

2022

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
REPORT**





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ABOUT CHONG HING BANK

Chong Hing Bank Limited ("Chong Hing Bank", the "Bank" or "we") was founded in Hong Kong in 1948. The Bank was listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange of Hong Kong") in 1994. The Bank and its subsidiaries (including Chong Hing Securities Limited and Chong Hing Insurance Company Limited) offer comprehensive commercial banking and financial services to individual and corporate customers. These services include HKD and foreign currency deposits, credit, foreign exchange, wealth management, investment, securities, insurance and Mandatory Provident Fund. The Bank currently operates a network of more than 30 branches in Hong Kong. It also has branches in Guangzhou, Beijing, Shenzhen, Shanghai, Shantou and Macau, and sub-branches in Guangzhou Haizhu District, Foshan Nanhai District, Foshan Shunde District, Nansha Area of Guangdong Pilot Free Trade Zone, Hengqin Area of Guangdong Pilot Free Trade Zone, Dongguan Nancheng District, Shenzhen Nanshan District and Zhongshan East District.

Chong Hing Bank became a member of Yuexiu Group on 14 February 2014. On 27 September 2021, Yuexiu Group completed its privatisation process of the Bank, which henceforth became a wholly-owned subsidiary of Yuexiu Group, and was delisted from the Stock Exchange of Hong Kong on 30 September 2021. Yuexiu Group was established in Hong Kong in 1985. As at end 2022, the statistical total assets of Yuexiu Group amounted to over RMB960 billion. Yuexiu Group was ranked 262nd in the "Top 500 Chinese Enterprises" list in 2022.

Chong Hing Bank's overall strength has continued to improve over the years. It was ranked 339th in the 2022 "Top 1000 World Banks" list issued by the British magazine "The Banker", up 37 places compared with 2021, making it one of the top 400 banks for 4 consecutive years.

ABOUT THIS REPORT

OVERVIEW

This is the seventh standalone Environmental, Social and Governance (“ESG”) report (“Report”) issued by the Bank. It outlines the management approach, measures and performance on ESG issues. Unless otherwise stated, the reporting period of this Report is from 1 January 2022 to 31 December 2022 (the “year”).

PREPARATION BASIS

This Report is prepared with reference to the Environmental, Social and Governance Reporting Guide (the “Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

REPORTING SCOPE AND BOUNDARY

The policy documents, statements and data included in this Report cover the actual business scope of Chong Hing Bank, Chong Hing Insurance Company Limited, Chong Hing Insurance Brokers Limited, Chong Hing Securities Limited and Chong Hing Commodities and Futures Limited in Hong Kong but exclude the Bank’s business in Mainland China for the time being. The Bank is under the process of optimising the internal information collection system and will explore the possibility to gradually expand the reporting scope in the future.

TERMINOLOGY

The terminology used in this Report is identical to the Bank’s “2022 Annual Report”, unless otherwise stated.

DATA SOURCES AND RELIABILITY STATEMENT

The information used in the Report is sourced from Chong Hing Bank, Chong Hing Insurance Company Limited, Chong Hing Insurance Brokers Limited, Chong Hing Securities Limited and Chong Hing Commodities and Futures Limited. The Bank is responsible for the truthfulness, accuracy, and completeness of the contents of this Report.

CONFIRMATION AND APPROVAL

This Report was endorsed by the Climate Risk and ESG Working Group, the Risk Management Committee and the Executive Committee of the Bank and was approved by the Board of Directors (the “Board”) of the Bank on 6 April 2023.

ABOUT THIS REPORT

REPORTING PRINCIPLES

To accurately respond to ESG issues that matter to stakeholders and are relevant to the Bank's operation, we abide by the four reporting principles outlined in the Guide:

MATERIALITY

The Bank appointed an independent consultant to identify various ESG issues through peer benchmarking. We have reviewed the importance of each topic and confirmed the focus of this Report.

QUANTITATIVE

The Bank has built data collection tools to record and monitor ESG metrics under the coordination of the Climate Risk and ESG Working Group. Where applicable, this Report discloses the year-on-year data comparisons to allow stakeholders to understand the Bank's progress of work.

BALANCE

In order to present the Bank's ESG performance in an impartial manner, in addition to disclosure of work results, this Report also discusses room for improvement on management related topics. Any omission of information has been explained.

CONSISTENCY

The quantitative information in this Report has been prepared in a consistent manner to allow readers to compare with previous reports of the Bank. Any changes in the reporting boundary of metrics have been annotated for readers' ease of reference.

FEEDBACK

You may access the electronic version of this Report through the following website or quick response (QR) code. Chong Hing Bank regards this Report as a communication platform with stakeholders. If you have any comments or questions about this Report or Chong Hing Bank's ESG management, please contact us via the following means:

Address: Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852) 3768 6888
Website: www.chbank.com
Email: info@chbank.com



Chong Hing Bank's website access code

MESSAGE FROM THE CHIEF EXECUTIVE

In 2022, the ongoing global COVID-19 pandemic, coupled with factors such as continued geopolitical tensions, rising inflation and interest rate hikes by major central banks, have slowed down the growth momentum of the global economy. In a complex and ever-changing economic environment, Chong Hing Bank upheld its business philosophy of “seeking progress in a stable manner and aiming high”. Chong Hing Bank leveraged on the development prospects of the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”) and achieved stable development in both Hong Kong and the Mainland, while it continued to provide its customers with quality products and services. Besides, based on the megatrend of green finance development, Chong Hing Bank has formulated a climate-change risk management framework to support its endeavours towards sustainable development. Good progress in various sustainable development areas was achieved during the year.

Climate change is one of the most pressing challenges the world is facing. To respond to the Hong Kong Monetary Authority’s (the “HKMA”) initiatives to address climate change risks, Chong Hing Bank, under the leadership and supervision of its Board of Directors, developed a Sustainable Strategic Statement which sets out Chong Hing Bank’s ESG and climate change-related policies, strategies and initiatives. The Bank actively participated in the climate risk stress test pilot exercise launched by the HKMA, aiming to assess the climate resilience of the Bank and to facilitate the capability building of the Bank with respect to climate risk management. To ensure the proper control of climate-related risks, the Bank not only enhanced its ESG governance structure, but also promoted policies related to the environment, continuously supervised all relevant departments’ implementation of climate risk management initiatives. We also actively established bank-wide awareness of climate change risks. Through training, performance evaluation and performance management systems, the Bank has enhanced the sense of responsibility and professionalism of its employees and continued to implement energy-saving and emission-reduction measures in order to reduce the environmental impact caused by the Bank’s daily operations.

Although Hong Kong’s economy managed to show a gradual rebound, the threat of the pandemic was still around. The Bank has continued to provide customers with relief measures to ease the financial pressure caused by the pandemic. With regard to assisting small and medium-sized enterprise (“SME”) corporate customers, Chong Hing Bank fully supports the “SME Financing Guarantee Scheme” offered by HKMC Insurance Limited and the “Special 100% Loan Guarantee” under this scheme, which enable corporate customers to deal with the challenges. For personal customers, the Bank has been actively developing its online banking platform and providing a full range of mortgage loan products to meet customers’ financial management needs.

Chong Hing Bank has always been committed to fulfilling its corporate mission of benefiting the community. In 2022, the Bank focused on the service areas of community care, environmental protection and financial education. We have cooperated with social welfare organisations to host a number of public welfare activities for children, the elderlies, grass-roots families and people with disabilities, and encouraged employees to proactively participate in the activities, so that the people in need could still feel the warmth and care of the community under the pandemic.

MESSAGE FROM THE CHIEF EXECUTIVE

Looking ahead, Chong Hing Bank will continue to cope with the volatile international political and economic situations and market environments with composure. The Bank will earnestly implement its policies, vigorously promote comprehensive and forward-looking risk management, further improve its business structure and strengthen its digital transformation, so as to embrace challenges and create opportunities amid crises. Moreover, Chong Hing Bank will take advantage of the opportunities brought about by the key national strategies, continue to focus on the development of cross-border business, and further enhance its presence in the Mainland's core cities. Chong Hing Bank will also assume its corporate responsibility to promote sustainable development, consider ESG as one of the Bank's important development strategies, review the related policies and key performance indicators, and further integrate them into the Bank's operations, products and services. I sincerely thank our shareholders, employees, customers and the general public for their continuous support to Chong Hing Bank. The Bank will join hands with all concerned parties to promote sustainable development and green finance, and contribute to the betterment of the environment, the economy, and our society.

ZONG JianXin

Chief Executive

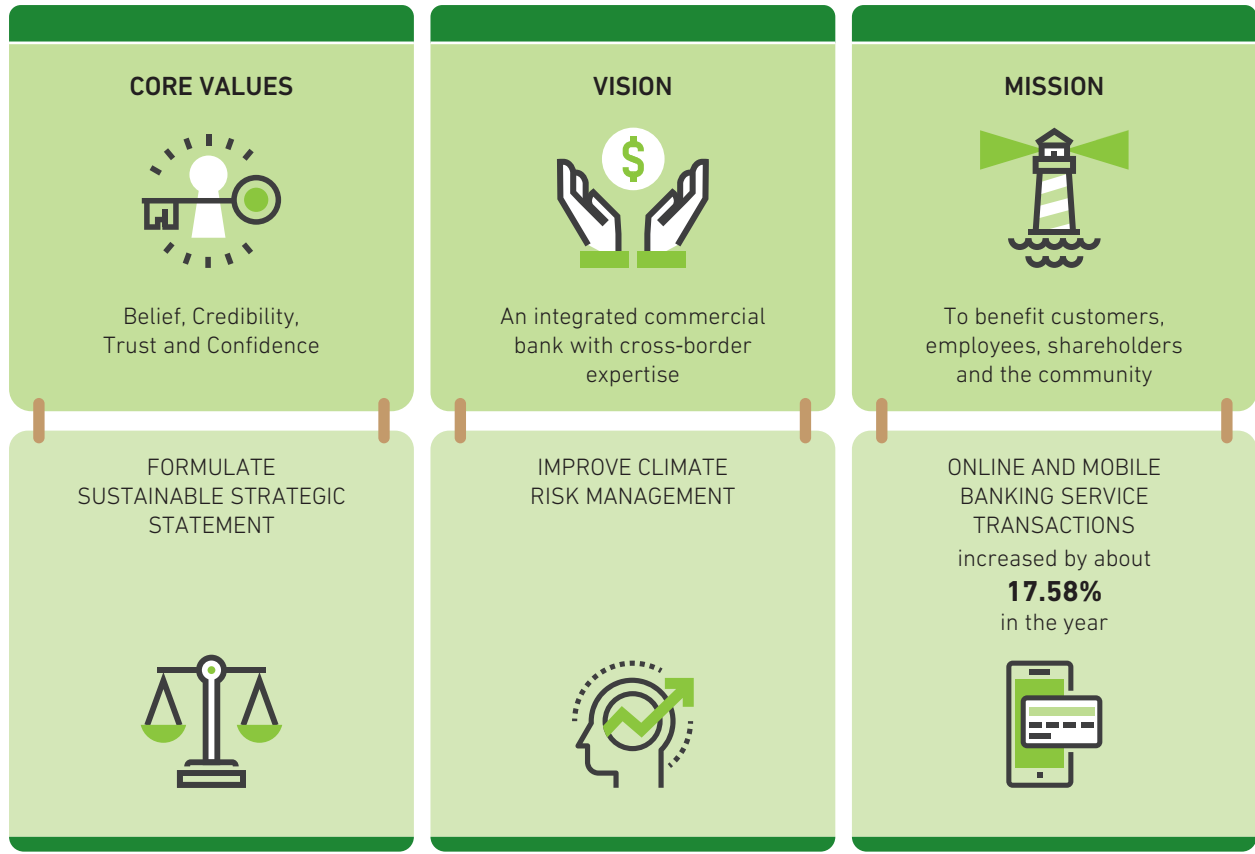
6 April 2023

2022 OVERVIEW

As a member of Yuexiu Group, Chong Hing Bank adheres to the Group's core values of "Belief, Credibility, Trust and Confidence", and continuously improves its operational efficiency and product quality to provide customers with better banking services. In recent years, the Bank has actively developed its business in Hong Kong and Mainland China, seizing development opportunities and striving to become an integrated commercial bank with cross-border expertise. To fulfill its corporate mission of "To benefit customers, employees, shareholders and the community", the Bank has formulated corporate strategies and included sustainable development elements to improve its ESG performance and fulfill its corporate social responsibility.



