and utilities, and metals and mining.</p> <p>We internally report our transition risk exposure consumed by the six high-risk sectors in the wholesale portfolio, and will further enhance its disclosure as more data becomes available.</p>	<p>Page 19</p>
<p>Climate-related risks in lending and other financial intermediary business activities (supplemental guidance for banks)</p>	<p>We expect the high emitting sectors from our wholesale corporate lending portfolio, such as Construction & Building Materials, Oil & Gas, and Metals & Mining to be most impacted by the possibility of higher carbon prices, under the CS scenario.</p>	<p>Page 19</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning</p>		
<p>Impact on strategy, business, and financial planning</p>	<p>We have aligned with HSBC and contributed to its ambitions in achieving net zero in their supply chain by 2030, and aligning the financed emissions of their portfolio of customers to be net zero by 2050.</p> <p>Hang Seng does not currently fully disclose the impacts of climate-related issues on financial planning, and particularly the impact of climate-related issues on our financial performance (for example, revenues and costs) and financial position (for example, assets and liabilities), acquisitions / divestments or access to capital, in each case due to lack of data and systems for compiling the relevant financial impacts. In 2022, Hang Seng started the calculations on its financed emissions. This will be further enhanced in the medium term as more data is available.</p>	<p>Page 5</p>

Recommendation	Response	Disclosure location
Impact on products and services	<p>In aligning with HSBC's Climate Strategy, we provide sustainable financing services to help our customers' transition to the low carbon economy. In addition, we are managing the Bank's credit risk exposure to climate-sensitive sectors in accordance with HSBC's guidelines.</p> <p>The Bank acknowledges that 2022 ESG Report has not disclosed the quantitative sustainable finance data, which results in inconsistency and affects a meaningful comparison with relevant data of last financial year. Hang Seng is undergoing an alignment process to record sustainable data in its upgraded system, which, once complete, will enable the Bank to disclose quantitative sustainable finance-related data with enhanced accuracy and completeness based on the system data availability; until such time, Hang Seng is required to adopt a different methodology to report sustainable finance-related data than was used last year, with only qualitative sustainable finance content disclosed in the 2022 ESG Report</p>	Page 21-24
Impact on supply chain and / or value chain	<p>Hang Seng has contributed to HSBC's ambition for net zero in supply chain by 2030 and we understand that our current frameworks of regulating suppliers are not robust to achieve the commitment. We also started to collect and calculate percentage of suppliers that are committed to Carbon Emissions Reduction.</p>	Page 5
Impact on adaptation and mitigation activities	<p>We focus on mitigation measures to address climate change, including to support local renewable energy generation and purchase renewable energy. Our four offices have been renovated to enhance space efficiency in our workplace.</p>	Page 15
Impact on operations	<p>To protect the planet for present and future generations, we are endeavouring to optimise the use of resources. We conduct our business in an environmentally-conscious manner and advocate for good practices in our value chain in aspects of GHG emissions, materials, energy usage and generation, waste management, climate change and sustainable finance by the following actions:</p> <ol style="list-style-type: none"> 1. Reduce greenhouse gas ('GHG') emissions through energy efficiency, water-saving and workplace enhancement programmes 2. Reduce consumption of materials through operational enhancement and customer engagement 3. Support and explore the opportunities of renewable energy usage and generation 4. Promote reduction and recycling of wastes and effluents 5. Identify, assess, and manage our climate-related risks 6. Offer a wide range of sustainable finance products and services to support our customers transit to low carbon economy 7. Support environmental initiatives through our participation in community programmes 	Page 14
Impact on investment in research and development	<p>Hang Seng Investment Management Limited has engaged a third-party ESG rating agent and implemented an ESG scoring system, which includes a climate change module for incorporating ESG factors and climate-related risks into its investment process. In 2022, HSVM allocated around USD120,000 in the relevant R&D for this entity.</p>	Page 15
Transition plan to a low carbon economy	<p>Hang Seng does not currently disclose climate transition plan. HSBC Group has committed to publish its own climate transition plan in 2023. Hang Seng will align and contribute to its transition plan once published.</p>	

Recommendation	Response	Disclosure location
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Embedding climate into scenario analysis	In 2022, Hang Seng enhanced the approach to analysing climate scenarios and delivered the internal climate scenario analysis ('ICSA') exercise applying four bespoke climate scenarios: Corporate Strategy, Current Commitments, Downside Delayed Transition Risk, and Downside Physical Risk.	Page 29-30
Key drivers of performance and how these have been taken into account	The ICSA scenarios reflect different levels of physical and transition risk and, underpinned by various assumptions of governmental climate policy changes, macroeconomic factors and technological developments.	Page 29-30
Scenarios used and how they factored in government policies	Our ICSA makes reference to external publicly available climate scenarios, such as the ones produced by the Network of Central Banks and Supervisors for Greening the Financial System ('NGFS'), Intergovernmental Panel on Climate Change ('IPCC'), and the International Energy Agency ('IEA'), our ICSA exercise assessed four internally developed scenarios, incorporating our own climate risks and vulnerabilities (e.g. our corporate strategy for the Oil & Gas sector).	Page 29-30
How our strategies may change and adapt	Our strategies include the focus on enhancing our corporate transition questionnaire and scoring tool to clients in high transition risk sectors, and conducting of physical risks assessment to our retail mortgages and commercial real estate portfolio. Scenario analysis can help assess how different decisions position Hang Seng under a range of climate scenarios.	Page 29
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks		
Traditional banking risk types considered	Hang Seng identifies and assesses climate-related risks is initially focused on understanding physical and transition impacts across five priority risk types: wholesale credit risk, retail credit risk, resilience risk, regulatory compliance risk and reputational risk.	Page 19-20
Process	Hang Seng uses scenario analysis to assess portfolio exposures taking into account evolving regulatory requirements. In addition, Hang Seng uses transition and physical risk questionnaire to request information from certain wholesale customers. Hang Seng does not currently fully disclose the detailed impacts of transition and physical risk, due to transitional challenges including data limitations and evolving science and methodologies.	Page 19-20
Integration into policies and procedures	Climate change mitigation and adaptation In 2022, we have updated policies and incorporated climate considerations into our new money request processes for our wholesale business. We also adopted the updated energy policy, covering oil and gas, power and utilities, hydrogen, renewables, nuclear and biomass, as well as the updated thermal coal phase-out policy after its initial publication in 2021. Our Transition risk scoring tool has been enhanced for our corporate portfolios, which will enable us to assess our customer exposures to climate risk.	Page 18

