

Environmental,  
Social and  
Governance  
Report

# Environmental, Social and Governance Report

## Introduction

### About this Report

#### **Reporting Scope and Boundaries**

This report provides an overview of the Group's environmental, social and governance (**ESG**) framework, initiatives and performance for the period of 1 January to 31 December 2025, which is in alignment with the Group's financial year. It outlines the Group's implementation of its sustainability objectives and how it acts as a responsible corporate citizen. It also highlights the Group's commitment to integrating relevant environmental and social factors into its operations and adhering to high corporate governance standards. Unless otherwise stated, the reporting scope of this report aligns with the Group's consolidated financial statements for the above reporting period, covering the activities of the Corporation and its subsidiaries.

#### **Reporting Standards and Principles**

In preparing this report, the Group has given consideration to the Hong Kong Financial Reporting Standards (**HKFRS**) Sustainability Disclosure Standards — HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures, which are aligned with the International Financial Reporting Standards Sustainability Disclosure Standards. The Group aims to progressively enhance its sustainability and climate-related disclosures to align with the HKFRS Sustainability Disclosure Standards and other applicable reporting frameworks.

#### **Key Recognition**

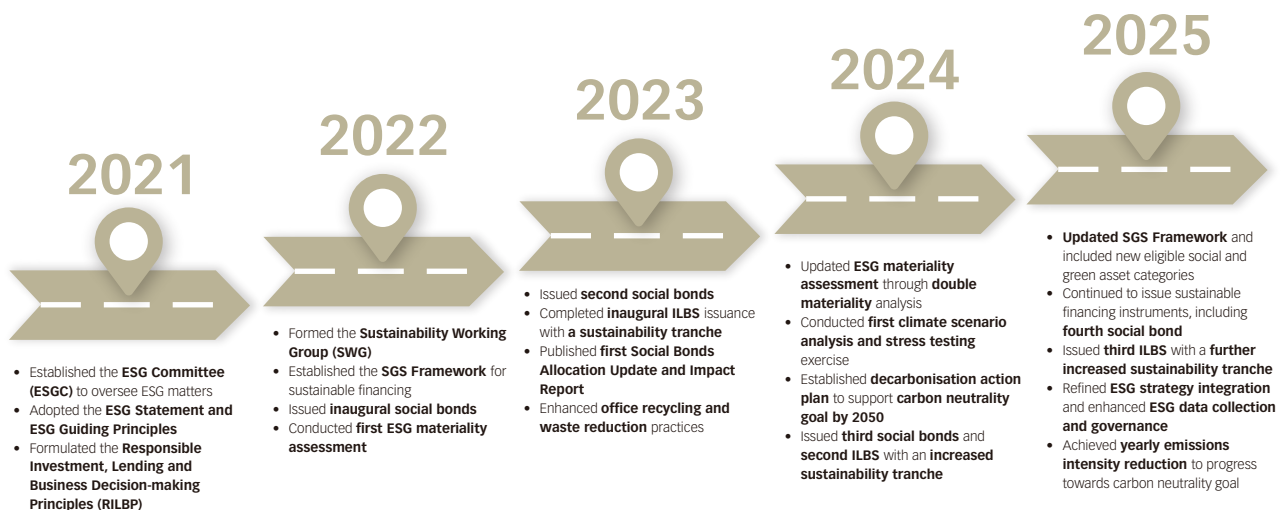
The Corporation was awarded the "Pioneering Organisation in ESG Disclosure Enhancement" award at the Hong Kong Quality Assurance Agency's "Hong Kong Green and Sustainable Finance Awards 2025", in recognition of its continuous efforts to enhance the transparency and quality of its ESG reporting. This recognition affirmed the Group's dedication to strengthening its ESG governance framework, improving disclosure practices and addressing evolving stakeholder expectations. The award also underscored the Group's commitment to support and align with the Government's Roadmap on Sustainability Disclosure in Hong Kong.