In response to climate change risks, Chong Hing Bank formulated a Sustainable Strategic Statement which sets out the Bank's policies and strategies on environmental, social and governance issues as well as climate change. It also optimises the environmental, social and governance management framework to ensure the orderly and sustainable development of the Bank. The Bank has established and implemented policies related to green finance and environment, and continuously supervises the implementation of climate risk management initiatives by the relevant departments.

As the COVID-19 pandemic continued in 2022, Chong Hing Bank actively responded to the changes and challenges brought about by the pandemic. The Bank launched various measures during the pandemic to meet the needs of various stakeholders, such as adjusting the business hours of the branches to protect the health and safety of its customers and employees, introducing relief programmes to help personal and corporate banking customers cope with their financial pressure, and supporting the "Special 100% Loan Guarantee" for SMEs, in an effort to help overcome the difficulties experienced by the general public.






2022 OVERVIEW

Chong Hing Bank has continuously improved its ESG performance and invested resources to promote the sustainable development of corporations and society. Our measures and contributions have been widely recognised. In 2022, the Bank received the following awards and recognitions:

Award	Awarded by	
Economy and Governance		
<p>“Fintech Transformation Award”, “Fintech Talent Development Award” and “Fintech Talent Award” of “The Financial Practitioners FinTech Training Programme 2022”</p>	<p>Cyberport</p>	
Employee Care		
<p>“The Hong Kong HR Awards 2021/22” of “HR Team of the Year”</p>	<p>JobsDB</p>	
<p>“Good MPF Employer” 2021-2022 Recognition, “e-Contribution Award” and “MPF Support Award”</p>	<p>Mandatory Provident Fund Schemes Authority</p>	

2022 OVERVIEW

Award	Awarded by
<p>"Happy Company" logo</p>	<p>Hong Kong Promoting Happiness Index Foundation</p> 
<p>Community Care</p>	
<p>"Social Capital Builder Logo Award"</p>	<p>Community Investment and Inclusion Fund under the Home and Youth Affairs Bureau</p> 
<p>15 Years Plus Caring Company Logo</p>	<p>The Hong Kong Council of Social Service</p> 

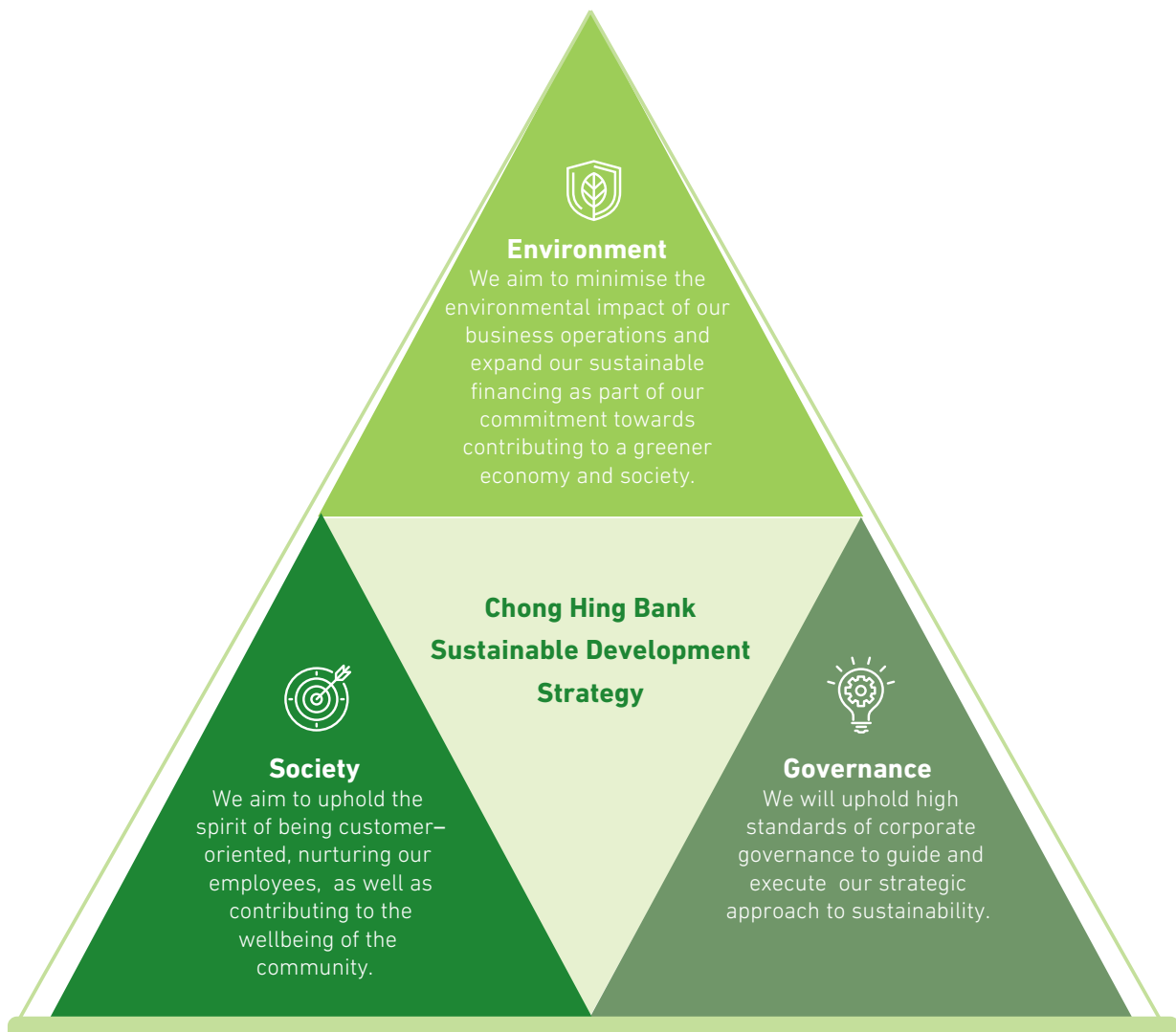
2022 OVERVIEW

Award	Awarded by
“Raffle Sales Outstanding Award”	Tung Wah Group of Hospitals 
“Second Runner-Up Award in the Industrial and Commercial Institutions of the Charity Raffle Ticket Sale Competition”	Tung Wah Group of Hospitals 

ESG MANAGEMENT APPROACH

SUSTAINABLE DEVELOPMENT STRATEGY AND OBJECTIVES

Chong Hing Bank's proposed sustainability strategy will ensure that we continue to focus on sustainability performance areas that are most relevant to the Group and its stakeholders. We have developed a Sustainable Strategic Statement which stipulated four implementation pillars to achieve sustainable growth. With respect to the implementation pillars, we have taken a number of actions, including developing the Sustainable Lending Policy, the Sustainable Investment Policy as well as the Sustainable Financial Framework. We have also set out our environment-related objectives targets to guide all decisions and initiatives of the Bank.



ESG MANAGEMENT APPROACH

Four pillars of Chong Hing Bank's Sustainable Strategic Statement

Support low carbon transformation financing	Incorporate climate risks into our portfolio	Promote sustainable operations	Enhance reporting transparency
<ul style="list-style-type: none"> • Explore the feasibility of developing green financial products/ develop a green financial framework • Establish sustainable business plan 	<ul style="list-style-type: none"> • Formulate the Sustainable Lending Policy and the Sustainable Investment Policy 	<ul style="list-style-type: none"> • Continue current green operations practices (LED lights, paperless operations, etc.) 	<ul style="list-style-type: none"> • Strengthen ESG report disclosure

Chong Hing Bank's environment-related objectives

Level	Environmental objective
Emissions	Closely monitor our carbon emissions intensity and ensure its alignment with our business growth.
Waste reduction	Further utilisation on digital platforms to minimise office consumables, so as to reduce non-hazardous waste disposals.
Efficiency of energy consumption	Closely monitor our energy consumption intensity and ensure its alignment with our business growth.
Efficiency of water consumption	Closely monitor our water consumption intensity and ensure its alignment with our business growth.

ESG MANAGEMENT APPROACH

ESG MANAGEMENT STRUCTURE

Chong Hing Bank has established a clear ESG management structure where the Board fulfills a central role. The Board is responsible for overseeing and leading the Bank and its subsidiaries to formulate ESG development strategies and goals (including, but not limited to, climate change and green and sustainable finance). The Board also provides approval on the governance framework of ESG risk management functions, as well as policies and plans relating to other material ESG related issues. The Executive Committee, the Risk Committee, the Risk Management Committee and the Climate Risk and ESG Working Group provide support to the Board in managing the Bank Group's ESG related matters.

Each component of the Bank Group's ESG management structure is independent to yet complementary with one another. This enables the Bank to formulate strategic policies for future development and long-term benefits, thereby promoting sustainable development continuously. During the year, we improved the ESG governance framework to better manage climate-related risks. The existing ESG project working group would be changed to the Climate Risk and ESG Working Group by the end of November which would report to the Risk Management Committee and the Executive Committee. Please refer to the following table for the ESG management structure of the bank:



ESG MANAGEMENT APPROACH

The main responsibilities of the Board, Board committees and working groups on ESG matters are as follows:

Responsible Parties	Key responsibilities
Board of Directors	<ul style="list-style-type: none"> • Oversee and lead the Bank to formulate the development strategies and goals of ESG (including but not limited to, climate change and green and sustainable finance) • Approve the Bank's overall risk (including but not limited to climate change, green and sustainable finance related risks) management strategy and framework, reviews regularly to ensure that they remain adequate and appropriate under the changing business and market conditions • Approve the governance framework of ESG (including but not limited to climate change and green and sustainable finance) related risks management functions, and the policies and plans relating to other material ESG related issues • Approve annual ESG reports
Risk Committee	<ul style="list-style-type: none"> • Review and recommend for the Board's approval on the overall risk management strategies, including strategies relating to environmental and climate-related risks and risk appetite/tolerance statement(s) of the Bank, which should be commensurate with the Bank's operations and strategic goals, taking into account all relevant risk-related matters encountered by the Bank • Review and regularly assess the adequacy and effectiveness of the Bank's risk management framework, internal control systems (other than internal financial control systems) and risk management policies, procedures and systems in identifying, measuring, monitoring and controlling major risk exposures of the Bank, including, but not limited to climate-related risks

