

About This Report

Bank Profile

Founded in 1908, Bank of Communications Co., Ltd. (hereinafter referred to as "the Head Office") is one of the banks with the longest history.

Established in January 2018, Bank of Communications (Hong Kong) Limited ("Bank of Communications (Hong Kong)", "the Bank") is a wholly-owned subsidiary of Bank of Communications Co., Ltd. incorporated in Hong Kong. Bank of Communications (Hong Kong) is the largest overseas banking institution of Bank of Communications, providing diversified financial services to corporations and individuals.

Leveraging on the rich financial services experience and extensive network coverage of Bank of Communications and its subsidiaries (the "Group") in the Mainland and Hong Kong, together with the subsidiaries of Bank of Communications in Hong Kong, Bank of Communications (Hong Kong) has established a full-service, integrated business system encompassing retail and private banking, corporate banking, financial markets and trustee services. Currently, Bank of Communications (Hong Kong) maintains an extensive network throughout Hong Kong, providing both corporate and personal banking customers with comprehensive financial and wealth management services through more than 40 outlets, 90% of these are equipped with BComBEST Services Centres, complemented by a private banking centre and 7 Business Services Centres in Hong Kong.

In recent years, under the unified deployment of the Group, Bank of Communications (Hong Kong) has optimised its advantages as a locally incorporated and integrated bank. Focusing on serving the national strategy, dovetailing with the Group's planning, and committing to the local market, the Bank anchored in the goal of "building a first-class regional international bank". The Bank focuses on four key market segments: Trade and Supply Chain Finance, Technology Finance and Green Finance, Wealth Finance, and Inclusive Finance. The Bank keeps enhancing the cross-border, cross-market, and cross-sector customer service, value creation and overall risk management ability; advancing projects related to customer infrastructure, service and brand enhancement, process re-engineering and efficiency enhancement, digital transformation and management refinement. The Bank strives to achieve operating results that fully reflect the regional financial environment, leverage the unique advantages of Bank of Communications, and drive the development into a world-class bank.

In the future, Bank of Communications (Hong Kong) will continue to carry forward the brand and cultural deposits of the 90th anniversary of the Bank's long-standing presence in Hong Kong. By leveraging Hong Kong's resource endowment and geographical advantages, Bank of Communications (Hong Kong) will continue to give full play to the role of a state-owned financial institution as the backbone of the real economy and the ballast for maintaining financial stability, reflecting the responsibility and commitment of a large state-owned bank. From the perspective of better serving the high-level of opening-up to the world, focusing on effectively promoting the "five priorities" of finance, supporting the construction of Hong Kong as an international financial centre, and contributing to Hong Kong's economic development and people's livelihoods, Bank of Communications (Hong Kong) will fulfill the role as one of the state-owned financial institutions. This includes serving as a main force in supporting the real economy and acting as a cornerstone in maintaining financial stability.

Reporting Scope

This report is based on the Bank. Part of the content is disclosed in accordance with the Head Office and Bank of Communications Co., Ltd. Hong Kong Branch("Bank of Communications Hong Kong Branch").

The report covers the period from 1 January 2024 to 31 December 2024. Unless otherwise stated, the data disclosed in the report is compiled by internal system of Bank of Communications (Hong Kong) Limited and monetary amounts are in Hong Kong dollars.

Principles

This report has been prepared in accordance with the Financial Stability Board's "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" the Hong Kong Monetary Authority (HKMA)'s "Supervisory Policy Manual" Module GS-1 "Climate Risk Management", covering the Bank's governance, strategy, risk management, metrics and targets for climate-related risks.

In case of any discrepancy in the contents of the report, the Chinese version shall prevail.

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PREFACE

With the increasing frequency of climate-related events, climate change has become a global issue. In September 2020, President Xi Jinping officially announced that China will strive to achieve carbon peak by 2030 and carbon neutrality by 2060, which has indicated the direction of China's sustainable economic development and low-carbon transition of society. The establishment of the "1+N" policy framework for carbon peak and carbon neutrality has also provided clear guidance for comprehensively promoting decarbonization actions.

Following the publication of the first "Hong Kong Climate Action Plan 2030+" in 2017, the Hong Kong Special Administrative Region (HKSAR) Government actively responded to the national strategic requirements on climate change and published the "Hong Kong Climate Action Plan 2050" in October 2021, which has outlined the action plans for promoting carbon emission reduction and carbon neutrality in Hong Kong. It has also proposed the medium-to-long-term decarbonization targets of a 50% reduction in total carbon emissions before 2035 compared with the level in 2005 and carbon neutrality before 2050, as well as four decarbonization strategies of "Net-zero Electricity Generation", "Energy Saving and Green Buildings", "Green Transport" and "Waste Reduction", which has specified the key tasks of carbon emission reduction.

Leading by the national strategic requirements of "carbon peak and carbon neutrality" and the HKSAR Government's 2050 carbon neutrality action plan, the Bank has taken the initiative to serve and integrate into the overall national sustainable development, implement the Head Office's climate-related objectives of "by 2025, the balance of green loans shall not be less than RMB800 billion, striving to reach RMB1 trillion". The Bank has made green a defining feature of business development, consistently improved the service level of green finance, seized the opportunities of green financial innovation, and created the characteristics of a green financial enterprise. By enhancing the green financial system, expanding the green financial market and enriching the green financial products and services, the Bank has steered the resources to green and low-carbon fields and provided diverse financial support for the corporate green transition.

The Hong Kong Green and Sustainable Finance Cross-Agency Steering Group has announced that relevant sectors must disclose their climate-related information in alignment with TCFD recommendations by 2025. The Bank has well understood that climate change is posing great challenges to social stability and economic progress, affecting production, operation, technology research and development, etc. in all aspects and at multiple levels, by which the risks may be transmitted to financial institutions and induces material financial risks. In order to strengthen the top-down design, reinforce climate risk management, and enrich the form of climate-related information disclosure, the Bank analysed and disclosed its own practices in response to climate risk and green investment concept by four dimensions: Governance, Strategy, Risk Management, Metrics and Targets, referring to the requirements of the Module GS-1 "Climate Risk Management" in the "Supervisory Policy Manual" issued by HKMA, and the climate-related information disclosure framework formulated by TCFD.

In the future, the Bank will continue to shoulder the mission and task of promoting the green economy development, consolidate the green finance strategy, cultivate the green financial market and support the low-carbon transition of real economy. The Bank will also consistently boost the disclosure of climate-related information in the financial sector so as to fulfil its responsibility in the development green finance.

Governance



To serve the national strategy of "carbon peak and carbon neutrality" and implement the concept of green development, the Head Office has actively taken measures to identify and address financial risks arising from climate change, explicitly incorporating climate and environmental risks into its comprehensive risk management system, and has officially become a supporting institution for TCFD. The Bank has monitored, evaluated and managed climate-related risks and opportunities, incorporated climate-related factors into strategic planning, formulated and implemented green finance-related policies, and strengthened the professional and management capabilities of management and employees in climate change to foster a green banking image.

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Governance

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Board of Directors

The Bank has attached great importance to the great challenges brought by climate change to financial institutions. It continuously improves its climate governance system, aiming to construct a governance system that is scientific, robust, and effective.

The Board of Directors undertakes ultimate responsibility for business management as the top decision-making body for the Bank's risk management and green finance. The main responsibilities of the Board of Directors include supervising the formulation and implementation of the Bank's climate-related development strategies, policies, and regulations as well as targets and plans, regularly reviewing the results of identifying and monitoring climate-related risks and opportunities, and promoting the improvement of the Bank's green financial system. During the process of formulating major strategies, establishing a comprehensive risk management system, innovating, and developing business, and monitoring the implementation of strategies and execution of various tasks, the Board of Directors have incorporated green finance-related issues into consideration.