**A Snapshot of Key ESG Milestones**

**The Group's Key ESG Achievements and Awards (2025)**

2025 Key ESG Achievements	2025 Key ESG Awards	
<ul style="list-style-type: none"> <li>Achieved reduction in operational and portfolio greenhouse gas (GHG) emissions intensity by approximately 17% and 29% respectively, compared with 2024</li> <li>Updated the Social, Green and Sustainability Financing Framework (SGS Framework) to align with the latest market standards and include new eligible social and green asset categories</li> <li>Issued fourth social bond to support loans under the Reverse Mortgage Programme (RMP) that provides essential financing for the elderly in Hong Kong</li> <li>Issued third Infrastructure Loan-Backed Securities (ILBS) with an increased sustainability tranche, compared with previous issuances</li> </ul>		<p><b>Pioneering Organisation in ESG Disclosure Enhancement</b></p> <p><i>by Hong Kong Quality Assurance Agency</i></p>
		<p><b>Best Social Bond in Hong Kong in Triple A Awards for Sustainable Finance 2026</b></p> <p><i>by The Asset</i></p>
		<p><b>Outstanding Gold Award in Privacy-Friendly Awards 2025</b></p> <p><i>by Office of the Privacy Commissioner for Personal Data, Hong Kong</i></p>
		<p><b>Special Mention in Corporate Governance Awards in Best Corporate Governance and ESG Awards 2025</b></p> <p><i>by Hong Kong Institute of Certified Public Accountants</i></p>

**The Group's Ongoing ESG Journey**



## ESG Strategy Framework

### ESG Strategy

The Group's ESG strategy serves to guide its approach to incorporating ESG factors into its operations. It is built around three pillars, namely "Contributing to the Society", "Upholding Governance Standards, Operational Resilience and Workplace Inclusion" and "Meeting Environmental Concerns", which are embedded in the Group's ESG Statement and ESG Guiding Principles.

### ESG Statement

The Group is committed to operating and carrying on business in a responsible and sustainable manner while applying high standards of corporate governance. This commitment is embedded in the way it operates, serves its customers, accounts to its stakeholders, cares for its staff, manages its impact on the environment and contributes to the community.

### ESG Guiding Principles

#### Contributing to the Society

- Offer financing solutions that support home ownership, facilitate retirement financial planning, and help to meet the financing needs of small and medium-sized enterprises (**SMES**) in Hong Kong
- Provide products and services that facilitate banks' liquidity and risk management to promote stability of the banking sector in Hong Kong
- Support the financial and debt markets in Hong Kong, and talent developments as well as financial education, in areas pertinent to its core missions