ESG MANAGEMENT APPROACH

Responsible Parties	Key responsibilities
Executive Committee	<ul style="list-style-type: none"> Formulate strategies and frameworks for operational, technology, reputation, strategic, customer data governance and protection and ESG (including but not limited to climate change, green and sustainable finance) risk management for the Bank to align with its overall business objectives, and review periodically and approve the respective risk management policies Review and approve ESG (including but not limited to climate change, green and sustainable banking) related risks, and policies and plans relating to other material ESG related issues, promote and supervise the relevant departments in implementing such policies and plans, ensure that climate change, environmental and other ESG related risks facing by the Bank are effectively controlled Decide the goals of the aforementioned plans and reviews the progress of such goals Review annual ESG report and confirm the appropriateness of the key performance indicators
Risk Management Committee	<ul style="list-style-type: none"> Review and endorse/approves the risk management policies and procedures of the Bank, according to the endorsement/approval authority set out therein Oversee the Bank's major risks. Climate-related risks will be included in regular risk management reports to ensure such risks are overseen by the Risk Management Committee Hold regular risk management meetings, chaired by the Chief Risk Officer
Climate Risk and ESG Working Group	<ul style="list-style-type: none"> Assist the Risk Management Committee in fulfilling its duties with respect to climate-related risks and ESG risk management (covering the potential climate-related and ESG impacts induced by the risks defined in the categories of (i) credit risk, (ii) compliance risk (including anti-money laundering and counter-financing of terrorism), (iii) interest rate risk, (iv) legal risk, (v) liquidity risk, (vi) market risk, (vii) operational risk, (viii) information technology and cybersecurity risk, (ix) reputation risk, (x) strategic risk, (xi) human resources risk, (xii) subsidiary enterprise risk and (xiii) climate-related risks as set out in the Risk Management Committee Terms of Reference) Coordinate and advance the implementation work to integrate climate and ESG-related considerations into existing business and operations, by focusing on the potential climate and ESG-related impacts induced by the 13 risks described above, in order to enhance the Group's preparedness and capabilities against these potential impacts Conduct in-depth discussions across divisions/departments with external experts (if necessary) and share the information to the Risk Management Committee Review the proposed changes to relevant documents, e.g. the Sustainable Lending Policy and the Sustainable Investment Policy, ESG report, Task Force on Climate-Related Financial Disclosures (TCFD) report, etc. Coordinate the implementation of practices in alignment with local, national and/or international standards, guidelines issued and/or recommended by regulators on climate and ESG related disclosures; and Consider other related topics, as defined by the Risk Management Committee from time to time

ESG MANAGEMENT APPROACH

STAKEHOLDER ENGAGEMENT

Chong Hing Bank attaches great importance to the opinions of stakeholders and strives to gain in-depth understanding of the opinions and expectations of various stakeholders on the Bank's ESG issues through different communication platforms and methods. This helps the Bank review and continuously improve the overall performance of sustainable development, while maintaining a trustworthy relationship with stakeholders. The communication channels with stakeholders are summarised as follows:

EXPECTATIONS OF STAKEHOLDERS AND COMMUNICATION PLATFORMS

Major stakeholders	Concerns/Expectations	Main communication mode
Shareholders and investors	<ul style="list-style-type: none"> Robust operation Reasonable returns 	<ul style="list-style-type: none"> Meetings and discussions Annual/Interim reports
Customers	<ul style="list-style-type: none"> Fair customer treatment, and attention and response to customer needs Diversified banking services Professional advice and services Dual focus on both the environment and economic development 	<ul style="list-style-type: none"> Branch visit by relationship managers Daily operations and interactions Events that promote customer loyalty Emails Customer services hotline Social media pages and accounts
Employees	<ul style="list-style-type: none"> Reasonable salary and benefits Increase the number of employee networking events Foreseeable career development and promotion opportunities Strengthen employee training, organise courses on banking-specific topics 	<ul style="list-style-type: none"> Emails Intranet Trainings and workshops Online learning platform Work performance and career planning meetings Views-sharing platform
Suppliers	<ul style="list-style-type: none"> Integrity management Fair procurement 	<ul style="list-style-type: none"> Meetings and communications Regular reviews and feedback Emails
Non-governmental organisations ("NGOs")	<ul style="list-style-type: none"> Care for the underprivileged Contributions to the society 	<ul style="list-style-type: none"> Volunteer activities Sponsorships and charity donations Employee workshops Corporate responsibility conferences/ newsletters Visits to NGOs
Government and related organisations	<ul style="list-style-type: none"> Compliance with industry standards Mutual contribution on promoting industry development 	<ul style="list-style-type: none"> Compliance reports Regular meetings
Media	<ul style="list-style-type: none"> Understanding the Bank's development Transparency 	<ul style="list-style-type: none"> Press conferences Press releases Interviews with senior management Result announcements Media gatherings

ESG MANAGEMENT APPROACH

ESG MATERIALITY ANALYSIS

In order to determine the material ESG topics for the Bank and ensure that they are covered in this Report, we continued to follow the steps below to identify, assess, prioritise and confirm the materiality of different ESG issues:



ESG MANAGEMENT APPROACH

By taking reference to the non-financial disclosures of our peer group and the focus areas of media coverage, “business continuity plan” and “cybersecurity” were identified and added as new material topics in the year. This aligns with the Bank’s future strategic approach in sustainable development.

Chong Hing Bank ESG Materiality Matrix 2022



High Materiality		Medium Materiality	
1	Customer data privacy	16	Business continuity plan
2	Service quality, customer feedback collection and response	17	Caring for the community
3	Operational compliance	18	Serving the underprivileged
4	Anti-corruption, bribery, extortion, fraud and money laundering	19	Paper consumption
5	Cybersecurity	20	Energy use and efficiency
6	Employment relationships	21	Waste management
7	Employee development training and education	22	Responsible procurement
8	Occupational safety and health	23	Water resource use and efficiency
9	Employee diversity, equal opportunities and inclusion		
10	Human rights and anti-discrimination		
11	Response to climate change risks and opportunities		
12	Sustainable finance		
13	Promoting financial inclusion		
14	Corporate ESG governance		
15	Promoting financial literacy		

COMMITMENT FOR CUSTOMERS

With a customer-oriented corporate spirit, Chong Hing Bank strives to serve our customers with care to gain their trust. We advocate innovative thinking, actively apply financial technology to develop new products and services, and provide more professional, efficient and convenient services to improve customer experience. At the same time, the Bank continuously supports SMEs in their business development. We will continue to seize the opportunities arising from the Greater Bay Area development, progressively develop our cross-border businesses, and promote the transformation into digital banking in order to become an integrated commercial bank with cross-border expertise.

PROTECTING CUSTOMER PRIVACY

Protecting the privacy of our customers' personal and other data is an important part of maintaining our reputation for good corporate governance and building trust and long-term business relationships with our customers. Chong Hing Bank only collects necessary but not excessive personal data from customers in a lawful and fair manner to comply with the requirements of the Personal Data (Privacy) Ordinance by carefully handling documents containing customer data and destroying them as soon as possible without retaining physical documents after use. To effectively communicate the Bank's data management policies and practices, the Bank has formulated the Privacy Policy Statement which sets forth various measures and codes to protect privacy, confidentiality, and security of customers' personal data. The policy also specifies the purpose of collecting personal data, the access and correction, leakage, and promotional use of personal data.

The policy statement mainly includes the following¹:

- The purposes and use of personal data collection
- The Bank will not provide personal information to third parties for direct marketing or other unrelated purposes without the consent of individuals and other parties for monetary benefits
- The Bank has appointed a Data Protection Officer ("DPO") to supervise the Bank's compliance with the privacy ordinance, other relevant rules and guidelines. The public can contact the DPO through email, post, telephone and fax to understand the implementation of the Policy, or contact the Bank to access their personal data and opt-out from direct marketing
- The Bank restricts actual access to personal data and takes all practicable security measures against facilities storing data in order to achieve an appropriate level of security protection
- Whenever there is any material breach of personal data protection principles, loss or leakage of customer data, the Bank will handle properly in a timely manner according to the relevant guidelines, and report to relevant regulators where appropriate

To ensure that all employees are aware of and understand the relevant requirements, we require all new employees to complete the Personal Data (Privacy) Ordinance module in the "New Employee Training". In addition, we require all employees to complete the online learning course on personal data privacy protection every year, and regularly share the latest information from the Office of the Privacy Commissioner for Personal Data to employees to refresh their knowledge.

¹ For the latest and more detailed Privacy Policy, please contact the Bank or visit our website at: <http://www.chbank.com>

COMMITMENT FOR CUSTOMERS

In light of the increasing popularity of mobile banking, we adopted various security measures. Among them, we set out the relevant internal guidelines for the use of the bank's network. Online transaction customers will be required to change a safe password according to the instructions of the bank to log in to their accounts to ensure the security of their transactions. We also launched our biometric authentication solution which allows our customers to access the Bank's mobile banking service with fingerprint or facial recognition, enjoying simpler and more convenient mobile banking service, to keep abreast of the trend of next-generation mobile security authentication. The Bank provides services to customers to facilitate payments and fund transfers using the Faster Payment System Service. Internet Banking Customers (includes Single Authority Personal and Corporate Customers and Joint Authorities Customers) can select "Faster Payment System Service" to perform payments and fund transfers at Internet Banking or Mobile Banking. At the same time, we actively enhanced the security awareness of our mobile banking users by providing them "Security Tips for using Internet banking and Mobile Banking" which covers security tips about fraudulent websites, emails, mobile applications, and other common online fraudulent activities.

HANDLING CUSTOMER OPINIONS

The Bank upholds a customer-oriented corporate spirit, actively collects customers' feedback, and sincerely responds to them to continuously improve our service quality and build mutual trust. We have established multiple channels for customers to provide feedback, including Customer Opinion Boxes in each branch, customer service hotlines, emails, and fax. In addition, the Bank has also established an online feedback platform for customers to submit comments anytime and anywhere. A guidance note on complaints procedures has also been added to the website, detailing the channels for complaints including letters, emails and telephone calls, and providing a summary of the procedures for handling complaints.

The Bank values the opinions of each customer and has established a complaint handling mechanism to actively handle customer feedback. After receiving a complaint, we classify the complaint according to type and complexity, then we transfer it to the corresponding responsible department and team for follow-up. Subsequently, we study the customers' demands and requests, and determine whether the complaint is valid. We strive to ensure that all complaints are effectively and fairly heard and provide customers with a satisfactory response. Based on the content of the complaint, we conduct appropriate reviews or adjustments, or strengthen staff training as needed to improve service quality such that customers will be more satisfied with our services in the future. Under the impacts of the pandemic in 2022, with the efforts and professionalism of our employees, we received 1,075 compliments during the year.

IMPROVING CUSTOMER EXPERIENCE

The Bank believes that innovation is the key to business development. Hence, while adhering to our three-pronged approaches of: expanding cross-border financial services, enhancing branch services, and promoting digital banking transformation, the Bank regularly reviews and adjusts our banking products and services to improve customer experience.

COMMITMENT FOR CUSTOMERS

CROSS-BORDER FINANCIAL SERVICES

Based in Hong Kong, the Bank strives to seize opportunities arising from the development of the Greater Bay Area and actively expands the Mainland market to enable convenient cross-border financial services for customers. For our personal banking services, the Bank has launched a Mainland property secured loan service which gives our customers the convenience of applying for secured loans for their Mainland properties at any branch in Hong Kong without leaving Hong Kong. During the year, the Bank opened its Beijing branch, becoming the fifth branch of the Bank in mainland China, achieving full coverage of the Mainland first-tier cities of “Beijing, Shanghai, Guangzhou and Shenzhen”, and moving towards nationwide development initiative. Chong Hing Bank continued to expand the servicing regions of the Mainland property secured loan service, serving Shanghai and the seven cities in the Greater Bay Area, including Guangzhou, Shenzhen, Foshan, Huizhou, Dongguan, Zhongshan and Jiangmen, continuously, allowing Hong Kong customers to enjoy the advantage of cross-border financial services. To meet the overseas asset allocation needs of our customers in the Greater Bay Area, the Bank launched the “Southbound Wealth Management Connect” (the “Southbound Connect”) service of the “Cross-boundary Wealth Management Connect” during the year to further improve the Bank’s cross-border wealth management service platform, enabling eligible customers to invest in a diversified portfolio of assets through designated channels and seize investment opportunities.

Regarding corporate banking, we understand that Hong Kong enterprises may not be familiar with local policies and procedures when making cross-border investments. Therefore, we continue to help Hong Kong investors through the “Shenzhen and Hong Kong Pass” commercial service, so that they can enjoy our one-stop business registration service for their Mainland businesses. We have also continued to provide professional cross-border financial services to customers in Hong Kong and the Mainland. This opened up the market for trade financing on both sides of the border and introduced a number of customer-friendly services such as cross border document presentation and cross-border document certification. All in all, the Bank has continued to operate the cross-border business and has strived to expand banking, securities, insurance and other businesses to ensure that each and every customer’s need is met.