In order to clarify the Board of Directors' assignment of responsibility for climate-related issues, strengthen the management and supervision process of the Board of Directors, and improve the climate governance system at the board level, the Board of Directors has established and authorised the Strategy and Corporate Governance Committee, the Risk Management Committee (hereinafter referred to as the "RMC"), and the Green Finance Management Committee (hereinafter referred to as the "GFMC") to undertake relevant duties.



Expected to Convene No Less Than

One Meeting Annually

The Strategy and Corporate Governance Committee established by the Board of Directors is primarily responsible for reviewing and supervising the Bank's overall strategy and development plan of the Bank, and assisting the Board of Directors in providing strategic and corporate governance guidance to the Bank. The members of the Strategy and Corporate Governance Committee include the Chairman of the Bank, executive directors, and non-executive directors. The Strategy and Corporate Governance Committee meets as needed and is expected to meet no less than once annually.

Strategy and Corporate Governance Committee

To Convene At Least

Four Meetings Annually

Risk Management Committee

The "RMC" is directly managed by the Board of Directors and holds at least four meetings every year. The "RMC" is composed of independent non-executive directors, of whom the Chairman is elected by the Board. The "RMC" is responsible for monitoring various risks, including but not limited to credit risk, market risk, interest rate risk, liquidity risk, operational risk, reputation risk, legal and compliance risk, strategic risk, climate risk, and any other material risks which may arise from time to time. In addition, the "RMC" takes on a monitoring role and is responsible for assisting the Board of Directors in monitoring and supervising the Bank's risk strategies, risk appetites, risk structure, capital adequacy and liquidity adequacy.

To Convene At Least

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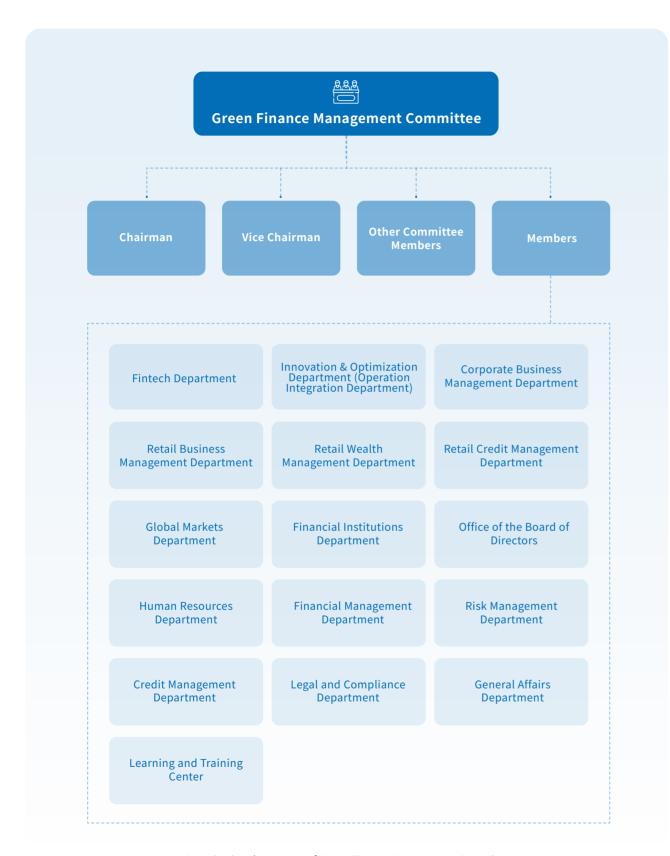
Two Meetings Annually

The Bank has established the "GFMC" at the board level to promote the establishment and improvement of the green financial system, accelerate the formulation of the Bank's green finance objectives and strengthen green finance management.

Green Finance Management Committee

The "GFMC" is chaired by the Chief Executive. To advance green finance management, the "GFMC" monitors and supervises the Bank's green finance management, convening regular or irregular meetings to collectively review and evaluate various objectives, action plans, as well as major issues and topics related to environmental, social, and governance risks. At least two full meetings are convened annually. The primary responsibilities of the "GFMC" include formulating and promoting the implementation of the Bank's green finance management objectives and action plans in accordance with local regulatory requirements in Hong Kong. Additionally, it oversees the planning and advancement of institutional mechanisms for green finance, reviews and decides on green finance-related policies and important systems, regularly assesses the status of green finance governance and development, tracks the achievement of major regulatory indicators, and makes timely strategic adjustments based on actual conditions.

Bank of Communications (Hong Kong) Limited Governance



Organisational Structure of Green Finance Management Committee

Reviewed and approved climate-related disclosure of the Bank;

Contents of the Three Meetings of the Green Finance Committee in 2024

Received a briefing on the report on green finance development, climate risk management, market and regulatory trends.

Key Highlights of the Three Meetings of the Green Finance Management Committee in 2024

Senior Management

The Senior Management is responsible for coordinating the departments of the Bank to jointly execute the climate risk and green finance-related policies approved by the Board of Directors, implementing the climate action plans formulated by the Board of Directors, and achieve the climate-related targets set by the Board of Directors. In addition, the Senior Management provides regular updates to the Board of Directors and board-level committees to assist in evaluating climate-related management performance and monitoring the achievement of climate-related targets.

To strengthen the responsibilities of supervising risk management, the Bank has established the Comprehensive Risk Management and Internal Control Committee (hereinafter referred to as the "CRMICC") and the Credit Committee (hereinafter referred to as the "CC") at the Senior Management level. The "CRMICC" collectively supervises and evaluates various major risks, including climate risks defined by the HKMA, and discusses significant matters related to risk management through regular meetings. The "CC" holds two meetings annually to review the current credit granting strategy. The climate risk factors include the distribution of green loans, the proportion of loans in industries with higher climate risks, and the direction of credit granting development of green finance.

The "CRMICC" accepts the guidance of the "RMC" and reports to "RMC", and is chaired by the Bank's Chief Executive Officer. The duties of the "CRMICC" include, but are not limited to, determining the Bank's risk control objectives, overall risk strategies, management policies, procedures and measures for internal controls based on the risk management strategies and overall policies determined by the Board of Directors. It also takes responsibility for coordinating the planning and promoting the construction of comprehensive risk management and internal control system, and supervising and guiding each business line and department to effectively implement risk management strategies, risk appetites, risk limits and internal controls. The "CRMICC" reviews the setup, monitoring procedures, and the implementation status of risk appetites, risk limits and key risk management indicators.

The "CC" is specifically responsible for formulating and adjusting credit asset management policies and credit deployment, receiving guidance from the "RMC", and reporting its work to it. The main focus of the "CC" is on providing strategic-level guidance on credit asset management, including target formulation, indicator setting, coordination, promotion, review, evaluation, and monitoring of progress and effectiveness. It does so through its specialised Loan Review Committee (hereinafter referred to as the "LRC"), which is responsible for conducting loan reviews for large credit exposures. The "LRC" is a standing credit review organisation led by the "CC". When conducting large credit review activities, if a customer is recognised to have a higher climate risk exposure, the relevant risks will be analysed in greater depth.

Bank of Communications (Hong Kong) Limited



Note: The Loan Review Committee is guided by and reports to the Comprehensive Risk Management and Internal Control Committee.

Organisational Structure of Comprehensive Risk Management and Internal Control Committee and Credit Committee

Reporting procedure on climate-related issues:

The Bank regularly reports or submits reports on climate-related risks and green finance to the "RMC" and "GFMC" and asks for their approval or decisions on other major issues and topics relevant to climate-related risks and green finance.