#### Upholding Governance Standards, Operational Resilience and Workplace Inclusion

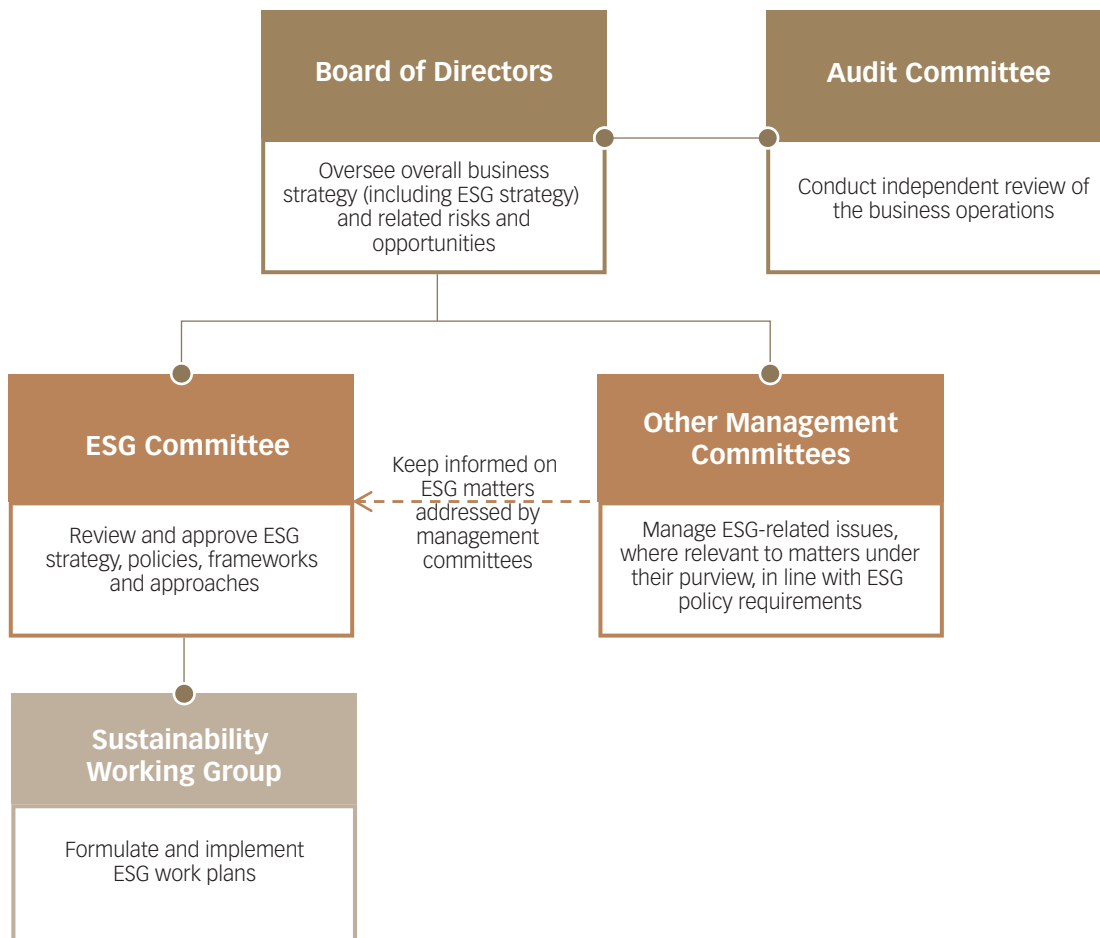
- Adhere to best practices of corporate governance and maintain high standards of professionalism, integrity and ethics in its work
- Safeguard operational resilience and information security by continuous risk surveillance, system set-up and proper response
- Promote inclusion and equality in the workplace, and foster staff wellness and development

#### Meeting Environmental Concerns

- Devise strategic response to and implement plans to meet the risks and ride on opportunities relating to climate change and Hong Kong's long-term sustainability vision
- Adopt and integrate ESG principles in its investment, lending and business decision-making activities
- Strive for positive environmental impact with its operations and promote eco-friendly work practices and culture

**ESG Governance**  
**ESG Governance Structure**

Effective ESG governance is critical to executing the ESG strategy of and driving long-term value creation for the Group. Below is a diagram illustrating the Corporation’s ESG governance structure.



### **Board of Directors**

The Board is the highest governance body of the Corporation and bears ultimate responsibility and oversight for the overall business strategy (including ESG strategy) and related risks and opportunities of the Group. The Board has oversight of the prioritisation and effective integration of ESG considerations into business strategies and bears overall responsibility for ESG risk management, including the approval of the ESG risk appetite.

At the Board meetings which are held at least four times a year, ESG strategy updates and implementation progress are presented through the Chief Executive Officer's Report, ensuring the Board's continuous oversight of ESG matters.

The Board consists of non-executive Directors who are well-equipped with relevant skills and competencies from different backgrounds and industries and either represent or work closely with officials and stakeholders from the Government and the public sector. On appointment, Directors are provided with induction materials to familiarise them with the Group's operations and businesses including ESG-related matters, as well as their responsibilities as a Director.

### **ESG Committee**

To effectively implement its ESG strategy, the Corporation has established the ESGC to lead the Group's sustainability initiatives, ensuring ESG management is integral to the Group's overall business strategy, as well as to enhance and promote overall ESG performance. The ESGC is responsible for reviewing, approving and updating the Group's ESG strategy, policies and plans, as well as overseeing their implementation while monitoring ESG trends and topics that are material to the Group and ensuring appropriate skills and competencies are available to provide oversight. The ESGC also oversees the establishment and maintenance of systems, policies and processes to identify and manage ESG risks and opportunities, and evaluate the performance of the Group in achieving its ESG-related goals and targets through relevant performance metrics and report the progress to the Board.