With aims to provide Hong Kong customers with quality and comprehensive cross-border financial services and become an integrated commercial bank with cross-border expertise, the Bank will continue to explore the Greater Bay Area market and gradually expand our business to other cities within the region.

ENHANCING BRANCH SERVICES

Chong Hing Bank provides a wide range of professional services by classifying branches into three categories: flagship, general and community. In addition, tablet computers have been provided to customers at Hong Kong branches to enhance their digital banking experience and reduce customer waiting time and frontline staff workload, thus enabling customers to enjoy better and more convenient services.

When carrying out renovation or fitting-out works for branches, we keep our purpose of taking care of our customers’ needs and enhancing community interaction in mind, and as much as possible to ensure that the designs of branches have incorporated such elements, for example, ensuring that designs are simple, bright, and comfortable by equipping barrier-free facilities, and setting up customer meeting rooms and projectors in lobbies to ease the organisation of wealth management seminars, so as to improve customer experience.

COMMITMENT FOR CUSTOMERS

DIGITAL BANKING TRANSFORMATION

Chong Hing Bank has been actively promoting the adoption of financial technology and digital banking transformation to provide customers with convenient and secure mobile banking services. During the COVID-19 pandemic, some local branches had to be closed. The Bank actively offered various electronic channels to attract customers to handle investment and financial transactions through automated platforms, including time deposits, investments, fund subscriptions, transfers, remittance orders and foreign currency exchange. Customers can also open investment accounts through Chong Hing Mobile Financial Services or open Chong Hing securities accounts through referral. In addition, to ease digital banking account opening for our customers, the Bank launched services, such as, online activation of Internet Banking by deposit account, instant online banking account opening at branches, and online re-activation of dormant account. By the end of December 2022, the share of e-denominated time deposits has increased by nearly 90% from the end of last year, and there was contributing to a growth of 16.1% in online financial transactions as compared to 2021. About 80% of new customers have already converted to digital banking by 2022. The Bank launched an online lucky draw programme and e-coupon for our mobile banking users. The e-coupon can be widely used in mobile banking transactions lucky-draw and various promotional activities, which is welcomed by customers and can effectively build customer loyalty.

The Bank's biometric authentication service enables customers to log in to Chong Hing Mobile Financial Services by using fingerprint or facial recognition. This prevents customers from being unable to use the programme due to forgetting their login names or passwords. Our mobile finance programme uses the "FPS" QR code payment technology, allowing users to scan the payee's QR code to complete payment and transfer. All our ATMs support JETCO's "Cardless Cash Withdrawal Service", and the mobile banking users of JETCO member banks can withdraw cash by scanning QR codes on our ATMs. We also updated our latest product information and promotions continuously through the websites or apps of third-party service providers or financial technology organisations to keep our customers informed and thereby they can apply for our products and services.

During the pandemic, the Bank accelerated the pace of digital transformation and actively developed online business to continuously serve our customers' financial management needs by providing them with high-quality banking services. The Bank's new core banking system upgrade project was successfully launched during the year. It signifies our effort of pushing ahead the goal of digitally transforming our traditional banking business. After the successful launch of the new core banking system, continuously process enhancement projects were completed which enhanced our customer service capabilities and facilitated the development of cross-border business. During the year, we teamed up with iFinHealth Limited, a technology service provider, to develop a customer data analysis platform. Through a new automated customer credit assessment function, we reduced the manpower needed to process loan cases and streamlined the bank approval process. Through our partnership with iFinHealth Limited, the Bank has greatly enhanced the efficiency of its credit services and accelerated the pace of digital transformation. The Bank will continue to invest more resources in the digital transformation project to create business value by empowering different areas with the latest technology. The Bank will also continue to build operational strength to bring our operational efficiency, risk control and customer experience to a new level.

COMMITMENT FOR CUSTOMERS

Winning the Cyberport Fintech Awards

Chong Hing Bank Group was awarded the “Fintech Transformation Award”, “Fintech Talent Development Award” and “Fintech Talent Award” under the “The Financial Practitioners FinTech Training Programme 2022” by Cyberport in recognition of its outstanding performance in promoting digital transformation and talent training.

Chong Hing Bank has been actively promoting digital transformation in recent years. We are committed to encouraging our staff to continue to learn and innovate and to create a digital working environment to enhance our competitiveness with high quality fintech. Chong Hing Bank values talent and continues to provide comprehensive training to enhance the professional level and development opportunities of its staff. We strongly support “The Financial Practitioners FinTech Training Programme 2022” organised by Cyberport. During the year, more than 200 staff participated in the programme to enhance their understanding of fintech and acquire diverse digital skills so as to contribute to the continued digitization of banking services. Chong Hing Bank Group was awarded the “Fintech Talent Development Award” by Cyberport for its active promotion of talent training. Cyberport also awarded the “Fintech Talent Award” to two Chong Hing Bank employees who successfully completed the training programme.



Chong Hing Bank Group received the Cyberport “Fintech Talent Development Award”

Chong Hing Bank continues to invest resources to accelerate its transformation in the face of the challenges and opportunities of the digital era. Chong Hing Bank was awarded the Cyberport “Fintech Digital Transformation Award”.



Chong Hing Bank was awarded the Cyberport “Fintech Digital Transformation Award”

COMMITMENT FOR CUSTOMERS

RESPONSIBLE SALES AND MARKETING

The Bank advocates responsible sales, and we have formulated internal guidelines to monitor the content of service promotion and strengthen training for staff on sales practices. Before launching products and services, such as credit card products, wealth management, time deposits, and funds, we carry out due diligence on the relevant products and services and go through a comprehensive approval process by taking customers' interests into consideration, to review their risks and features. Advertising and promotional content of the relevant products and services are reviewed by departments such as Corporate Communications, Legal and Compliance to ensure that terms and conditions had been set out on products advertised to avoid misleading customers and ensure that they are compliant to laws and regulations and guidelines as set out by regulators. All Third-Party Product Offering Documents are provided by product providers (i.e. fund companies and issuers of unlisted structured products), and the bank will not write additional sales documents on its own to avoid misleading situations. At the same time, the Bank arranges appropriate briefing sessions and product trainings for sales personnel to ensure that they have sufficient knowledge of product features, so as to provide appropriate and compliant sales services to customers.



Promotional materials marked "Terms and Conditions apply" remind customers to read carefully

The Bank adopts the "Account Terms (For Personal/Joint Account)", "Account Terms (For Corporate Account)", "Credit Card Cardholder Agreement", "UnionPay Dual Currency Credit Card Cardholder Agreement" and the "Corporate Credit Card Cardholder Agreement" to organise and merge disaggregated terms applicable to different services, ensuring that customers are aware of all products and service terms of the Bank. Chong Hing Bank strictly complies with the Anti-Competition Ordinance and prohibits any anti-competitive acts.

GOOD BANKING PRACTICE

Chong Hing Bank actively promotes integrity, compliance and responsibility within the business model, and regards them as the foundation for the Bank's sustainable business development. Therefore, the Bank has set out guidelines for "Good Banking Practice" which covers areas of compliance and responsible operations, so that the Bank can be managed with reliable governance and professionalism. The Bank has also formulated ethics standards and a code of conduct for employees that require them to strictly comply with various policies, rules and guidelines, so that all operations align with compliance requirements. In addition, the Bank has developed a robust and transparent corporate governance structure to protect operations and avoid compliance risks, and the bank has also developed a business continuity plan and focused on improving cyber security to ensure stable operations.

EMPHASIS ON INTEGRITY AND COMPLIANCE

With "Credibility" as one of the core values advocated by the Bank, we uphold a high level of corporate governance and ensure integrity and compliance of standards. Through a series of measures and policies, the Bank regulates the compliance of daily operations and the integrity of employees to ensure that professional and reliable banking services are delivered. The Staff Code of Conduct formulated by the Bank requires all employees of the Bank and its subsidiaries to strictly comply with legal requirements and codes of the Bank to ensure compliance. The Bank also sets out the Anti-fraud Policy which defines fraud practices, sets out risk management measures, roles and responsibilities of each department, risk-monitoring mechanisms, and whistleblowing and investigation procedures of fraud incidents. These policies are in place to ensure that the management and all employees adhere to the highest standards of ethics and professionalism.

The Bank also provides employees and the management with regular online training on compliance to enable employees to acquire a deeper understanding on internal codes, policies and relevant laws and regulations and stay alert at all times for an enhanced level of awareness. Apart from that, Board members are also required to receive training on anti-corruption to keep abreast of the latest regulatory requirements for the financial services industry. The Bank offers courses on prevention of money laundering and terrorist fund-raising activities, to ensure that relevant employees are mindful of their responsibilities and are aware of the latest developments and requirements on Anti-Money Laundering and terrorist financing.

As at the end of December 2022:

- All employees have participated the Code of Conduct for Employee 2022 training course, and the total training hours were 809.5 hours
- All staff have participated in the annual online training on Anti-Fraud Policy, and the total training hours were 701.5 hours
- All new employees have participated in the New Employee Training which covers contents relating to the Prevention of Bribery Ordinance, and the total training hours were 159.5 hours
- A total of 2 board members completed the anti-corruption training course, the total training hours were 2 hours

GOOD BANKING PRACTICE

The Bank has a comprehensive internal whistleblowing policy and mechanism, which encourages employees to report suspected violations of internal codes and policies. Stringent measures are adopted so that the identities of whistle-blowers and all information received are kept confidential to protect the rights and interests of the whistle-blowers, and to ensure that they will not be harassed, discriminated against, harmed or dismissed due to the whistle-blowing. In addition, the Bank has put the principle of associating performance evaluation and remuneration with risk management into practice by including "Compliance and Risk Control" as a criterion in our employee performance management system. As such, any risk factors, controls, ethics, and compliance events and their corresponding severity and impacts are fully reflected in the performance rating of business units, functional units or individual employees, so as to raise employees' awareness of risks.

Chong Hing Bank is committed to combating corruption and financial crime. To prevent non-compliance, protect the Bank and its customers, and avoid reputational damage to the Bank, all employees of the Bank must comply with various regulatory requirements related to banking supervision, including, but not limited to, the Banking Ordinance, the Prevention of Bribery Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, as well as the Bank's internal rules and regulations on business operations and human resources management. The Bank has also established a comprehensive internal control system to prevent bribery at source.

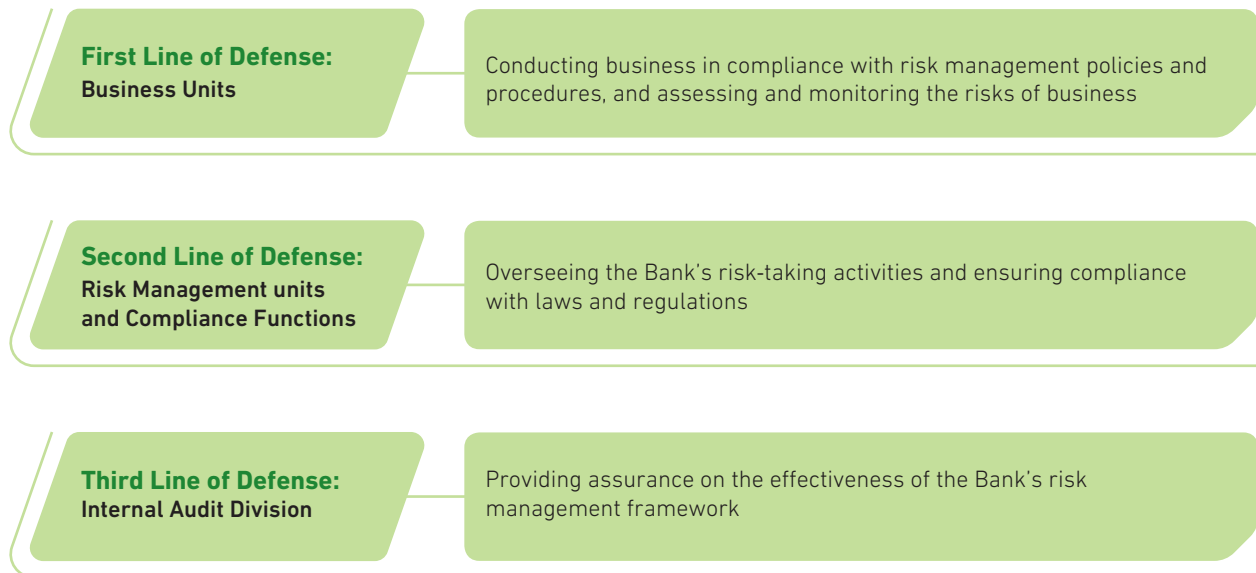
In addition to the above laws and regulations relating to corruption, financial crime and professional ethics, the Bank continues to identify legal requirements relevant to product responsibility, employment, occupational safety and health, and the environment that have a significant impact on the Bank's operations and monitor our compliance to these legal requirements.