Human Resource Management

Remuneration Policy

To encourage all levels to value climate-related issues, promote the formulation, implementation and monitoring of climate-related strategies and targets, the remuneration policy of the Bank has stated its consistency with the climate risk management strategy. By integrating the climate considerations into the remuneration system, the Bank promotes the involvement of all employees in climate related projects.

During the reporting period, the Bank continued to include "e-Diversion Rate" and "e-Coverage Rate" as assessment criteria in the performance evaluation of relevant members of the General Manager Office.

The Bank incorporated "supporting the Bank's climate risk management strategy and relevant business or projects during the reporting period" into the performance assessment of staff members (including heads of departments).

Employee Development

To ensure that the Board of Directors, senior management, and all employees are kept abreast of the latest information related to sustainable development and climate-related issues, the Bank implemented the sustainability training strategy during the reporting period to cultivate green finance and ESG talent. The Bank provided differentiated ESG-related training tailored to the job requirements of different positions, aiming to enhance our employees' ESG skills and experience, and to support the Bank's progress in its ESG journey. The Bank also collaborated with the Chinese University of Hong Kong and the Hong Kong Institute of Bankers to organize the "Enhanced Competency Framework - Green and Sustainable Finance" certification programmes for our key ESG personnel. Over 150 employees have completed the training and obtained the certification, which further enhanced the Bank's ESG capabilities and green finance talent. Additionally, the Bank introduced a Green and Sustainable Finance Talent Development Programme, offering four training series on climate risk and sustainable development to help employees understand latest regulatory trends, green finance business cases, ESG risk management, climate-related information disclosures, and green and sustainable financial products, the management of "green washing" risk and more. Over 50 ESG-related training sessions were delivered. Over 6,200 individuals have participated in these training initiatives. The following table lists some key training courses held during the reporting period.

No.	Category	Training Course Titles
1	Green Finance	Promoting Green Development Financing along the Belt and Road
2	Green Finance	Green Finance Empowerment
3	Green Finance	Development Strategies, Financial Products, and ESG Management Strategies of Commercial Banks under the Dual Carbon Goals
4	Green Finance	Experience and Practice of Leading Banks in Developing Green Finance
5	Green Finance	Latest Developments and Green Finance Cases in China's Construction and Cement Industries
6	ESG and Sustainable Development	Credit Risk and Green Development in China's Steel Industry
7	ESG and Sustainable Development	ESG Corporate Sustainability and the Insurance Industry
8	ESG and Sustainable Development	Environmental, Social and Governance (ESG) Performance Assessment
9	ESG and Sustainable Development	ESG Fund Selling
10	ESG and Sustainable Development	Hong Kong Sustainable Finance Taxonomy
11	ESG and Sustainable Development	Innovative Practices in ESG and Green Finance Development in Banking Industry
12	Climate Risk Man- agement	EU Carbon Border Adjustment Mechanism
13	Climate Risk Man- agement	Climate Risk Management and Green Finance Development
14	Climate Risk Man- agement	IFRS Sustainability Disclosure Standards
15	Climate Risk Man- agement	Refresher on Climate Risk Management for Banks
16	Climate Risk Man- agement	Banks Strategies for Climate Risk Management and Carbon Neutral Operations
17	Climate Risk Man- agement	How Financial Executives and INEDs can Lead in the New Era of Enhanced Climate Disclosures
18	Climate Risk Man- agement	New ISSB Sustainability Standard Implementation

Excerpts from Climate Risk and Green Finance-related Training and Lecture Activities Held in 2024



Strategy

Focusing on the issues of climate change and following the strategic deployment of the Head Office, the Bank has comprehensively built a green financial system and constructed a high-quality service platform for green finance. In order to expand the impact of green finance, the Bank has increased the development of green bonds, and other financial instruments. Moreover, the Bank has paid close attention to the green and low-carbon transition of the real economy, to promote the whole society to take resolute steps towards the goal of sustainable development.

Vigorously Develop Green Finance to Serve the Goals of "Carbon Peak and Carbon Neutrality"

In response to the national climate target of "carbon peak and carbon neutrality", the Head Office has formulated "Outline of the Development Plan of Bank of Communications Co., Ltd. for the 14th Five-Year Plan Period (2021-2025)" and constructed a "2+N" green finance policy system, providing directional deployment for the high-quality development of green finance and high-quality service to support the national "carbon peak and carbon neutrality" strategy goals across the entire bank.

The Bank actively engages to accomplish the climate change-related objectives set by the Head Office, adhering to the requirements of both the "Outline of the Development Plan of Bank of Communications Co., Ltd. for the 14th Five-Year Plan Period (2021-2025)" and the "2+N" green finance policy system to anchor its business development in green. The Bank continues to explore green, low-carbon, and sustainable business models both to offer customers comprehensive green financial services and to promote the national strategy of "carbon peak and carbon neutrality".

The "2" represents two top down design documents: the "Green Finance Policy of Bank of Communications Co., Ltd." and the "Action Plan of Bank of Communications for Carbon Peak and Carbon Neutrality Goals".

The "N" represents various specialised green finance policies, mainly in-cluding organisational structure, business management, supporting tools, segmented industries, product integration, policies related to credit approval, assessment and evaluation etc.

The Head Office's "2+N" green finance policy system

Improve Climate and Environmental Risk Management Levels

In order to effectively manage climate and environmental risks, the Head Office has formulated the "Risk Management Plan of Bank of Communications Co., Ltd. for the 14th Five-Year Plan Period (2021-2025)", requiring to anchor its business development in green, as well as incorporating the climate and environmental risks into the comprehensive risk management system to serve the green finance article and to promote the national strategy of "carbon peak and carbon neutrality" with high-quality.

The Bank adheres to the guidance of the Head Office and considers green finance as a long-term development strategy.



Firstly, at the business development level, the Bank has been reasonably allocating credit resources and strengthening risk prevention to promote the expansion and quality improvement of green finance. While developing its business, the Bank continues to enhance its ability to prevent ESG risks, climate risks and other emerging risks and integrate climate risk management requirements into the comprehensive risk management system.



Secondly, the Bank has incorporated climate-related issues into financial planning and deployment. By consolidating budgeting information on climate-related risks and opportunities from various frontline units, and strengthening communication with them or relevant departments, the Bank conducts a comprehensive assessment of asset portfolios and business nature of its customers. These factors are then taken into consideration for future asset allocation as part of financial planning.



Finally, the Bank has continued its regular review on the relevance and importance of climate risks, and utilized scenario analysis tools to comprehensively assess, manage, supervise climate-related risks, and to deeply analyze the impact of climate change on business activities.

Strengthen Green Operations and Strive for Operational Net Zero

The Head Office has always adhered to the concept of green operation, strictly abiding by the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Energy Conservation" and other relevant laws and regulations, and is committed to promoting the conservation and efficient use of energy resources.

The Bank actively implemented the requirements of the Head Office's "Green Operation Implementation Plan of Bank of Communications Co., Ltd.", focusing on improving the level of green operations by creating a green office model, strengthening energy management, actively utilizing renewable energy, promoting green and environmentally friendly procurement concepts, actively advocating eco-friendly transportation, establishing a green and low-carbon operation indicator system, strengthening green and low-carbon environmental protection campaigns, and studying the purchase of carbon offset quotas.