The ESGC is chaired by the Chief Executive Officer of the Corporation and its members include the Chief Executive Officers of the HKMC Annuity Limited (**HKMCA**) and the HKMC Insurance Limited (**HKMCI**), Group ESG Lead and senior staff from the relevant functional departments and teams of the Group. The ESGC meets regularly to discuss relevant matters relating to ESG in accordance with its terms of reference. The ESGC held meetings throughout 2025 to deliberate and decide on ESG matters including, for example, the implementation of continuing ESG integration and strategy, updating of the SGS Framework, discussions on the latest ESG trends and sustainability disclosure and assurance standards, enhancement of ESG reporting practices, and issuance of the social bond and the sustainability tranche of ILBS.

For more details on how the Group uses controls and procedures to support the oversight of ESG risks and opportunities, please refer to "Incorporating ESG into Risk and Opportunity Management" section of this report.

### **Sustainability Working Group**

The SWG, comprising relevant department heads and supporting staff, is tasked to assist the ESGC in formulating and implementing ESG work plans. The SWG also helps to identify and update ESG topics, risks and opportunities of the Group while facilitating the co-ordination of different departments, business units and functions to determine key ESG metrics and targets for monitoring and reporting.

### **Stakeholder Engagement**

Stakeholder engagement is a valuable tool in shaping the Group's strategy development process. Open and transparent dialogue with relevant stakeholders helps the Group to identify and evaluate ESG risks and opportunities affecting its business. Through various engagement channels, the Group has maintained communications with its stakeholders over the years, gaining an understanding of their expectations and perspectives on different ESG issues. The Group reviews their responses and opinions to guide its prioritisation of ESG topics and enhance its sustainability performance.

In 2025, the Group continued to implement its stakeholder engagement process, following the stakeholder engagement plan established in the previous year. The Group engaged in regular and structured interactions with its key stakeholder groups to monitor their needs and concerns and reflect relevant input in its business strategy and ESG initiatives including the identification and prioritisation of material ESG topics. These ongoing engagement efforts supported the Group's commitment to openness, accountability and creation of long-term stakeholder value.

The following table sets out the Group's key stakeholder groups and examples of the channels through which the Group engages with them.

Stakeholder Groups	Examples of Engagement Channels
Investors	<ul style="list-style-type: none"> <li>• Investor meetings and conferences</li> <li>• Annual and interim reports</li> <li>• Emails</li> <li>• Announcements and circulars</li> </ul>
Customers and local communities	<ul style="list-style-type: none"> <li>• Service hotlines and emails</li> <li>• Social media platforms and mobile applications</li> <li>• Public outreach and education events</li> <li>• Corporate websites</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>• Internal strategic meetings</li> <li>• Annual and interim reports</li> <li>• Announcements and circulars</li> </ul>
Business programme partners and financial sector participants	<ul style="list-style-type: none"> <li>• Annual and interim reports</li> <li>• Consultation meetings and calls</li> <li>• Emails</li> <li>• Corporate websites</li> <li>• Industry events</li> </ul>
Suppliers, contractors and service providers	<ul style="list-style-type: none"> <li>• Supplier due diligence procedures and performance reviews</li> <li>• Meetings and communications</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• Performance reviews</li> <li>• Emails, intranet and newsletters</li> <li>• Training and development programmes</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>• Meetings and conferences</li> <li>• Public consultations</li> <li>• Industry events</li> </ul>
Professional bodies and industry associations	<ul style="list-style-type: none"> <li>• Industry events</li> <li>• Corporate awards and recognitions</li> <li>• Corporate memberships and subscriptions</li> </ul>
Non-governmental organisations and media	<ul style="list-style-type: none"> <li>• Public relations hotlines and emails</li> <li>• Press releases and media interviews</li> <li>• Community engagement events</li> <li>• Corporate websites</li> </ul>

**Materiality Assessment**  
**Assessment Approach**

Material ESG topics are the topics that hold the most significance for a company and its stakeholders, both internal and external, and they have a significant impact on the company’s business operations, performance and stakeholder interests. By conducting regular materiality assessments, companies can maintain awareness of ESG trends, regulatory changes and best practices. Such regular assessments allow them to adapt their ESG management strategies on a timely basis and address relevant emerging risks while ensuring reasonable and efficient allocation of resources.