RISK MANAGEMENT

Chong Hing Bank believes that good risk management is an important element of success for a corporation. The Bank has a well-developed risk management framework and mechanism to manage risks and has developed systems and procedures to identify, evaluate, manage and report the major types of risks, which include credit, liquidity, market, operational, legal and reputational risks. Clear responsibilities of each business/functional unit have been set out to ensure effective checks and balances. Also, specialised committees have been established to oversee and monitor the major risk areas and review the Bank's risk management policies and control limits before submitting to the Board for approval. With the assistance of the specialised committees, the Board is responsible for approving risk management policies, reviewing the effectiveness of the risk management system, and taking the ultimate responsibility for risk management.

GOOD BANKING PRACTICE

The Bank's risk governance framework is substantiated by the clearly defined three lines of defense which are independent from each other.



For the management of climate-related risk, please refer the Climate Change section.

BUSINESS CONTINUITY

Due to the impact of the pandemic, we have developed a business continuity plan suitable for Chong Hing Bank in accordance with the "Business Continuity Planning" section of the TM-G-2 Regulatory Supervisory Policy Manual of the HKMA in order to ensure stable banking services to the community.

The Bank's business continuity plan covers recovery plans for emergencies (such as pandemics, accidents, natural disasters and infectious diseases). It includes the roles and responsibilities of the Crisis Management Team, the development of recovery strategies and backup office arrangements to ensure the continuity of the Bank's critical operations in a critical situation. To cope with increasingly frequent critical events, such as natural disasters and pandemics, the Bank has enhanced operational resilience, such as adopting remote working mode to increase the number and efficiency of employees working from home.

To ensure that the Bank is able to provide critical banking services to the public in the event of an emergency, the Bank has conducted tests and rehearsals at least annually, including emergency contact tests, work-from-home tests and stand-by office operation tests. The Bank also has made assessments and recommendations after the rehearsals to enhance the robustness of the bank's operations.

As for training on business continuity planning, the Bank provides an annual training on business continuity planning to all staff through an online learning platform to enable them to understand the Bank's business continuity planning policy. In addition, units are also required to attend a briefing on the drill plan before the drill and explain to each staff the contents and strategies of the business continuity plan are explained, so that each staff can fully understand the Bank's response plan in case of an emergency.

GOOD BANKING PRACTICE

CYBERSECURITY

As a customer-centric bank, Chong Hing Bank is well-aware of the importance of cyber security. Potential network security risks may lead to data leakage, customer loss and financial losses. To this end, we insist on constantly enhancing our risk prevention mechanism, aiming to improve every control process, to comply with regulatory regulations and policy guidelines, and to create a low-risk network environment for our operations.

For cybersecurity risk monitoring, identification and assessment, our risk management committees, such as the Risk Committee and Risk Management Committee mandated by the Board of Directors, and the Information Technology Committee mandated by the Executive Committee, meet regularly to ensure that we properly implement, manage and maintain our governance and monitoring framework. As the cyber threat environment continues to change, to maintain consistently good standards, we need to continuously review our cyber risk appetite and the ongoing effectiveness of our control measures to mitigate these risks.

As for the cybersecurity reporting mechanism, we believe that safeguarding cyber security is the responsibility of every employee. In case of a security incident, staff will immediately inform their respective department heads, Legal and Compliance Division, IT Operations Division and Operations and IT Risk Management Division. We will deal with the incidents in a timely manner according to established procedures.

In response to the requirements of the HKMA on the cyber security awareness of bank staff and to enhance their ability to cope with cyber risks, the Bank provides the Cyber Security Awareness online learning course to its staff every year.

To enhance the cyber defense capability of the banking system, at the request of the HKMA, the Bank implements the "Cybersecurity Fortification Initiative" regularly which includes the establishment of appropriate defense measures and measurement of security levels against cyberattacks based on the "Cyber Resilience Assessment Framework". By participating in the "Professional Development Programme", our IT practitioners are certified with professional competencies and capabilities in Cyber Security area in order to enhance their awareness of cyber security, their capability in cyber risk assessment and their skills in simulation tests. The Bank also makes use of the "Cyber Intelligence Sharing Platform". When sharing information about cyberattacks with peers, the Bank receives relevant tips or warnings which helps the Bank prepare for possible cyberattacks.

CARING FOR EMPLOYEES

Chong Hing Bank is committed to creating a happy, healthy, and inclusive working environment for our employees by adhering to the mission of “benefitting employees” and providing them with adequate training and personal development opportunities so that they can reach their full potential and grow with the Bank. The Bank strives to enhance employees’ happiness level at work and create a good working atmosphere through various employee caring measures. During the year, the Bank was awarded the “Happy Company” logo for the third consecutive year by the Hong Kong Promoting Happiness Index Foundation, in recognition of the Bank’s commitment and determination to caring for its employees. In addition, the Bank signed the “Joyful@Healthy Workplace” Charter by the Department of Health, the Labour Department, and the Occupational Safety and Health Council to demonstrate commitment to promoting the physical and mental health of employees.

EMPLOYMENT RELATIONSHIP

Our employees are the cornerstone of providing quality services. In addition to complying with relevant laws and regulations, including the Minimum Wage Ordinance, the Employment Ordinance and the Employees’ Compensation Ordinance, the Bank has also formulated human resources policies that closely follow market and industry standards to meet the different needs of employees. We offer competitive remuneration and benefits packages to our employees, including medical, life and accident insurance, health check allowances and paid leaves (including annual leave, marriage leave, full-paid maternity leave, full-paid paternity leave, examination leave, birthday leave, volunteer leave and vaccination leave), etc. We also offer our employees and their family preferential discounts for purchasing our insurance products. In addition, we have optimised the employee counselling service which is provided by external service provider. The service has not only been expanded to cover the Macau Branch to serve our employees and their immediate family members, but it has also been extended to 24-hour round the clock service, providing them a channel to seek independent consultation on personal, family, health, work-related, and other issues. In response to the outbreak of COVID-19, the Bank has introduced a number of anti-epidemic measures, including implementing flexible working hours/casual working arrangements, providing staff with anti-epidemic materials and information, arranging staff to undergo rapid testing and implementing “vaccine leave” to encourage staff to be vaccinated. The Bank has also provided one-off allowance to the confirmed staff within a certain period of time to express its concern and sympathy to the infected colleagues. The Bank continues to improve its remuneration and welfare policies, and measures to commend and affirm employees for their hard work, contributions, and outstanding performance in a timely manner, and has been honoured by the Mandatory Provident Fund Schemes Authority as a “Good MPF Employer”.

In addition, the Bank pays great attention to employees’ physical and mental health and sense of belonging. Thus, we regularly organise diverse activities to facilitate employees bonding and promote work-life balance. The Bank has set up team-building allowance to encourage business units to organise their own team building activities to foster team spirit and morale. During the year, the Recreation Club organised various games in response to the pandemic, such as “The 25th Anniversary of Handover - Guess Idioms”, “Summer Games - Three Passes” and other crossword and trivia games to encourage employees to exchange their views. In accordance with the Government’s epidemic prevention measures, we also held the “25 Teams Celebrating 25 Years of Handover” bowling competition organised by the China Enterprise Association of Hong Kong to encourage employees to exercise outdoors to stay physically and mentally-well. The “Star Programme” and “Staff Compliments Platform” have also been established to recognise and encourage units and employees to put the corporate culture into practice and achieve service excellence.

CARING FOR EMPLOYEES

Hiking Fun Day

On the day before the Hong Kong Special Administrative Region ("HKSAR") Establishment Day of the year, the Bank held a "Hiking Fun Day" to encourage bonding among staff. Activities on the day included hiking, lunch and lucky draw. A total of 98 employees participated in the event.



The 25th Anniversary of HKSAR Establishment Day - Guess Idioms

To enhance employee morale during the hard times of the pandemic, the Bank organised guess idiom quiz with prizes. The activity received active support and participation from staff.

香港回歸25周年-猜猜成語

各位同事，雖然疫情反覆，在限聚令下，本會仍將竭盡力為各同事舉辦不同活動，現推出猜語成語遊戲，敬請各位同仁踴躍參加！

遊戲玩法：

- 組合可由上至下、下至上、左至右、右至左、上至下斜或下至上斜
- 在以下表格寫出正確答案

報名詳情：

- 得獎名額 25 名，以 10 名為獲獎，過多則以抽籤決定，各獲 HKD100 禮品代用券（答案以命題者提供為準，參加者不得異議）。
- 參加者填妥後於 2022 年 6 月 20 日前可將答案經 Lotus Note 傳送至 Chong Hing Recreation Club/CHBANK/CHB 或送總行 9/F 劉淑總幹事收，逾期無效。
- 每位參加者只可填寫表格一次。

報	舊	本	約	賦	均	歷
前	我	心	同	氣	遠	枝
至	門	裡	荒	始	難	四
角	德	人	一	親	以	粹
詞	歌	碼	命	致	置	三
仁	得	仁	求	關	性	調
量	早	騰	嫩	借	天	甲

The Bank actively maintains effective two-way communication with staff through various channels. To keep staff informed of the Bank's business developments and staff developments, the Bank regularly publishes its internal e-Newsletters "CHB Newsletter" and "Chong Hing Recreation Club Newsletter" through e-mail and Intranet. In addition, the Bank regularly conducts staff opinion surveys to collect staff opinions. The Bank has also set up a platform to encourage staff to share their views and suggestions via e-mail or online spreadsheets on cost-effectiveness, operational effectiveness, operational processes, customer experience, risk management and corporate culture. All the opinions collected are graded by the Bank's culture workgroup, and the "best ideas" are selected quarterly. Employees are rewarded for their contributions. During the year, 770 ideas were collected via this platform to help the bank to continue to improve.

CARING FOR EMPLOYEES

OCCUPATIONAL SAFETY AND HEALTH

The Bank upholds high standards in occupational safety and health (“OSH”). In addition to complying with the Occupational Safety and Health Ordinance, the Bank also formulated the Occupational Safety and Health Policy to ensure that all business activities and stakeholders in the surrounding community are not exposed to health and safety risks as a result of the business. Under the leadership of the management, branches and offices implement measures to minimise potential OSH risks. During the year, the Bank continued to provide free influenza vaccines for employees to protect their health. In order to enhance employees’ safety awareness, the Bank regularly disseminates office occupational safety and health messages among employees and requires new hires to receive safety training. During the year, a total of 159.5 hours of occupational safety and health training were provided. The Bank also regularly conducts occupational safety and health risk assessments and reviews the implementation of the measures to improve the occupational safety and health management strategy. We strictly comply with the Fire Safety (Commercial Premises) Ordinance, where each business unit has been designated a fire warden and holds fire drills every year to improve employees’ ability to respond to crisis. In addition, the Bank regularly arranges service providers for cleaning, including lighting cleaning, air-conditioning cleaning, carpet cleaning, furniture cleaning, and pest control to keep the office clean. To minimise noises, the photocopier in the office is placed at a certain distance from workstations. The Bank also ensures that each employee’s workstation is at least 1.5 meters by 1.5 meters according to the “Office Design Guideline”, and provides anti-reflective computer monitors, as well as working seats with adjustable seat height, armrests, and backrest to create a healthy and comfortable office environment, thereby prevent occupational health issues.