Enrich Green Financial Products to Empower Enterprise Green Transition

Create a Green Business Identity

During the reporting period, the Bank successfully held the launching ceremony for the "Bank of Communications Serving Hong Kong for 90 Years" event and launched the "Green Infinity" brand at the Connect Hall of the Hong Kong Stock Exchange. The launch of "Green Infinity" symbolises that the Bank's commitment to using green finance as a bond to integrate all industries and achieve sustainable development, and exploring unlimited possibilities with customers in the field of green finance. The Bank will seize the expansion opportunities of the "Green Infinity" brand, continue to delve deeper into the field of green finance, collaborate with all sectors of society, strengthen the green finance brand, share the success stories of Hong Kong's green finance, and fully support Hong Kong in building an international green finance centre.



Mr. Zhu Bin, Deputy Chief Executive Officer of the Bank, delivered a speech at the "Green Infinity" brand launch event



"Green Infinity" Brand

The Bank Continues to Develop Green Financial Products

The volume of Climate-Aligned Finance that will be necessary to achieve a scenario of limiting temperature rise to 1.5°C will have to grow to over USD 100-150 trillion cumulative in the next three decades. Green finance plays an indispensable role in gathering and guiding such a large amount of funds. Banks can expand emerging markets and business opportunities by innovating and enriching green financial products.

The Bank's climate-related financial products include: green and sustainable development deposits, green loans and sustainable development loans, green and sustainable bonds, green mortgages, sale and distribution of ESG funds, etc.

Regarding of SME loans, the Bank launched the "Green SME Loan Promotion Plan" to actively promote the development of retail green finance to encourage SMEs to participate in the Hong Kong Quality Assurance Agency (HKQAA) "SME Loan Green e-Assessment". Eligible customers can enjoy an service fee subsidy for the green assessment and a preferential interest rate offer to reduce the burden on operating expenses.

During the reporting period, the Bank has continued to promote the "Green and Sustainable Development Deposit Scheme" which features "sustainable development elements" and is certified by independent third-party certification agencies. The funds raised will be utilised for the financing and/or refinancing of green and sustainable development-related loan projects that comply with the "Green Loan Principles (2023 Edition)" and "Sustainable Development Linked Loans (2023 Edition)".

Lead the Low-carbon Transition for Clients

By investigating the climate-related risks and opportunities faced by clients in different industries and keeping abreast of future policy and market emission reduction trends., the Bank continues to provide valuable advice to clients for exploring low-carbon transition, assists and encourages clients to set climate-related goals and action plans by developing related businesses and products.



Risk Management

The Bank has integrated climate risk management into the comprehensive risk management system for implementing climate-related strategies and achieving climate-related action targets. By optimising the existing risk management process to achieve effective identification and assessment of climate risks, the Bank has taken proactive measures to manage, respond to and mitigate the possible impacts of climate risks.

Climate Risk Management Framework

In the existing risk management framework, the Bank has emphasised the climate risk factors and continuously enhanced the three lines of defence for risk management. The Bank has also assigned climate risk management responsibilities to all relevant departments and promoted the dissemination of risk culture.

Three Lines of Defence for Climate Risk Management

The First Line of Defence: Business Units

- Conduct various business activities as the front-line department directly;
- Take the responsibilities of identifying, assessing, managing and reporting business related risk exposures;
- Adjust the current credit approval procedure, integrate the consideration of climate risk factors, and control the potential climate risks caused by business activities.

The Second Line of Defence: Risk Management Function

- Formulate, review and revise internal climate-related risk policies and procedures as the risk management-specific department;
- Assess, monitor and report independently on the risks for each business line's activities;
- Conduct regular climate risk assessments of the various assets held by the Bank.

The Third Line of Defence: Internal Audit Department

- Conduct independent audits of the management effectiveness for the business units and risk management functions as the last line of defence for risk management;
- Regularly assess the overall performance of the Bank's climate-related riskmanagement;
- Monitor and enhance the construction and improvement of risk control capabilities.

Three Lines of Defence for Climate Risk Management

Climate Risk Management Process

Climate Risk Identification

According to the definition of TCFD, climate risk refers to the uncertainty brought about by climate factors such as extreme weather, natural disasters, global warming, and the transition to sustainable development to economic and financial activities. It can be categorised into physical risk and transition risk. The physical risks identified and assessed by the Bank can be further divided into acute physical risks and chronic physical risks. Acute physical risks include the financial impact of increasingly frequent extreme weather events such as hurricanes, cyclones or floods. Chronic physical risks, on the other hand, include the financial impact of rising sea levels or persistent heat waves caused by long-term changes in climate patterns. The transition risks identified and assessed by the Bank refer to the low-carbon transition of the economy in response to climate change trends, which may involve changes in policies and regulations, as well as shifts in technology and markets dynamics, potentially affecting the Bank's financial performance and reputation.

The Bank has paid great attention to climate risk identification and assessment. To identify climate-related risks accurately and comprehensively, the Bank has analysed the pathway and timescale through which various climate risks are transmitted to traditional risks.

Risk Category	Specific Risks		Overview of Potential Financial Impact	Affect Scopes and Duration	
	Acute	Extreme climate events (such as deadly heat waves, floods, blizzards, droughts, etc.).	Production and supply are	Short term: Production costs surge and the value of high-risk assets fluctuates.	
	Physical Risks		interrupted and operating costs rise.	Medium and long term: The proportion of high-risk assets increases, exacerbating financial pressure.	
		Geographic changes caused by long-	Both production costs and insurance	Medium and long term: Equipment is damaged and the risk of asset impairment increases.	
Physical Risks			premiums for high- risk assets increase.	Long term: Cost of environmental restoration affects the sustainable development of enterprises.	
	Chronic Physical Risks		Production costs and insurance premiums for high- risk assets continue to rise.	Medium and long term: Health problems occur frequently and labor efficiency declines.	
				Long term: The risk of disease transmission increases and business operating costs further increase.	
		The destruction and shortage of natural resources (such as desertification of arable land, shortage of fresh water resources, etc.).	Revenues plummet and premiums on riskier assets rise.	Short, medium and long term: The labor force is negatively affected and the overall operational efficiency of the enterprise declines.	
Transition Risks	In terms of policies and laws: strictly control the scale of some carbon-intensive industries, implement carbon trading mechanisms to encourage the reduction of greenhouse gas emissions, limit the use of energy with intensive carbon emissions or inefficiency, increase environmental law enforcement, levy and increase environmental taxes, and promote sustainable land use measures.		Production is hampered and environmental remediation costs increase.	Short, medium and long term: Existing assets retires earlier; asset impairment increases, and operating costs rise.	
Note	In terms of science and technology: technological break- throughs will be achieved in new energy, production effi- ciency, carbon storage, etc. The original carbon-intensive emission technologies and production systems will be eliminated by new low-carbon industries, resulting in the phenomenon of "creative destruction".		Production is hindered and expenditure on technological research and development increases.	Medium and long term: Existing assets retires earlier, reducing demand for products and services.	

Risk	Specific Risks	Overview of Potential	Affected Scopes and
Category		Financial Impact	Duration
Transition Risks	In terms of market: In an environment where climate change issues are prominent, the relationship between market supply and demand will change significantly. Consumers will be more inclined to choose low-carbon and environmentally friendly products and services, and investors in stocks and bonds will be more inclined to invest in green financial assets.	Revenues decline and market share de- creases.	Short, medium and long term: Financing becomes more difficult and market uncertainty increases; raw material prices rise and asset revaluation is affected.

Note: "Short term" refers to the next 1-3 years, "medium term" refers to the next 3-5 years, and "long term" refers to the next 5-10 years.