The Group regularly conducts ESG materiality assessments to identify and prioritise its material ESG topics to take into account evolving regulatory requirements, market dynamics and stakeholder views. These assessments help to inform the Group’s ESG priorities, risk management approach and disclosure focus. The most recent comprehensive materiality assessment was completed in 2024, which adopted a double materiality perspective, whereby the potential material topics were evaluated from two dimensions: impact materiality and financial materiality.

Materiality Perspective	Definition
Impact materiality	Evaluate the significance of each ESG topic based on its potential impact on the economy, environment and society.
Financial materiality	Assess the extent to which each ESG topic presents financial risks and opportunities that could materially affect the Group.

The detailed steps taken for the 2024 double materiality assessment are as follows:

**Step 1: Identifying a list of potential material topics through materiality analysis**

As a starting point, a materiality analysis using a number of local and international sources was carried out to identify the ESG topics likely to be relevant to the Group. This included consideration of sector-specific standards and guidelines related to sustainability, including the Sustainability Accounting Standards Board Industry Standards. Benchmarking research was then conducted against selected industry peers’ material topics. ESG megatrends potentially relevant to the Group were also reviewed.

This process of desktop research was used to form a list of 13 material topics for evaluation by and input from stakeholders.

**Step 2: Evaluating and prioritising material topics**

With reference to the list of material topics identified from Step 1, the Group conducted a survey of both internal and external stakeholder groups to understand their views on the impact of these material topics and the Group’s sustainability performance. Stakeholders were asked to assess the impact materiality — that is, the extent each topic could impact the economy, society and environment, both positively and negatively — of each topic to inform the prioritisation of material topics.

In addition, interviews and focus group discussions with selected representatives from or familiar with different stakeholder groups provided further insights into both financial materiality and impact materiality of identified topics, as well as their thoughts on the potential impact, risks and opportunities associated with these topics.

The material topics were then prioritised based on the assessment results.

**Step 3: Validating double materiality assessment outcomes**

The ESGC considered and validated the double materiality assessment and the resulting prioritised list of material topics.

In 2025, the Group reviewed the findings of the materiality assessment conducted in 2024 and considered the latest regulatory developments, emerging ESG themes as well as key stakeholder feedback and expectations through the Group’s established engagement channels. It was concluded that the material topics identified through the Group’s 2024 materiality assessment remained relevant.

The Group will continue to regularly review the list of material topics and perform appropriate double materiality or other assessments to ensure that the list is up-to-date.

**Material Topics**

The table below showcases the Group’s current material topics and their linkage to its core missions and ESG pillars and the related United Nations’ Sustainable Development Goals (UN SDGs).



## **Incorporating ESG into Risk and Opportunity Management**

### **ESG Risk Management**

The Group manages ESG risks under its ESG Risk Management Framework which sets out a holistic approach in managing the ESG risks of the Group across different business operations and functions.

The ESG Risk Management Framework includes components such as ESG risk appetite, governance, risk assessment, as well as climate risk stress testing and monitoring of ESG risks using defined metrics.

#### *ESG Risk Appetite*

The ESG risk appetite defines the constraints for ESG risk levels and includes the controls for managing ESG risks. It has been approved by the Board and integrated into the risk appetite statement of the Group to ensure all relevant risks it faces are managed properly.

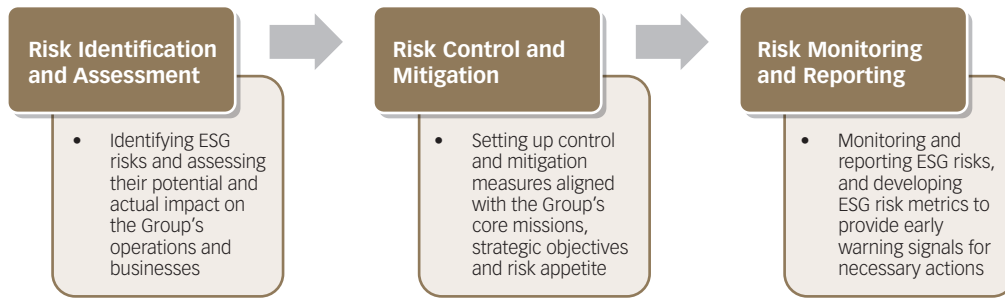
#### *ESG Risk Governance*

The ESGC is the governance committee for managing ESG risks of the Group. In line with the Group's risk governance structure, the responsibilities for managing ESG risks are allocated across the three lines of defence by the ESGC.