Since the outbreak of COVID-19, the Bank has promptly adopted various contingency and pandemic prevention measures to provide a safe working environment for our employees. Among all, we have been providing all employees anti-pandemic supplies, such as masks, alcohol-based hand sanitiser and quick test package to encourage employees to take protective measures for themselves and others. To reduce the risk of infection, deep cleaning and sanitising of the workplace will be carried out upon confirmed cases. When entering office buildings, branches and training centers, employees are required to measure body temperature. Health declarations and quick test for employee are performed every working day. The Bank also adjusts the business hours of all branches in response to pandemic situation, and follows the instructions issued by relevant government departments to suspend branch services and arrange staff to get tested for the COVID-19 when necessary to ensure the health and safety of employees.

In order to care for the mental health of our staff, including their emotional, psychological and social well-being, we provide support and resources to our staff and management, including external service to provide staff counselling services.

TRAINING AND EDUCATION

The Bank adheres to Yuexiu Group’s spirit of “Exceed • Excel” and supports employees to pursue continuous learning and self-improvement. The Bank invests resources in the training and skill development of its staff to build and maintain a team of professional, committed and future-skilled staff.





CARING FOR EMPLOYEES

The Bank provides various types of internal training to our employees annually to enhance their professional knowledge and personal skills. In response to the COVID-19 pandemic, most of the Bank's courses have been delivered online to reduce employee gatherings, while other courses that require the use of our internal banking systems have been conducted in small classes to maintain a safe distance among employees. To address the business development needs and regulatory updates, the Bank has been providing employees with risk awareness and management training on topics such as loan risk and prevention, banking operating system, network security, and the latest Code of Banking Practice.

In response to the HKMA's promotion on "Capacity Building for Future Banking", the Bank, in collaboration with the Hong Kong Institute of Bankers, has set up a series of "Greater Bay Area Financial Business and Cross-border Wealth Management Courses" which include topics such as opportunities and risks of emerging banking industry in the Mainland Greater Bay Area in the context of the "Double Cycle" and the 14th Five-Year Plan, "Reengineering Banking Sales Strategy (Greater Bay Area Case Study)". Courses on revising trade finance, cross-border business practices etc., had also been held to help employees acquire relevant expertise to expand cross-border businesses.

In addition, the Bank also launched a new FinTech Thematic Series, in which industry experts were invited to provide special training on different FinTech areas, such as "Recent Trends and Opportunities in Sustainable Banking and Green Finance" and "Fintech Trends and Opportunities" to enhance staff awareness of fintech. At the same time, the Bank strongly supported 2022 Cyberport's Fintech Training Programme for Financial Practitioners to enhance employees' awareness of FinTech. More than 200 employees participated in the training programme in 2022.

To enhance employees' personal communication and working capabilities, the Bank also offered soft skills training covering performance management, leadership, corporate culture, effective business writing and Putonghua oral upskilling, etc. In addition to internal training, the Bank also cooperated with external institutions to provide employees with training on commercial credit and insurance compliance. During the year, we provided a total of 30,920 training hours to 1,651 employees, with an average of 18.7 training hours per employee.

Average hours of training			
Male	Female	Management	General staff
19.8	17.5	17.7	19.0
			

During the year, the Bank continued to implement the "Education Sponsorship Scheme" to support qualified full-time employees to participate in external training courses, academic education programmes and professional qualification examinations to enhance their professional competencies. To encourage our employees to obtain professional qualifications in related fields, the Bank updated the Enhanced Competency Framework and the Cybersecurity Fortification Initiative Training and Development Subsidy Guide to provide more comprehensive training and development subsidies. When making approval decisions, the Bank takes into account of various factors such as the relevance of the applicant's job functions and personal development needs, the availability of similar training provided by the Bank and the credibility of the course organiser. During the year, the success rate of application for sponsorship was 100%. The Bank upheld the attitude of actively attracting talents, developing talents and encouraging employees to obtain professional qualifications.

CARING FOR EMPLOYEES

DIVERSITY AND INCLUSION

We believe that a diverse team of employees is essential to a sustainable and successful business. Our approach is to leverage the benefits of a diverse team to drive innovation, collaboration and the agility of our workforce. We value cultural diversity, respect and support our employees, actively explore their diverse ideas, backgrounds, styles and perspectives, and create business value in an empathetic way.

We expect all team members to treat each other with respect and an inclusive environment that is free from discrimination, harassment, slander, and unfair treatment based on age, color, disability, ethnicity or national origin, gender, gender identity/expression, marital status, pregnancy, race, religion or belief, and sexual orientation. The Bank abides by laws and regulations related to equality and anti-discrimination, including the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance, and the Race Discrimination Ordinance, and opposes any discriminatory behavior.

The internal policy also sets out the responsibilities of the management, the rights and responsibilities of employees, and the procedures for handling discrimination issues, etc., to ensure that every person in the workplace is treated equally. In addition, the Bank has a complaint mechanism where employees can report any suspected misconduct or discrimination to the management directly to protect the rights and interests of employees.

The Bank ensures fair and impartial recruitment and promotion processes, as well as provides equal opportunities for both men and women. As of the end of December 2022, the Bank had around 1,700 employees, with an approximate 1:1 male-to-female ratio. The proportion of female management personnel was 40.9%. The statistics are summarised as follows:

Employee data summary								
By age			By gender		By employee category		By employee type	
<30	30-50	>50	Male	Female	Management	General staff	Permanent staff	Supervised workers
11.6%	69.0%	19.4%	49.7%	50.3%	22.8%	77.2%	99.7%	0.3%

(Includes temporary staff, contract staff and seasonal staff)

COMMUNITY ENGAGEMENT

Chong Hing Bank has always been committed to fulfilling its corporate social responsibility. By organising volunteer activities and community events and cooperating with different organisations, we show our care for and provide assistance to people in need and do our best to contribute to the community. While the Hong Kong economy gradually recovered this year, various sectors of the community still faced many difficulties. Therefore, the Bank continued to implement the Community Investment Policy formulated by the Climate Risk and ESG Working Group, promote sustainable development of the community, and create value for society together with different stakeholders.

The Bank organises community and charity activities in the three core areas of caring for the community, environmental protection and financial education. The Bank targets people in need such as children, the elderly, grass-roots families and people with disabilities. In addition to volunteer services, the Bank also actively supports and participates in various charitable activities. During the pandemic, the Bank continued to cooperate with different community organisations, fighting side by side with Hong Kong citizens and facing the challenges of the pandemic together.

The Chong Hing Bank Volunteer Team was officially established in 2017. Since then, the Bank has been actively encouraging employees to participate in various volunteer activities. From 2018 onwards, volunteer leave was introduced to encourage employees to participate and bring along their family members in volunteering activities organised by the Bank.

Key achievements of Chong Hing Bank's community initiatives during the year are as follows:

- Total number of hours of volunteer services by employees: 874 hours
- Total amount of donation: HKD 258,000
- Awarded the 15 Years plus Caring Company Logo by the Hong Kong Council of Social Service



COMMUNITY ENGAGEMENT

PROMOTING FINANCIAL INCLUSION

SUPPORTING MEASURES FOR COVID-19

The pandemic has severely affected the Hong Kong economy, and SMEs are facing an increasingly challenging operating environment. We are determined to overcome the difficulties with our customers and has launched various SME support measures. We have provided several supporting measures to eligible SME customers to ease the funding pressure on them imposed by the pandemic. The measures include clean-up clause of revolving loan and overdraft facility waiver, extension of term loan repayment, and instalment payment period and principal payment holidays for all trade finance facilities. We have also provided assistance to specific customer groups, such as property mortgage customers, as well as taxi, minibus and commercial vehicle hire purchase loan customers, and have introduced supporting measures such as interest moratorium and extension of hire purchase loan terms. We will continue to monitor the impact of the pandemic and take appropriate measures to strengthen, expand and extend our support. Following two rounds of relief measures, the Bank also fully supports the "Pre-approved Principal Payment Holiday Scheme for corporate customers" by the HKMA and the "Banking Sector SME Lending Coordination Mechanism" to alleviate the cash flow pressure faced by SMEs and help them overcome economic difficulties. Besides, the Bank actively assists its customers in applying for the "Special 100% Loan Guarantee" provided by the Hong Kong Mortgage Corporation Limited, and by the end of 2022, loans for a number of SME customers have been successfully granted.

TO HELP SMEs STARTING THEIR OWN BUSINESSES

Chong Hing Bank focuses on the financial needs of SMEs in different business cycles and supports their funding needs for daily operations and business expansion. Our business units work closely to provide one-stop value-added banking services to our corporate customers on employee financial management, MPF and wealth management. We actively support SMEs by participating in the "SME Loan Guarantee Scheme" of the HKSAR Government and support the "SME Financing Guarantee Scheme" offered by the Hong Kong Mortgage Corporation Limited. We aim to provide a stable and flexible financing platform for SMEs to meet their funding needs. As an integrated commercial bank with cross border expertise, the Bank provides SMEs with services such as "Loan against Outbound Security", "Loan against Inbound Security" and "Guangdong Free Trade Zone Direct Lending" to help them expand into the Mainland market. The Bank will continue to fulfil its commitment to provide professional and reliable services to SMEs.

POPULARISATION OF BANKING SERVICES

Chong Hing Bank treats every customer fairly and has signed and complied the "Treat Customers Fairly Charter" of the HKMA since 2013 to ensure that people in need can enjoy basic banking services. We actively respond to the initiative of the HKMA on financial inclusion and have therefore formulated various measures for financial inclusion, including the cancellation of dormant account fees and exemption of minimum deposit amounts. The Bank is committed to providing banking services to everyone in need of the services, including low-income groups, persons receiving Comprehensive Social Security Assistance, people with cognitive and intellectual disabilities, etc. During the year, the Bank renewed various insurance products such as short-term and long-term savings insurance, tax-deductible annuities, voluntary medical insurance, and universal life insurance and strengthened the standard of premium financing service in order to provide customers with better choices of insurance products, so that more customers can be protected and achieve inclusive finance.

COMMUNITY ENGAGEMENT

PROMOTING FINANCIAL LITERACY

Chong Hing Bank actively supports the HKSAR Government's "Strive and Rise Programme" to lift grass-roots junior secondary school students out of intergenerational poverty. By sharing their life experience and providing guidance, the Bank volunteers help participating students make personal development plans, contributing to the solution of the social problem of intergenerational poverty in Hong Kong.

The Bank also participated in the "Life Buddies" mentoring programme organised by the Commission on Poverty. During the period, the Bank held mock interviews and other activities for students of Po Leung Kuk Lee Shing Pik College. The mentors shared their life stories and career experience with the students, and gave them advice and guidance, which helped them understand the career prospects of the banking industry and set a clearer life direction, at the same time promoted financial literacy.