Financial impact analysis of climate change

Risk Type	Impact Paths	Time Range	Impact
Credit Risk	Climate risk drivers may reduce collateral value, borrowers' repayment ability or banks' recovery of the loan outstanding in the event of default. Regarding corporate credit, climate physical risks (such as cyclones damaging factories) may directly weaken the value of collateral such as real estate, factories, and equipment of enterprises; transition risks (carbon emission rights' fulfillment and expensing, carbon tariffs, capitalization of carbon reduction projects, etc.) lead to a decline in cash flow of companies in carbon-intensive emission industries represented by energy companies. Regarding personal loans, extreme weather (such as typhoons) may cause a drop in housing prices in a community, affecting the value of collateral for personal mortgage loans.	Medium to Long Term	Medium to High
Market Risk	A large, sudden and negative price adjustment may be triggered when climate risk is materialised. The effect would be accelerated if there is a sudden change in correlations between assets or a sharp reduction in market liquidity for particular assets.	Short to Medium Term	Low to Medium
Interest Rate Risk	Climate risks may reconstruct the interest rate curve. Frequent extreme climate events may change market expectations of inflation, further affecting interest rate policies and causing the short/long end of the yield curve to steepen or flatten.	Short Term	Low to Medium
Liquidity Risk	Access to funding sources could be reduced, where climate risk drivers may cause counterparties of banks to withdraw deposits.	Short to Long Term	Low to Medium
Operational Risk	Extreme weather events may damage bank premises, affect the safety of bank employees and customers, as well as the operation of critical infrastructure, systems, and service providers. This will impact the bank's operational capabilities and cost expenditures.	Short to Long Term	Low
Reputational Risk	The Bank may face increasing reputational issue with changing market and consumer sentiment towards more climate or environmental-friendly products, services and business practices, such as expectations / concerns from the public groups for a bank to take up more social responsibilities in combating climate change and support the transition.	Long Term	Medium

Risk Type	Impact Paths	Time Range	Impact
Legal and Com- pliance Risk	Climate-sensitive investments and business activities face increasing legal / liability and regulatory compliance costs.	Long Term	Low to Medium
Strategic Risk	The Bank may lose its competitiveness and market standing for failing to respond timely to the changing market environment along with increasing scrutiny and preference towards climate or environmental-friendly solutions and responsible banking practices.	Long Term	Low

Note: "Short term" refers to the next 1-3 years, "medium term" refers to the next 3-5 years, and "long term" refers to the next 5-10 years.

Transmission paths of climate risk impact on the Bank

Climate Risk Assessment

■ Scenario Analysis and Stress Testing

The impacts of climate change are characterised by long time horizons, high uncertainty, far-reaching impacts, etc. Climate-related risks may exceed the risk appetite level set by the Bank, leading to substantial financial impacts.

To enhance the resilience of development strategies under different climate change scenarios, the Bank incorporates climate-related risks into stress testing scenarios. Future physical risks, transition risks, and climate-related opportunities are identified and analysed for their impacts. By conducting stress testing, the potential financial impacts of climate-related risks are assessed.

During the reporting period, the Bank completed the second round of climate risk stress testing("CRST") organized by the HKMA. According to the "Guidelines for Banking Sector Climate Risk Stress Test" issued by the HKMA, assets within the jurisdiction of Hong Kong and assets outside Hong Kong (including the Mainland China and other regions) were tested, and the scenario settings include Short-term scenario, Below 2°C scenario, Delayed Transition scenario and Current Policies scenario.

Short-term Scenario

The Short-term scenario specifically represents an extreme scenario, where amid a global economic downturn and a rise in extreme weather, the regulatory authorities in the Mainland China and Hong Kong are determined to accelerate the transition and development. Established by the HKMA, this scenario serves as a representation of an extreme tail event for the financial industry to use in climate risk stress testing.

Below 2°C Scenario

The Below 2°C scenario is one of the three long term development scenarios provided by the HKMA. This scenario represents climate policies that are introduced immediately and gradually become more stringent to achieve an orderly transition.

Delayed Transition Scenario

The Delayed Transition scenario is one of the three long term development scenarios provided by the HKMA. This scenario represents a scenario where new climate policies are not introduced until 2030, resulting in a disorderly transition.

Current Policies Scenario

The Current Policies scenario is one of the three long term development scenarios provided by the HKMA. This scenario represents the situation in which no new climate policies are introduced in the future and provides relevant climate policies implemented before the end of 2022.

The climate-related risks identified and assessed by the Bank include two main categories: physical risks and transition risks.

Physical risk: Physical risk stress testing is mainly carried out by predicting the frequency and intensity of extreme weather events under short-term scenarios and current policy scenarios, mainly including strong typhoons and heavy rainfall, and the risk was transmitted to the collateral value of properties held by the Bank and increased the Loss Given Default (hereinafter referred to as "LGD") of property mortgage loans as well as the Expected Credit Loss (hereinafter referred to as "ECL"). It was found that the majority of properties held by the Bank as collaterals are located in areas less influenced by tropical cyclones by 2050 and are less likely to be exposed to the risks of climate change issues. Taken as a whole, the impacts of climate change-related physical risks on the ECL of property mortgage loans are immaterial.

Transition risk: To embed transition risks into stress test scenarios, pressure was exerted on the loan customers and bond issuers' financial abilities and credit ratings were conducted to estimate the impact on the ECL of loans and market value of bond investments for the eleven high carbon emission industries (oil and gas, coal, chemicals, cement, steel, non-ferrous metals, paper, construction, airlines, freight logistics and electric utilities). The test result concluded that the impact of transition risks on ECL is immaterial.

■ Credit Granting Assessment

Currently, the Bank has incorporated clients' climate risks and ESG risks into the "Implementation Rules for Credit Granting" with ESG risk assessment being one of the mandatory requirements for credit applications. The Bank conducts an annual review of internal credit-related policies, including the "Implementation Rules for Credit Granting" and the "Implementation Rules for Credit and Risk Policy Outline". Additionally, in the event of any climate-related risk incidents that poses a potential significant credit risk, the Bank promptly initiates risk investigations and dynamically adjusts management strategies and customer admission requirements for clients with higher risk exposures.

Principal assessment guidelines/requirements for climate risks (mainly for medium or large-scale enterprise credit customers or other non-personal credit customers with credit lines exceeding the equivalent of HKD200 million):

Additional assessment requirements for credit-related businesses in industries greatly affected by climate change: the impacts of climate change or extreme weather events on the supply of production resources, production and potential financial losses should be incorporated into the feasibility analysis (if applicable), scenario analysis and stress testing of relevant projects. The sustainable risk assessment of debtors or credit-granting projects should be improved.

Focus on the potential transition risks posed to debtors during the low-carbon transition: the Bank evaluates the market development prospect and market structure changes. Carbon-intensive industries (e.g. fossil fuel-related industries) will be restricted from operating or confronting a decline in resource value. Meanwhile, traditional products' market acceptance and competitiveness are decreasing in response to consumer expectations and industry technology transformation trends. The risk of phasing out by market is also increasing. The strategic plan and implementation pathways developed by the clients in carbon-intensive industries for achieving "carbon peak" and "carbon neutrality" should be understood. Moreover, their technical and financial capability for technology transformation should be assessed.

■ Climate Risk Monitoring, Reporting and Control

To coordinate with the climate risk management strategies, the Bank has incorporated the climate risk into the responsibility scope of the "RMC" and "CRMICC". Regular meetings will be held on issues such as climate risk-related management policies, risk status assessment, risk index tracking, etc., to ensure timely monitoring and management of climate risk and make proportionate strategic adjustments to the climate risk situation to mitigate the impacts of climate risks.