<b>Three Lines of Defence for ESG Risk Management</b>		
<b>Line of Defence</b>	<b>Major Responsibilities</b>	<b>Responsible Function(s)</b>
First line	<ul style="list-style-type: none"><li>Follow internal policies and procedures in managing ESG risks arising from day-to-day operations and maintain sufficient awareness and understanding to identify, assess, monitor and mitigate potential ESG risks</li></ul>	Business/operational units
Second line	<ul style="list-style-type: none"><li>Responsible for ESG risk assessment, ESG risk management frameworks and policies, and ESG risk monitoring across different business activities, and ensuring the relevant ESG policies and procedures are in compliance with applicable ESG standards and regulations</li></ul>	Risk management and compliance functions
Third line	<ul style="list-style-type: none"><li>Responsible for audits of the Group's operations to ensure robustness of the internal control systems and compliance with the internal policies and relevant regulatory requirements (including ESG-related processes and controls)</li></ul>	Internal audit function

*ESG Risk Management Process*

The ESG risk management process of the Group consists of three steps:



*ESG Risk Identification and Assessment*

The Group recognises that ESG issues pose potential risks to its operations, reputation and performance, and has thus identified the ESG risks pertinent to its operations and businesses by reference to various internal and external information sources, including relevant sustainability-related standards.

The Group has assessed the severity of the ESG risks by considering their impact and likelihood. Among other relevant considerations, the assessment evaluates the impact of ESG risks on the Group's reputation, customer relationships, media strategy, legal and compliance obligations, and financial performance.

*ESG Risk Control and Mitigation*

The Group's ESG risk controls and mitigation measures have taken into account its strategic objectives and risk appetite. These measures include the development and implementation of internal policies and procedures to minimise and manage ESG risks.

*ESG Risk Monitoring and Reporting*

To ensure effective control and mitigation of evolving ESG risks (including climate risks), the Group monitors them on an ongoing basis through ESG risk metrics and the monitoring results will be regularly reported to the Board.

*Material ESG Risks*

The Group's material ESG risks (other than climate-related risks) are identified in the table below, and these risks will be prioritised, monitored and managed under its ESG risk management process. The table further provides examples of the pathways through which material ESG risks could transmit into traditional risk categories. For information on the climate-related risks of the Group, please refer to "Climate Risk Management" section of this report.

Examples of ESG Risk Transmission Pathways (Current and Anticipated) <sup>1</sup>				
Material ESG Risks — Risk Types and Risk Drivers	Reputation Risk	Operational Risk	Legal and Compliance Risk	The Group's Responses
<b>Social</b>				
<b>Society and Customer</b>				
Failure to consider social inclusion in product design and conduct appropriate suitability assessments for customers	√	√	√	<ul style="list-style-type: none"> <li>Understand stakeholders' needs and maintain dialogues with customers</li> <li>Set up eligibility criteria and conduct suitability assessments</li> <li>Maintain product/process sign-off mechanism to ensure relevant risk factors are considered in designing and implementing new or enhanced products</li> </ul>
<b>Demographic Trends</b>				
Failure to observe and respond to changes in Hong Kong's demographic trends	√	√		<ul style="list-style-type: none"> <li>Understand and, where appropriate, address community demands for product development and enhancement</li> </ul>
<b>Governance</b>				
<b>Corporate Governance</b>				
Ineffective corporate governance structure	√	√	√	<ul style="list-style-type: none"> <li>Uphold a robust governance structure supervised and managed by Directors and senior staff</li> <li>Deliver on its core missions and manage risk appetite to guide the risk-taking process</li> <li>Maintain proper checks and balances under the three lines of defence</li> </ul>
<b>Human Resources</b>				
Inability to attract and retain suitable talent or incorporate equal opportunities and inclusion into the organisation	√	√	√	<ul style="list-style-type: none"> <li>Enhance talent attraction and retention and implement competency-based selection</li> <li>Monitor manpower and performance and facilitate staff training</li> <li>Maintain and enhance the Equal Opportunities Policy to foster workplace equality</li> <li>Establish gender-neutral and disability-inclusive recruitment and promotion practices</li> <li>Implement robust staff welfare policies and provide competitive remuneration packages, fringe benefits, promising career paths and development opportunities</li> </ul>
<b>Information Security</b>				
Cyber threats and data leakage	√	√	√	<ul style="list-style-type: none"> <li>Implement information security-related internal policies, procedures and guidelines</li> <li>Implement appropriate controls to prevent, detect and respond to evolving cyber threats</li> </ul>
<b>Innovation and Digitalisation</b>				
Failure to adopt new technology properly		√		<ul style="list-style-type: none"> <li>Support new technology adoption for business development through its Digitalisation Office</li> </ul>