SERVING THE UNDERPRIVILEGED

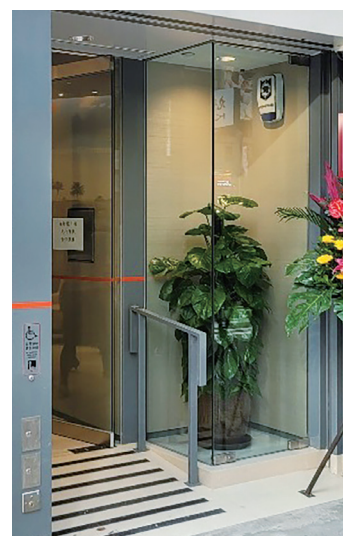
Chong Hing Bank cares about the rights and interests of the disabled and considers their needs in the design and service arrangements of our branches. Currently, we have the "Guide Dogs Welcome Sign" issued by the Hong Kong Guide Dogs Association posted at all branches and welcome guide dogs to join the visually-impaired. Hearing devices are also available in all our branches, making it convenient for the hearing-impaired who has activated the "T-Switch" on their assistive listening device to communicate with others. In addition, we have installed voice navigation ATMs in various branches to assist people with visual impairments in using ATM services, such as cash withdrawal, account balance enquiry or password changing. We are also progressively changing the height of our ATMs and the desk of our banking managers at the branches and have equipped ramps or ensured level entrances at the entrances of most of our branches for the convenience of wheelchair users. In addition, we set up various friendly facilities based on the location and adjacent environment of our branches, such as doorbell, doorbell with signage, and tactile guide paths, to meet the various needs of different customers.



*"Guide Dogs Welcome" signs
are posted at all branches*



Automated teller machines and access for wheelchair users



COMMUNITY ENGAGEMENT

CARING FOR THE COMMUNITY

Chong Hing Bank actively fulfilled its social responsibility by caring for the vulnerable groups and providing assistance to those in need during the pandemic. The Bank gives back to society by lending support to different community groups through the staff volunteer team. And the Bank strives to achieve its corporate mission of “Benefitting the community” and encourages its staff to participate in public welfare activities to build a harmonious and inclusive community. During the year, the Bank served people from all walks of life through various community activities, including the disabled, the elderly, grass-roots families, etc.

Volunteer teams visit visually impaired families

About 40 Chong Hing Bank volunteers, led by staff of Hong Kong Federation of the Blind visited the visually impaired families in Tsuen Wan, Kwai Chung and Shek Kip Mei. The volunteers delivered gift packs containing food, daily necessities and quarantine supplies to them and reminded them to continue to take preventive measures during the pandemic. The volunteers took the opportunity to communicate and share with the visually impaired and their families, and to offer their sincere condolences to make them feel the warmth and care of the community.

On the same day, Chong Hing Bank’s “Life Buddies” mentors and 14 students from Po Leung Kuk Lee Shing Pik College participated in a family visit programme for the visually impaired. They reached out to the community together and the students were encouraged to participate in more volunteer activities to help people in need.



Chong Hing Bank volunteers visited the visually impaired families

COMMUNITY ENGAGEMENT

Supporting the Fortune Bag Activity of Yan Chai Hospital Sending warmth and care to the elderly

Chong Hing Bank supported and participated in Yan Chai Hospital's "Yan Chai Fortune Bag 2022" campaign. In addition to being the sponsor of the event, in August 2022, 40 Bank volunteers visited 150 households of the elderly living alone in Sau Mau Ping District and delivered fortune bags to them to express their concern for their well-being during the pandemic.

The Executive Director and Deputy Chief Executive of Chong Hing Bank, Mr Felton Lau, attended the opening ceremony of the "Yan Chai Care for the Elderly" on 31 August 2022. Miss Lee Pui-sze, JP, Director of Social Welfare Department and Dr Li Kwok-tung, SBS, JP, Chairman of the Elderly Commission officiated at the ceremony together with members of the Board of Directors of Yan Chai Hospital and representatives of participating organisations to promote the message of caring for the elderly and those in need.



"Yan Chai Fortune Bag 2022" campaign opening ceremony

COMMUNITY ENGAGEMENT

Mr Felton Lau, Executive Director and Deputy Chief Executive of Chong Hing Bank, said: "Chong Hing Bank is pleased to support and participate in the 'Yan Chai Fortune Bag 2022' campaign, which not only expresses care to the elderlies, but also presents a gift of fortune bag to celebrate the 25th Anniversary of HKSAR Establishment Day. Besides food and daily necessities, the gift of fortune bag also contains anti-pandemic supplies. We wish to remind the elderlies to continue to take care of their health. Despite the ongoing pandemic, Chong Hing Bank will continue to pay attention to those in need in the community, and do our part to serve them, striving to fulfil the corporate mission of benefiting the community".



Chong Hing Bank volunteers visited the elderlies at Sau Mau Ping Estate

COMMUNITY ENGAGEMENT

In addition, the Bank continued to integrate community-caring activities into business operations to support various NGOs during the year. The Bank placed donation boxes in its branches to encourage citizens to donate and assisted in the sale of charity raffle tickets to raise funds for charitable organisations. During the year, the Bank's sales of charity raffle tickets achieved satisfactory results, and it was once again recognised by a number of beneficiaries. The Bank was awarded the "Raffle Sales Outstanding Award" organised by the Tung Wah Group of Hospitals.

In 2022, Chong Hing Bank supported the following fundraising events for NGOs:

Type of activities	Beneficiaries
Charity raffle ticket sales at its branches	■ Tung Wah Group of Hospitals, Yan Chai Hospital
Placing donation boxes at its branches	■ Senior Citizen Home Safety Association, Yan Chai Hospital
Collecting Flag Day donations	■ Po Leung Kuk, The Community Chest of Hong Kong
Sending donation letters	■ Red Cross, Pok Oi Hospital
Giving anti-pandemic supplies	■ Hong Kong Federation of the Blind, Baptist Oi Kwan Social Service, New Home Association
New World Development "Share for Good"	■ Yan Chai Hospital

PROMOTING GREEN LIVING

Chong Hing Bank attaches great importance to environmental protection and is committed to promoting green living to employees and the public as well as building a sustainable green community. During the pandemic, the Bank continued to implement various environmental protection measures in its offices and branches and encouraged employees to participate in environmental protection activities and take practical actions to protect the environment so as to fulfill the Bank's corporate responsibility. During the year, for the third year in a row, we participated in the WWF Earth Hour 2022 environmental protection campaign to educate staff on the concept of environmental protection.

COMMUNITY ENGAGEMENT

Coastal Clean Up Campaign to protect the Marine environment

Chong Hing Bank has supported the “International Coastal Cleanup (Hong Kong)” organised by the Green Council for the two consecutive year. On 5 November 2022, a number of the Bank’s volunteers and their relatives and friends went to the Gold Coast Beach in Tuen Mun to carry out a joint cleaning exercise. Through the activity, Chong Hing Bank supported and learned how to protect the marine environment, and raised people’s awareness of coastal conservation.

On the day of the event, Chong Hing Bank volunteers worked together to collect fine coastal litter, including cigarette butts, microplastics, plastic products, etc., in an effort to remove all kinds of plastic waste and restore the beach to a clean and plastic-free environment. During the event, Green Council staff explained in detail the types and disposal of marine litter and their impact on marine life. The volunteers carefully recorded the amount and types of litter collected and handed them over to the Green Council for collation and analysis of the data after the event so as to better understand the situation of coastal pollution and support future education, promotion and pollution prevention work. This activity could also allow the public to know about the problem of marine debris, encourage people to reduce waste at source, and protect marine ecology in the long run.



Chong Hing Bank volunteers joined the beach cleaning at Gold Coast, Tuen Mun with their family members

ENVIRONMENTAL PROTECTION

In response to the aggravating climate change issue, Chong Hing Bank is committed to minimising carbon footprint, through measures such as reducing greenhouse gas emissions and improving resource efficiency, to reduce the risks of business operations lead to possible environmental impact. We are also committed to promote sustainable finance, fulfilling our corporate responsibility to environmental protection. At the same time, we strengthens climate risk management by incorporating climate risk into our investment portfolio and integrating identified environmental, social and governance risks into our risk management framework.

We have formulated the Environmental Policy which sets out the Bank Group's management approach and commitment and provides employees with guidance on environmental protection. The Bank actively adopts resource conservation and emission reduction measures. The Climate Risk and ESG Working Group is responsible for coordinating and monitoring the implementation of such measures at the branches and offices. We will continue to introduce green initiatives in our offices and raise employees' awareness of environmental protection and promote green office concepts.

The Bank's policy states that all business units must comply with the environmental laws and regulations and other relevant requirements of their respective operating regions, including the Waste Disposal Ordinance which is most relevant to the operations in Hong Kong. Although our operations do not generate a significant quantity of waste, we continue to promote conservation and recycling at our branches and offices to help alleviate the solid waste problem in Hong Kong. Chong Hing Bank did not violate any environmental laws and regulations in 2022.

CLIMATE CHANGE

CLIMATE CHANGE-RELATED RISK MANAGEMENT

Extreme weather caused by climate change poses potential risks to business. With this in mind, Chong Hing Bank has incorporated climate-related risks into the banking Group's governance framework and the terms of reference of its sub-committees of the Board. The Risk Management Committee is responsible for reviewing and considering the risks associated with climate change and green and sustainable finance to ensure that climate change risks to the Group are effectively controlled. The Climate Risk and ESG Working Group assists the Risk Management Committee in fulfilling its responsibilities in managing climate-related risks and integrating climate change risks into existing governance, strategies, risk processes and controls across different business functions.

In addition, the Sustainable Strategic Statement was developed to integrate climate-related risks into the Bank's strategic planning, and the Sustainable Lending Policy and Sustainable Investment Policy were developed to integrate climate risks into our portfolio. Please refer the "Sustainable Finance Section" for details.

The Bank was invited to participate in Hong Kong's pilot project on climate change stress test launched by the HKMA to conduct climate-related risk stress test with a scenario analysis to measure the impacts of climate change and the corresponding implications for the Bank's risk profile under different scenarios and time horizons. The Bank expects that regular review of the impacts of climate change will provide a more accurate picture of the Bank's risk level and assist in determining the need for appropriate mitigation actions or adjustment strategies.

ENVIRONMENTAL PROTECTION

SUSTAINABLE FINANCE

RESPONSIBLE FINANCING

Chong Hing Bank supports the goals of the Paris Agreement and aligns with the mid-century commitments of the governments of Hong Kong and the Mainland, our two major markets, to become carbon neutral. We know that credit and investment portfolios have a big impact on reducing global carbon emissions.

The Bank actively responds to the industry's drive for green and sustainable finance development. It is committed to keeping abreast of market trends to ensure that various ESG issues and risks are fully considered and effectively controlled, so that the Bank's future development and long-term interests are environmentally and socially responsible.

The Bank continues to explore various possibilities for promoting sustainable financing in its business. The Bank developed a Sustainable Strategic Statement to express our support for a low carbon transition and to deliver long-term and sustainable value and returns to our stakeholders. The Bank also signed a strategic co-operation agreement with the Hong Kong Quality Assurance Agency to support enterprises in achieving sustainable growth through seizing green finance opportunities and in an environmentally responsible manner, as well as promoting sustainable economic development in the community. In addition, the Bank developed a Green Finance Framework to carry out low-carbon transition work, including green loans, green deposits and green investments, to facilitate customers' transition to more climate-resilient and sustainable businesses. In 2022, the Bank entered into a five-year sustainability performance linked loan financing agreement of Hong Kong Dollar 800 million with Kowloon Motor Bus (1933) Limited. Sustainability performance indicators are set to promote green operations and the sustainable development of green transport in Hong Kong. This financing agreement is the Bank's first sustainable performance linked loan to assist enterprises to promote sustainable development strategies and actively engage in green and sustainable finance.

Taking into account that different customers are exposed to different climate risks, the Bank established a Sustainable Lending Policy which provides the inclusion of climate risk awareness or assessment procedures in lending and encourages customers to put in place climate change mitigation measures where necessary. This enables the Bank to make appropriate judgments in lending, reduce credit risks and support customers in moving towards a low carbon economy. In order to identify the climate risks facing our customers and manage the associated credit risk impact, we include climate risk questionnaires in our credit review and periodic monitoring for customers operating climate-sensitive businesses, such as energy, mining and transportation, to collect information on their exposure to climate physical and transitional risks, as well as mitigation measures.

