

■ Our Stakeholders

We proactively engage with stakeholders who are highly influential to our business, and those who could be affected by our operations significantly. The stakeholder groups include customers, staff, shareholders, suppliers, business partners, regulators and the wider community. Understanding their concerns helps us to better meet or even exceed their expectations and concerns regarding our governance, management and sustainability.

To prepare our ESG Report, we conduct stakeholder engagement exercises annually. In 2022, we conducted a focus group with staff. We also arranged interviews with external stakeholders. To ensure open dialogue and impartiality, this exercise was undertaken by an independent third-party consultant and conducted with reference to the AA1000 Stakeholder Engagement Standard and the AA1000 Accountability Principles of inclusivity, materiality and responsiveness.

Primary engagement channels

Stakeholders	Primary methods of engagement		
Customers	<ul style="list-style-type: none"> ▶ Daily operations and interactions ▶ Financial market updates ▶ Relationship manager visits and meetings 	<ul style="list-style-type: none"> ▶ Seminars and conferences ▶ Loyalty events ▶ Satisfaction surveys 	<ul style="list-style-type: none"> ▶ Online community ▶ Net Promoter System
Shareholders	<ul style="list-style-type: none"> ▶ Annual General Meeting ▶ Corporate communications 	<ul style="list-style-type: none"> ▶ Interim and annual reports ▶ Results announcements 	
Employees	<ul style="list-style-type: none"> ▶ Surveys ▶ Focus groups ▶ Face-to-face interviews ▶ Training and workshops ▶ Performance and development discussions ▶ Business briefings ▶ Town hall meetings hosted by the Chief Executive and business / function heads 	<ul style="list-style-type: none"> ▶ Regular exchange meetings hosted by the Chief Executive and managers ▶ Symposiums ▶ Forums hosted by businesses / functions to profile their work and expose staff to internal opportunities ▶ Employee representation on staff retirement committee ▶ Intranet 	<ul style="list-style-type: none"> ▶ Staff mobile app ▶ Morning broadcasts ▶ Email blasts to all staff ▶ Volunteer activities ▶ Community investment programmes and communications

Engaging Our Stakeholder Community

Stakeholder overview

Our Directors and senior leaders contribute valuable knowledge to the surrounding community. Some of them serve on the boards of other large Hong Kong companies, participate in think tanks that focus on economic and social issues, and belong to regulatory and industry advisory groups. Some hold senior positions on the boards and committees of NGOs and charities that are dedicated to tackling the economic and social challenges in Hong Kong.

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Stakeholders	Primary methods of engagement		
Business analysts and investors	<ul style="list-style-type: none"> ▶ Results publications ▶ Announcements and circulars to shareholders 	<ul style="list-style-type: none"> ▶ Annual General Meeting ▶ Investor relations meetings 	
Business partners	<ul style="list-style-type: none"> ▶ Calls ▶ Visits and meetings 	<ul style="list-style-type: none"> ▶ Seminars and events ▶ Reports 	
Regulators	<ul style="list-style-type: none"> ▶ Meetings ▶ Compliance reports 	<ul style="list-style-type: none"> ▶ On-site / off-site inspections ▶ Ad hoc enquiries 	<ul style="list-style-type: none"> ▶ Circulars and guidelines
Media	<ul style="list-style-type: none"> ▶ Briefings ▶ Press materials 	<ul style="list-style-type: none"> ▶ Senior leader interviews ▶ Result announcements 	
NGOs	<ul style="list-style-type: none"> ▶ Volunteer activities 	<ul style="list-style-type: none"> ▶ Community investment programmes and communications 	<ul style="list-style-type: none"> ▶ Visits and meetings
Financial sector peers	<ul style="list-style-type: none"> ▶ Hong Kong Association of Banks meetings and events 		
Professional bodies (including rating agencies)	<ul style="list-style-type: none"> ▶ In-depth consultations 	<ul style="list-style-type: none"> ▶ External audits 	<ul style="list-style-type: none"> ▶ Index or rating assessments and questionnaires

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Communication of ESG issues

We collect employees' comments on ESG programme in exchange meetings, and engage the lines of businesses in setting up the scorecards in sustainable supplier selection and onboarding from 2023.

We actively engaged with business partners who provide strategic value to us. These business partners are engaged in entity-level with memorandum of understandings ('MoU') signed to indicate the commitments of partnership between both parties. Our entity partners included Hong Kong Science Park ('HKSTP'), Hong Kong Cyberport and Hong Kong Trade Development Council ('HKTDC').

We engage our business partners in various channels on a regular as needed basis, covering topics such as partnership with start-up companies focusing on ESG field, participation in ESG seminars invited by or co-hosted with our business partners.

We demonstrate our values, and keep up-to-date with industry trends, via membership of various associations. These include:

- ▶ Business Environment Council Limited
- ▶ Employers' Federation of Hong Kong
- ▶ Federation of Hong Kong Industries
- ▶ The Hong Kong Association of Banks
- ▶ The Hong Kong Green Finance Association
- ▶ The Hong Kong Institute of Bankers
- ▶ Hong Kong Investment Funds Association
- ▶ The Hong Kong Management Association
- ▶ The Hong Kong Retirement Schemes Association
- ▶ Hong Kong Securities and Investment Institute
- ▶ The Institute of Financial Planners of Hong Kong
- ▶ International Chamber of Commerce – Hong Kong
- ▶ International Swaps and Derivatives Association, Inc.
- ▶ Treasury Markets Association
- ▶ Hong Kong Advertisers Association

Performance evaluation: Governance

Cybersecurity

Cybersecurity has been identified as one of the material risks of Hang Seng. The Bank is committed to implementing initiatives to oversee and manage cybersecurity, concluding with focused work on equipping professionals and arranging training in 2022. The Bank has started disclosing the on time cybersecurity training completion rate of employees (i.e. more than 99% of employees in 2022) as well as the rate of IT developers who have held internal secure developer certifications (i.e. more than 90% of IT developers). The Bank continues to explore means to oversee and address cybersecurity risks in the future.

Supply chain integrity

Hang Seng has contributed to HSBC's net zero ambition for net zero in the supply chain by 2030 and we understand that continued work and improvement needed for our supply chain to help achieve this ambition. Therefore, we have started enhancement works, such as to include the ESG requirements in our supplier selection scorecard in 2023 and to list out environmental and social criteria in the Bank's supplier code of conduct. We have also started to collect and calculate the percentage of our suppliers that are committed to carbon emissions reduction.