- The Bank has incorporated the "Green Asset Proportion" as a climate risk indicator in the risk appetite statement to identify and quantify the climate-related risks of business activities effectively and systematically. To steadily increase the green credit ratio, this indicator is monitored quarterly and reviewed at least once a year to align with the Bank's development pace and macroeconomic situation. The Bank will continue to improve its climate risk indicators.
- The Bank also regularly reports on the status of assets in both high-energy-consuming and carbon-intensive industries to the GFMC and sets early warning limits for monitoring. In addition, the Bank regularly tracks the latest developments on climate-related issues at the GFMC.
- The Bank has enhanced its response measures to extreme weather disasters to ensure business continuity. In order to strengthen the production and operation capabilities of the Bank and ensure the smooth flow of key business transactions under extreme circumstances, the Bank formulated relevant contingency measures during the reporting period. This included purchasing VPN equipment, and integrating it with multiple authentications, access whitelists, automation tools and business virtual desktops to provide a controlled and secure environment for relevant departments, ensuring access to that transaction and office systems under severe weather conditions.
- During the reporting period, the Bank conducted climate risk management audits covering four areas: organisational
 structure and strategy for climate risk management, climate risk stress testing, due diligence procedures for green and sustainable products, and disclosure of climate risk-related information, which effectively promoted business improvement
 and satisfied development needs.

■ Climate Risk Management Enhancement

The Bank has developed the methodology for quantifying the financed emissions and has conducted the calculation and disclosure for financed emissions. In the future, the Bank will further expand the collection scope of carbon emission data, redouble the effort in performance analysis and monitoring for financed emissions, support and promote the development of green finance and transition finance.

The Bank will remain attentive on the evolution of global, national, and regional climate risks, gradually enhance the process of climate risk identification, assessment, and management, while improving its risk information and data collection system. Considering the long-term nature, uncertainty and complexity of climate risks, the Bank will consistently enrich the types of climate risk indicator and strengthen the capability and adaptability in climate risk management.

Metrics and Targets



In 2024, in response to the Head Office's arrangements for climate and environmental risk management and to fulfil obligations under the "Supervisory Policy Manual" Module GS-1 "Climate Risk Management" by the HKMA, the Bank continues to implement climate risk-related tasks and has made progress in areas such as enhancing carbon emission disclosure at operational and investment levels, optimising internal compensation policies, and promoting the development of green finance at the business level.

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Metrics and Targets

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The Bank's Key Initiatives

The Bank calculates the corresponding financed emissions for clients in the portfolio and refines the relevant methodology to enhance data accuracy.

In order to comprehensively analyse and identify the risks and opportunities arising from climate change, the Bank has established a qualitative and quantitative assessment process from 2022 onwards and quantified the financed emissions in loan and bond portfolios with reference to "The Global GHG Accounting and Reporting Standard for the Financial Industry" published by Partnership for Carbon Accounting Financials (PCAF). High-emission sectors have been identified through internal risk analysis and prioritised for understanding the current carbon performance of its portfolios.

Operational GHG Emissions

Operational GHG Emissions Accounting

The Bank strictly complies with relevant national laws and regulations, embraces green development principles, and continues to provide green financial services to customers. In its own operations, the Bank actively promotes green office initiatives, popularizes environmental awareness among employees, reduces energy consumption and carbon emissions, and strives to become a practitioner of energy conservation and carbon reduction.

In 2024, the Bank calculated its own operational greenhouse gas emissions based on actual conditions and with reference to the "Technical Guidance for Calculating Scope 3 Emissions" issued by World Resources Institute ("WRI") and World Business Council for Sustainable Development ("WBCSD") and other standards or specifications. The Bank calculated Scope 3 emissions in strict accordance with the requirements of the standards on the existing basis.

The Bank's operational GHG emissions are reported together with the Bank of Communications Co., Ltd. Hong Kong Branch and BCOM Finance (Hong Kong) Limited. In 2024, the Bank's operational emissions intensity (including Scope 1 and Scope 2) was 2.48 tons of carbon dioxide equivalent (CO_2e) per person and 0.11 tons of carbon dioxide equivalent (CO_2e) per square metre.

Index	Unit	2024
Total GHG emissions (Scope 1 and 2)	tons	5,059.60
GHG emissions per unit floor area (Scope 1 and 2)	tons/square metre	0.11
GHG emissions per capita (Scope 1 and 2)	tons/employee	2.48
Total GHG emissions (Scope 1, Scope 2 and Scope 3)	tons	12,125.00
GHG emissions per unit floor area (Scope 1, Scope 2 and Scope 3)	tons/square metre	0.26
GHG emissions per capita (Scope 1, 2 and 3)	tons /employee	6.11
Direct GHG emissions (Scope 1)	tons	173.12
Fuel	tons	173.10
Fugitive emissions	tons	0.01
Indirect GHG emissions (Scope 2 - market-based)	tons	4,886.49
Purchased electricity (market-based)	tons	4,886.49
Indirect GHG emissions (Scope 2 – location-based)	tons	4,886.49
Purchased electricity (location-based)	tons	4,886.49
Indirect GHG emissions (Scope 3)	tons	7,065.40
Carbon Offset	tons	0

Note: 1. The accounting is reported together with Bank of Communications Co., Ltd. Hong Kong Branch and BCOM Finance (Hong Kong) Limited. When calculating the GHG emissions per square metre of floor area, the floor area is based on the average value at the beginning and end of the year; when calculating per capita GHG emissions, the total number of people is calculated using the average value at the beginning and end of the year. More specially, the number of personnel including both the formal employees and the outsourced personnel is used to calculate the per capita GHG emissions in Scope 2 and part of Scope 3, while the number of formal employees is used to calculate the per capita GHG emissions in Scope 1 and the rest of Scope 3.

- 2. The Bank's Scope 1 GHG emissions are broken down as follows: carbon dioxide (160.01 tons of CO₂ equivalent), methane (0.22 tons of CO₂ equivalent) and nitrous oxide (12.87 tons of CO₂ equivalent).
- 3. Due to data limitations, fugitive emissions accounting results do not include fugitive emissions from air-conditioning refrigerants.
- 4. The market benchmark is calculated based on the specific energy purchasing decisions of the enterprise and takes into account the environmental attributes of the energy purchased by the enterprise.
- 5. In the disclosure, The Bank reported its significant Scope 3 GHG emissions in accordance with the 15 categories set out in the GHG Protocol: Corporate Accounting and Reporting Standard. Regarding Category 15 Investment, please see the summary of greenhouse gas emissions at the investment and financing level for details.
- 6. The Bank has not purchased any carbon credits during the reporting period.
- 7. The factors used in the calculation of each category in Scope 3 are from the main text of the "ESG Report Preparation Guidelines" and the annex "Appendix 2 Reporting Guidelines for Environmental KPIs" issued by the Hong Kong Stock Exchange (HKEX), the "Guidelines for Accounting and Reporting of GHG Emissions and Reductions for Buildings (Commercial, Residential or Public Purpose) in Hong Kong (2010 Edition)" issued by the Electrical and Mechanical Services Department and the Environmental Protection Department (EMSD) of Hong Kong, the "China Product Life Cycle GHG Emission Coefficient Set (2022)" issued by the Environmental Planning Institute of the Ministry of Ecology and Environment of China, and the China Environmental Input-Output Database (CEEIO) and other sources.