In the future, the Bank will also explore to incorporate more climate-related considerations into investments and other financial services so that the whole bank can work together to contribute to the development of sustainable finance in the industry.

ENVIRONMENTAL PROTECTION

GREEN OPERATIONS

The Bank's major source of greenhouse gas emissions is mainly due to electricity consumption, while the main solid waste generated is paper. Therefore, we have implemented a series of energy-saving and paperless measures to effectively reduce the impact of our business operations on the environment.

Chong Hing Bank continued to implement a number of energy-saving measures in 2022. For example, when carrying out renovation or fitting-out works for our offices and branches, we replaced traditional fluorescent tubes with LED lights to minimise energy consumption and prioritised the use of environmentally friendly materials and green designs. In addition, we adopted zonal lighting in Chong Hing Bank Centre and turned off the lights of the client meeting area after the end of business each day, and only kept the lighting in the office area to reduce energy consumption. The newly renovated offices are equipped with air-conditioning systems which are manually adjustable, not only allowing employees to adjust to a proper temperature to maintain a comfortable working environment, but avoiding unnecessary power consumption. At the same time, we encouraged our offices and branches to give priority to models with Grade 1 Energy label when purchasing additional appliances. We also switched off all external light signboards at 32 branches from 10 p.m. to 6 a.m. of the next day. Through the implementation of various energy-saving measures, the energy consumption of the Bank for the year was 5,157.6 MWh, which had decreased by 13% from the previous year.

The Bank continued to adopt various paperless measures and actively advocate paperless operation. We have implemented an electronic procurement process which includes sending and receiving purchase requisitions, approving and issuing purchase orders, sending and retrieving purchase quotations and checking invoices via email to effectively improve efficiency and reduce paper usage. In addition, we encouraged our employees to place orders for stationery through electronic platforms to further reduce the use of paper. The Bank also continuously promoted paperless marketing, such as the replacement of traditional leaflets and posters with the installation of electronic display screen at the MongKok Branch, in order to reduce the use of paper. Meanwhile, Chong Hing Bank was committed to promoting electronic banking services, such as accepting electronic cheque deposits and online applications for credit cards and personal loan. We also accelerated the development of our online investment services and introduced a number of measures to assist clients to open online investment accounts and conduct online investment transactions. With the support of our customers, 207,446 internet banking and mobile banking accounts were created and 2,207 electronic cheques were used in 2022. In addition, the purchase volume of paper for the year was 44,785 kg, representing a decrease of 23.7% as compared to the previous year.

MAINTAIN THE ENVIRONMENTAL QUALITY OF THE BANK

The Bank is committed to maintaining a healthy and comfortable indoor environment to ensure the health and service experience of staff and customers. Chong Hing Bank employs suppliers to regularly clean and maintain the air-conditioning systems in all branches and offices to maintain good indoor air quality. In addition, we use low volatile organic compound paint for branch decoration to reduce the impact on air quality. Since 2017, the Bank has participated in the Indoor Air Quality Certification Scheme for Offices and Public Places conducted annually by the Environmental Protection Department. Experts from the Indoor Air Quality Certification Authority recognised by the Hong Kong Accreditation Service have been invited to conduct on-site inspections. During the year, the indoor air quality in Chong Hing Bank Centre continued to be rated as good.

ENVIRONMENTAL PROTECTION

RESPONSIBLE PURCHASING

To put responsible sourcing into practice, the Bank takes actions and actively understands environmental and social risks in its supply chain to ensure supply chain sustainability.

The main types of products and services purchased by Chong Hing Bank from suppliers include IT equipment, software, furniture, cleaning, logistics and transport, printing, stationery and literary materials. In selecting suppliers, the Bank takes into account the social and environmental performance of suppliers in addition to the basic factors such as the quality of products and services, the management mode of suppliers, production scale, experience and technology in accordance with the Procurement and Supplier Management Policy process. The Bank assesses the social and environmental performance of suppliers accordingly, taking into account, for example, the health and safety management system they have acquired, the environmental certification they have obtained, etc. The Bank will also, as appropriate, require suppliers to provide relevant supporting documents and carry out site visits to assess their environmental and social performance on a regular basis to ensure that the selected suppliers are compliant and do not violate the Bank's philosophy.

In addition to assessing a supplier's own environmental and social performance, the performance of the products and services it provides is equally important. As such, the Bank regularly reviews the products and services it uses to ensure that the quality of products and services is up to standard. The Bank is committed to fulfilling its commitments under the Environmental Policy by giving priority in procurement to products with environmental certification or with environmental impact considered, such as Forest Stewardship Council certified office paper and printed materials, electrical products with Energy Efficiency Label 1, energy efficient printers and related environmental consumables, etc. To reduce the environmental impact of the products purchased in the supply chain and to encourage environmental protection. In addition, the Bank respects intellectual property rights. When purchasing IT products or services, the relevant departments stipulate that only legitimate products should be used. To protect intellectual property rights and avoid the risk of infringement, only legitimate photo galleries or licensed images purchased from qualified suppliers are used in the production of promotional materials.

The Bank also maximised the use of local suppliers of services and products to reduce emissions from products procured during transport, to minimise the impact of supply chains on the environment and to support local economic development. As at 31 December 2022, Chong Hing Bank has a total of 281 suppliers, of which 229 (81%) are located in Hong Kong and 52 (19%) are located in Mainland China and other regions.

ENVIRONMENTAL PROTECTION

GREEN OFFICE

Chong Hing Bank adheres to the green concept and continues to implement various environmental protection measures.

In the design of the Bank's offices and meeting rooms, we utilise natural lighting as much as possible and install shading blinds to provide employees a working environment with appropriate brightness and reduce unnecessary energy consumption. In addition, we regularly arrange cleaning and maintenance of air-conditioning systems to ensure they are kept in good energy efficiency. Green information notices have been posted up inside our office area which helps to remind employees for adopting environmental protection measures.

We have set up various recycling bins in some offices, and placed reusable paper collection boxes near printers to encourage employees to recycle resources such as waste paper, plastic bottles and metals. Plastic security seals which are generated during daily business, are also collected and passed to recycling agents appointed by the property management company for recycling to reduce environmental pollution.

The Bank also actively promotes the concept of green office by uploading the "Green Office Tips" to the intranet for employees' ease of reference. It helps explain the importance of green office practices to the environment so as to enhance the environmental awareness of our employees. The tips cover four aspects, namely "Paperless Practices", "Energy Conservation", "Treasuring Water Resources" and "Waste Management". For example, guidelines for using printing modes such as duplex printing and toner-saving printing is provided to encourage less paper consumption, save energy and extend the useful life of toner cartridges.

When carrying out renovation or fitting-out works in the offices, we avoid purchasing new equipment and reuse the original equipment as much as possible to reduce the generation of waste. We prioritise the selection of waste electrical appliances recycling service providers who are registered in the HKSAR Government's "Hong Kong Collector/Recycler Directory". Currently, most waste generated by the Bank and its subsidiaries is handled by cleaning service providers and property management companies. Toner cartridges, waste electronic equipment and confidential documents are recycled by suppliers, sellers, recyclers and confidential waste disposal service providers respectively.

Although our business operation does not involve consumption of water in a significant quantity, we continue to implement various water-saving measures to mitigate the impact of our business operations on the environment. For example, infrared automatic faucets have been installed in washrooms in major offices such as Chong Hing Bank Centre and Enterprise Square. We also post notices in the pantry to encourage our colleagues to save water.

ESG PERFORMANCE SUMMARY

ENVIRONMENT

TOTAL GREENHOUSE GAS ("GHG") EMISSIONS

Indicator	2020	2021	2022
Direct GHG emissions (Scope 1)			
• Company fleet (tonnes CO _{2-e})	23.1	24.8	17.7
Indirect GHG emissions (Scope 2)²			
• Electricity (tonnes CO _{2-e})	3,602.0	2,968.5	2,716.3
Total GHG emissions (Scope 1 and 2) (tonnes CO_{2-e})	3,625.1	2,993.3	2,734.0
GHG emissions intensity per Gross Floor Area ("GFA") (tonnes CO_{2-e}/m²)	0.11	0.09	0.08

ENERGY

Indicator	2020	2021	2022
Electricity consumption (MWh) ³	5,795.1	5,869.3	5,096.6
Gasoline consumption (litres)	8,526.2	9,142.8	6,536.1
Total energy consumption (MWh)	5,874.7	5,954.6	5,157.6
Energy intensity per GFA (kWh/m²)	176	180	156

PAPER

Indicator	2020	2021	2022
Total paper consumption (kg)⁴	61,131.1	58,729.0	44,784.7
Total waste paper recycled (kg)	45,930	52,487	42,097

WATER

Indicator	2020	2021	2022
Total water consumption (cubic metres)⁴	5,470.1	6,232.4	3,117.1
Water intensity per GFA (cubic metres/m²)	0.16	0.19	0.09

² The data is in accordance with the corresponding emission factors published by CLP and HKE.

³ Our electricity consumption includes all our offices and locations in Hong Kong, including, but not limited to, the head office, branches and 24-hour ATMs.

⁴ Our paper consumption and water use figures include data from all our offices and operating locations in Hong Kong. Water consumption reported covers municipal water and distilled drinking water.

ESG PERFORMANCE SUMMARY

WASTE MANAGEMENT

Indicator	2020	2021	2022
Non-hazardous Waste Disposal			
• Construction waste (kg) ⁵	0	0	73,000
Hazardous Waste Recycling			
• Toner cartridges (Piece) ⁶	828	649	596
• Electronic equipment (Pieces)	184	705	541

OPERATION AND CUSTOMER SERVICES

SUPPLY CHAIN MANAGEMENT

Indicator	2020	2021	2022
Number of major suppliers	226	273	281
By Region			
• Mainland China	8	29	35
• Hong Kong	216	235	229
• Other regions (including Macau)	2	9	17

PRODUCT AND SERVICE RESPONSIBILITY

Indicator	2020	2021	2022
Total number of complaints received	80	86	118

⁵ It refers to construction waste generated by any construction or reinstatement work from branch relocation or closure. During this reporting year, we implemented reinstatement work of Heng On Estate Branch. Hence, the construction waste generated during 2022 was 73,000 kg.

⁶ The amount of recycled toner cartridges include data from most of the Bank's offices and operating locations in Hong Kong.

ESG PERFORMANCE SUMMARY

EMPLOYEES

EMPLOYMENT⁷

Indicator	2020	2021	2022
By Gender			
• Female	49.1%	49.1%	50.3%
• Male	50.9%	50.9%	49.7%
By Age			
• Below 30	12.0%	12.5%	11.6%
• 30 to 50	69.2%	68.3%	69.0%
• 50 or above	18.8%	19.2%	19.4%
By Employee Position			
• Management	36.3%	22.4%	22.8%
• General staff	63.7%	77.6%	77.2%
By Employee Category			
• Formal employees	98.3%	99.1%	99.7%
• Unofficial employees (temporary workers/ contract workers/seasonal employees)	1.7%	0.9%	0.3%

TRAINING AND DEVELOPMENT⁸

Indicator	2020	2021	2022
Total number of employees received training	1,602	1,744	1,651
Total training hours (hours)	27,714	29,232	30,920
Average training hours per employee (hours)	17.3	16.8	18.7

⁷ Includes Chong Hing Bank's employees in Hong Kong, Mainland China and other regions.

⁸ Only includes training data of Chong Hing Bank's employees in Hong Kong.

ESG PERFORMANCE SUMMARY

COMMUNITY

COMMUNITY INVESTMENT AND EMPLOYEE VOLUNTEERING SERVICE

Indicator	2020	2021	2022
Total amount of donations and raised funds (HKD)	314,000	123,300	258,000
Employee volunteering hours (hours)	1,277	1,091	874