Recommendation	Response	Disclosure location
Consider climate-related risks in traditional banking industry risk categories (supplementary guidance for banks)	In 2022, Hang Seng broadened its climate risk approach to include material risk types in its risk taxonomy.	Page 19-20
b) Describe the organisation's processes for managing climate-related risks		
Process and how we make decisions	Our climate risk appetite supports the oversight and management of the financial and non-financial risks from climate change, meets regulatory expectations and supports the business to deliver our climate ambition in a safe and sustainable way. Our initial risk appetite has focused on the oversight and management of climate risks, including metrics relating to our high transition risk sectors in our wholesale portfolio and physical risk exposures in our retail portfolio. We continue to review our risk appetite regularly to ensure that it captures the most material climate risks and will develop appropriate metrics to measure and monitor these risks.	Page 18
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management framework		
How we have aligned and integrated our approach	Climate Risk has been integrated into our existing Risk Taxonomy and is being incorporated within the Risk Management Framework through the policies and controls for the existing risks where appropriate. Our approach to climate risk is aligned to our risk management framework and three lines of defence model, which sets out how we identify, assess, and manage our risks. This approach ensures the Board and senior management have visibility and oversight of our key climate risks.	Page 16
How we take into account interconnections between entities, functions	Hang Seng does not currently disclose interconnections between entities, functions. This will be further enhanced as more data is available.	
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process		
Metrics used to assess the impact of climate-related risks on our loan portfolio	We continue to accelerate the development of our climate risk management capabilities. The key achievements in 2022 include: <ul style="list-style-type: none"> • Developed new climate risk metrics to cover our retail mortgage portfolio in Hong Kong • Enhanced our corporate transition questionnaire and scoring tool to clients in high transition risk sectors Compliance continues to be represented at the Group's and the group's Climate Risk Oversight Forum.	Page 18

Recommendation	Response	Disclosure location
Metrics used to assess progress against opportunities	<p>Hang Seng does not disclose climate-related opportunities, and no further details about metrics used to assess progress against opportunities.</p> <p>Hang Seng does not currently fully disclose the proportion of revenue or proportion of assets, capital deployment or other business activities aligned with climate-related opportunities, including revenue from products and services, internal carbon prices, forward-looking metrics consistent with our business or strategic planning time horizons. In relation to sustainable finance revenue and assets, Hang Seng is disclosing certain elements. Hang Seng expects climate related metrics to be further integrated into financial planning and forecasting as data and system limitations are addressed.</p>	
Board or senior management incentives	<p>Our Chief Executive and all Executive Committee members have incorporated ESG initiatives, such as carbon reduction and / or sustainable finance with the relevant KPI / target, into their 2022 performance objectives. The variable pay awards made to the Chief Executive and other Executive Committee members have reflected the assessment of their performance against the scorecard objectives in relation to both financial and non-financial objectives, including the ESG commitment that is in place.</p> <p>Hang Seng does not currently fully disclose the content related to Board or senior management incentives. This will be further enhanced in the medium term as more data is available.</p>	Page 56
Metrics used to assess the impact of climate risk on lending and financial intermediary business (supplemental guidance for banks)	<p>Hang Seng does not fully disclose metrics used to assess the impact of climate-related risks on retail lending, wholesale lending and other business activities (specifically credit exposure, equity and debt holdings, or trading positions, each broken down by industry, geography, credit quality, average tenor). This is due to data and system limitations which Hang Seng is working to address.</p>	
b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks		
Our own operations	<p>Hang Seng collects environmental data for calculating and analysing Scope 1, Scope 2 and Scope 3 GHG emissions data within its own operations.</p>	Page 28, 96
GHG emissions for lending and financial intermediary business (supplemental guidance for Banks)	<p>We kick-started our financed emissions journey in 2022. It is followed by data collection from different teams for the further financed emissions calculation. We encountered challenges with data availability during the data collection process, which confirms our expectation that a proxy technique should be applied as a solution.</p> <p>We do not fully disclose financed emissions data.</p>	Page 31

Recommendation	Response	Disclosure location
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		
Details of targets set and whether they are absolute or intensity based	<p>Taking into account the nature of our business, we set 2023 environmental targets on electricity consumption, GHG emissions, water consumption, paper consumption and waste diversion in absolute based.</p> <p>This report also covered Environmental Performance data in intensity base, including the Total GHG emissions per FTE, GHG emissions per sq. ft., etc.</p> <p>Hang Seng does not currently disclose its targets used to measure and manage physical risk, due to transitional challenges and data and system limitations which the bank is working to address in the medium term.</p>	Page 9, 27
Other key performance indicators used	Hang Seng mainly relies on the existing environmental KPIs.	Page 9, 27