GHG emissions at the Bank's operational level (2024) (Unit: tons CO₂e)

35

Other Environmental Indicators	Unit	2024
Power consumption	MWh	8,717.04
Water consumption	m³	14,449.80
Gas consumption	MJ	1,354,992.00
Paper consumption (A4)	ton	84.09
Paper consumption (A3)	ton	3.01

Note: Water consumption includes water bill, bottled water and barreled water.

Other environmental indicators of the Bank

Operational Net Zero Emissions Target

To align with the Head Office's key initiatives for climate and environmental risk management, the Bank has set its own operational level emission targets, taking its own business situation into account.

Emissions Targets (Operational)	2035	2050	
Absolute GHG emissions at operational level	Reduce GHG emissions at operational level by half in 2035 (2022 as baseline)	Achieve net-zero GHG emissions at operational level in 2050	

Operational GHG Emissions Target of the Bank

The Bank is also actively studying the related goals of "Sustainable Finance Action Agenda" announced by the HKMA, and will follow the progress of regulatory policy releases and review the Bank's operational net zero emissions target.

Operational Net Zero Initiatives and Achievements

In its own operations, the Bank strictly abides by relevant national laws and regulations, embraces green and sustainable development principles, actively promotes green office, popularizes environmental awareness among employees, and strives to be a practitioner of energy conservation and carbon reduction.

In terms of system infrastructure, the data centre is committed to reducing carbon footprint and improving energy efficiency, including the complete virtualization of servers to reduce power consumption and heat emissions. It has also upgraded to backup lithium batteries to ensure reliable power supply and replaced the precision air conditioners in the computer room with environmentally friendly refrigerants to save energy consumption.

The Bank is committed to promoting the development of green finance. Some of the new renovations also incorporate green elements, demonstrating the Bank's active ESG practice. The Bank leverages diverse strategies to foster the growth of green and sustainable finance.





The Bank actively incorporates ESG principles into its branch renovations

In addition to operational GHG emissions metrics, the Bank also actively utilizes digital technology tools to enrich its online financial service channels and collect relevent information.



The Bank received the "2023/2024 Certificate of Merit for Commendation Scheme on Source Separation of Commercial and Industrial Waste" issued by the Environmental Protection Department

In the future, the Bank will continue to strengthen the collection and management of relevant information, promote green office and green procurement, and reduce resource consumption and greenhouse gas emissions while providing customers with green, low-carbon, high-quality and convenient financial services.

2024 TCFD Report Bank of Communications (Hong Kong) Limited Metrics and Targets

Financed GHG Emissions

Financed GHG Emissions Accounting

Based on information such as the company's disclosures, industry classifications, and industry average emission factors, the Bank used the proportion of the its credit and other asset balances to the client's total debt and equity (total debt and total market value for listed companies) as the attribution factor to quantify and analyze the emission data across its investment and financing portfolio in 2024.

In 2024, the quantification of the Bank's financed emissions covers assets from the loan and bond portfolios. The in-scope assets amount to HKD 385.954 billion, with a total carbon emission (Scope 1 and Scope 2) of approximately 4.6474 MtCO₂e. The average asset carbon intensity of loans and bonds is approximately 12.04 tCO₂e per million Hong Kong dollars.

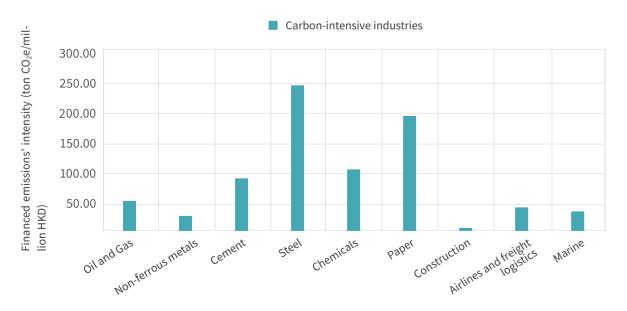
Category	Financed Emissions (10,000 tCO₂e)	Percentage (%)	Emissions In- tensity(tCO ₂ e/ million HKD)	Data Quality	Accounting ratio(%)
Loan	247.63	53.28	12.61	4.38	100.00
Bond	217.11	46.72	11.45	3.44	100.00
Total	464.74	100.00	12.04	3.92	100.00

Note: 1. The calculation strictly complies with PCAF's Global Financial Industry Greenhouse Gas Accounting and Reporting Standards.

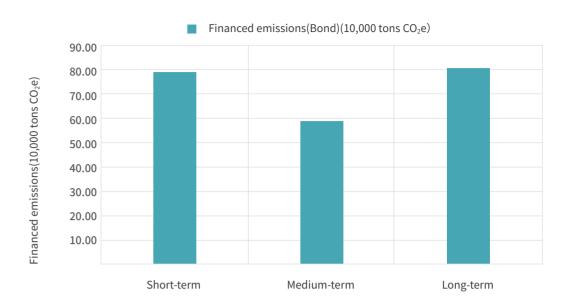
2. When calculating emissions for loans and bonds in this section, only Scope 1 and Scope 2 emissions of enterprises are included if they are involved. Due to limitations on data availability, comparability and data quality, Scope 3 emissions of enterprises are not included for the time being

3. The PCAF methodology categorizes data quality for financed emissions accounting outcomes on a 1–5 scale (1=low uncertainty, 5=high uncertainty), directly reflecting uncertainty levels.

Financed Emissions (Loans & Bonds) of the Bank in 2024 by Category



Financed Emissions' WACI (Loans & Bonds) of representative Carbon-Intensive Industries in the Bank in 2024 (by Industry Category)



Note: "Short term" refers to the next 1-3 years, "medium term" refers to the next 3-5 years, and "long term" refers to the next 5-10 years.

Financed Emissions (Bonds) of the Bank in 2024 by Tenor

Financed Net Zero Emissions Target

Currently, the Bank has set targets for carbon emissions at the investment and financing levels.

Emissions Targets (Financed Emissions)	2060
Absolute financed emissions	Achieve net-zero financed emissions by 2060

Financed GHG Emissions Target of the Bank

The Bank is also actively studying the related goals of "Sustainable Finance Action Agenda" announced by the HKMA, and will follow the progress of regulatory policy releases and review the Bank's financed emission target.

In the future, the Bank will continue delivering relevant training for front-line units such as account managers, primarily focusing on key emission industries, maintaining close communication with customers and suppliers. Beyond enhancing the risk management of its financing portfolio and supply chain, the Bank is also dedicated to facilitating the green transition of clients across industries, collaborating to capture market opportunities in the green and low-carbon sector.

Incorporate Climate Risk into Remuneration Policies

The Bank's "Remuneration Policy" has stated its consistency with the climate risk management strategy. In the annual performance assessment of departments, climate risk considerations have been incorporated, including:

Bank of Communications (Hong Kong) Limited — Metrics and Targets

"e-Diversion Rate" and "e-Coverage"

"e-Diversion Rate" and "e-Coverage Rate" are included as performance assessment criteria of the related departments to encourage better climate risk management.

Through the application of digital technology, operational efficiency can be enhanced. Resources consumption and carbon emission can be reduced. As a key ESG initiative, the Bank has implemented a paper-free account opening system for customers. This not only significantly improves business efficiency but also substantially reduces paper usage, thereby mitigating environmental impact.

"Strategic Projects"

Points would be awarded for related departments completing projects in green finance, technology-based finance, digital transformation business, etc. This encourages departments to support their clients in green and low-carbon transition to actively mitigate climate change.

"Digital Transition"

Points would be awarded or deducted for frontline/middle/back office departments according to their completion of digital transformation projects in accordance with their functions, with a view to optimise business processes, reducing operational costs and improving customer experience.

"Support for Climate Risk Management Strategies and Social Responsibility (ESG) Projects"

Points would be awarded for departments according to their implementation of initiatives in support of climate risk management strategies and ESG principles during the assessment period (such as obtaining relevant award).

Continue to Push Forward Green Finance

The Bank consistently adheres to the implementation of new development concepts, engaging in various green financial services. The Bank has successively launched green time deposits, green mortgages and acted as a broker for Hong Kong Government Green Bonds among various green financial initiatives, to promote green and sustainable development. The Bank is supporting the comprehensive green transition of the national economy and society, and helping Hong Kong establish a "Green Financial Hub" in Guangdong-Hong Kong-Macau Greater Bay Area.

Green Loans

Key Achievements: As of the end of the reporting period, the outstanding balance of the Bank's green loans and sustainability-linked loans amounted to the equivalent of HKD **14.4 billion**.

Key Achievements: As of the end of the reporting period, the Bank's green mortgage balance was HKD 1.09 billion, an increase of over 200% from the end of 2023.

Key Achievements: During the reporting period, the Bank made **411** green deposits, involving an amount of approximately HKD **9.51** billion.

Highlight Practice

Provide the "Green Mortgage Plan" to support the green transition of Hong Kong's construction industry. The Bank offers a "Green Mortgage Plan" for properties that certified with the "Platinum" or "Gold" rating by BEAM Plus of the Hong Kong Green Building Council to encourage customers to choose properties with excellent sustainable development performance. At the very beginning of the "Green Mortgage Plan", eligible green mortgage properties in collaboration were 28. By the end of the reporting period, this number rose to 103, and with plans to further expand the number. Certified buildings usually perform well in terms of energy use, health and comfort, water use, etc., and their construction process focuses on integrated design and construction management, sustainable land development, materials usage and waste management, thereby reducing the adverse impact of the buildings on the environment. Eligible customers of the "Green Mortgage Plan" who successfully apply for and draw down mortgage loans can enjoy preferential mortgage offers.

Green Bonds



Key Achievements:

As of the end of the reporting period, the Bank's investment balance in green, blue, and sustainable-themed bonds reached HKD **12.46 billion** with a year-on-year increase of around **13%**, supporting sectors including clean energy, green infrastructure upgrades, energy conservation, environmental protection, and clean production.

Green Retail Financial Products and Services



Key Achievements:

ESG funds integrate environmental protection, social responsibility, and corporate governance into the investment decision-making process along with financial indicators. The resilience and ability of ESG funds to help improve environmental issues have attracted increasing attention from investors. As of the end of the reporting period, the Bank offered products from 46 fund companies, with a total of 1,329 fund options. Aligning with green finance development, the Bank integrated and launched the list of green and sustainable investment products sold by the Bank. During the reporting period, 31 new ESG fund options were added, exceeding the annual target. At the same time, in accordance with the requirements of the HKMA's circular on the sale and distribution of green and sustainable investment products, relevant optimisation work has been completed; a new green and sustainable agency sales section has been added to the due diligence assessment of investment products, and the additional due diligence and approval, sales disclosure, control and supervision arrangements and employee training for the relevant investment products that have been listed have been completed. In addition, in order to actively promote ESG fund business, the Bank arranged for fund companies to provide front-line staff with in-depth explanations of ESG investment concepts and advantages.

2024 TCFD Report Bank of Communications (Hong Kong) Limited **Metrics and Targets**

Recognized with Multiple Awards in Climate Risk Management and Green and Sustainable Development

Recognized with

Multiple Awards



The Bank was honored with the "2024 Hong Kong ESG Annual Awards - Best ESG Financial Services Institution Award" by Hong Kong Ta Kung Wen Wei Media Group.

In recent years, the Bank has taken serving the real economy as its starting point and end point, and has continuously innovated and optimised its products based on customer needs. The Bank has successively launched a "package" of green financial products and services such as green and sustainable development loans, green and sustainable development time deposits, green mortgages, green bond underwriting and green consulting. During the reporting period, the Bank took the lead in launching the green finance brand "Green Infinity" in the Hong Kong market. In this context, the Bank was awarded the "2024 Hong Kong ESG Annual Awards - Best ESG Financial Services Institution Award " by the Hong Kong Ta Kung Wen Wei Media Group to show recognition of the Bank's work in promoting ESG fields.



The Bank was honored with the "2024 Hong Kong ESG Annual Awards - Best ESG Financial Services Institution Award " at the 2024 Hong Kong International Financial Forum & Hong Kong International ESG Annual Awards Ceremony

The Bank won the "Golden Hazelnut Award for Oversea Award for Oversea 🞉 **Green Finance**"

In terms of bond investment business, on September 20, 2024, the Bank won the " Golden Hazelnut Award for Oversea Green Finance" at the "2024 Shanghai Global Asset Management Annual Conference" hosted by Cailianshe.





The Bank won the "Golden Hazelnut Award for Oversea Green Finance" at the "2024 Shanghai Global Asset Management Annual Conference"



The Bank has won multiple Hong Kong Quality Assurance Agency "Hong Kong Green and Sustainable Finance Awards" for three consecutive years

On October 18, 2024, the Bank was awarded the "Hong Kong Green and Sustainable Finance Award 2024" organized by the HKQAA. It was recognized for its sustainability-linked loans to chemical service companies, mechanical and electrical engineering companies, and well-known financial groups, indicating that the Bank's significant contribution to promoting green finance business development, which has been affirmed by the local industry.



The Bank has been recognized with multiple HKQAA "Hong Kong Green and Sustainable Finance Awards 2024"



The Bank was awarded the "Hong Kong International Cash Management Bank of the Year" and "Hong Kong International Sustainability Initiative of the Year" awards for two consecutive years by Asia Banking & Finance

The Bank was awarded the "Hong Kong International Cash Management Bank of the Year" and "Hong Kong International Sustainability Initiative of the Year" awards for two consecutive years at the "ABF Wholesale Banking Awards 2024" hosted by Asia Banking & Finance. It was in recognition of the Bank's provision of outstanding solutions and quality services to customers in cash management and green and sustainable development financial product innovation, and its multiple breakthroughs. The Bank also relies on a rich green financial product system and product innovation, including green deposits, green loans, green letters of guarantee, green ship financing, green aircraft financing, green syndicated financing, etc. During the past year, the Bank was exclusively mandated as Sole Lead Arranger, Bookrunner, Facility Agent, and Sustainability Coordinator for a syndicated Sustainability-Linked Loan (SLL) facility, demonstrating the client's strong confidence in our institutional capabilities and ESG financing expertise.



The Bank was recognized with the "Hong Kong International Cash Management Bank of the Year" and "Hong Kong International Sustainability Initiative of the Year" awards for two consecutive years by Asia Banking & Finance

2024 TCFD Report Bank of Communications (Hong Kong) Limited



The Bank won many awards including "Best Corporate Financial Education and ESG Leadership of the Year"



The Bank was awarded three honours at the "IFPHK Financial Education and ESG Leadership Awards 2024" organised by the Institute of Financial Planners of Hong Kong, namely "Best Corporate Financial Education and ESG Leadership of the Year", "Corporate Financial Education and ESG Leadership – Gold Award " and "Accredited Professional Financial Planning Firm 2024", which fully recognised the Bank's contribution to promoting financial education and ESG concepts at different levels.



The Bank was recognized with the "Best Corporate Financial Education and ESG Leader of the Year" and other two awards by the IFPHK



The Bank fully supported the "Hong Kong Star Brand Award" to present ESG awards





The Bank Received the Letter of Appreciation Issued by the Organiser

APPENDIX

TCFD Index

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Appendix