<sup>1</sup> Examples of ESG risk transmission pathways and effects (current and anticipated) include:

(a) Reputation risk — If the Group fails to take due consideration of ESG factors in products, businesses and strategies or fails to meet expectations in ESG disclosures, it may face negative perceptions from the public, market and stakeholders. Such perceptions could adversely affect the Group's ability to maintain or establish business relationships.

(b) Operational risk — Failure to incorporate ESG policy changes into the Group's internal processes and controls may result in operational risks and losses.

(c) Legal and Compliance risk — 1) Failure to comply with ESG-related regulations and standards, including disclosure requirements, may expose the Group to potential regulatory actions as well as reputation damage; 2) Regulatory risk may lead to increased operational costs and expenditures required for compliance with ESG-related regulations, requirements and standards; and 3) The Group may face ESG-related legal actions that could disrupt or negatively affect its operations or financial conditions.

### ESG Opportunity Management

The Group has identified potential ESG opportunities relevant to the Group based on the materiality assessment and review exercises detailed in “Materiality Assessment” section above. In particular, with reference to the list of material ESG topics, various departments assessed and considered which opportunities the Group could focus on. During the year, the Group discussed and, where appropriate, implemented initiatives aimed at capitalising on these opportunities (see below for examples) to integrate them into its business operations and ESG development roadmap.

#### Material ESG Opportunities

Material ESG opportunities (other than climate-related opportunities) in relation to the Group’s business are set out in the table below. For information on the climate-related opportunities of the Group, please refer to “Climate Opportunities” section of this report.

ESG Opportunity Description	The Group’s Responses
<b>Social Opportunity:</b> Offering of retirement financial products that cater to the growing aging population	<ul style="list-style-type: none"> <li>Identify community demands and needs to adjust and enhance the Group’s product development strategy</li> </ul>
<b>Social Opportunity:</b> Promotion of the securitisation market and the debt market generally	<ul style="list-style-type: none"> <li>Collaborate with industry players and promote investment opportunities, such as infrastructure financing and securitisation and social bonds, to investors</li> </ul>
<b>Governance Opportunity:</b> Improved work efficiency and reduced labour costs by providing staff with training and job rotation opportunities	<ul style="list-style-type: none"> <li>Implement diverse training and development programmes for staff</li> </ul>
<b>Environmental Opportunity:</b> Cost savings and improved operational efficiency through green initiatives such as energy-saving and waste-reduction measures	<ul style="list-style-type: none"> <li>Launch enhanced recycling initiatives and environmentally-friendly programmes</li> </ul>

In 2025, there were no significant changes to the Group’s ESG risk and opportunity management processes compared with the previous year. The response plans for material ESG risks and opportunities described above have been progressing well, with implementation activities generally on track and monitored through existing management and reporting frameworks. The Group will continue to review the effectiveness of these measures and refine its response actions as its ESG risk exposure and operating environment and global and local ESG standards, requirements and expectations continue to evolve.

## Contributing to the Society

### Delivering Socially Responsible Financial Products Solutions for Homebuyers

Since 1999, the Group has been operating the Mortgage Insurance Programme (**MIP**), established as an integral part of mortgage financing in Hong Kong. The MIP helps potential homebuyers with limited financial resources to make the down payment to purchase a property. Through the MIP, the HKMCI provides insurance coverage to MIP participating banks, enabling the banks to extend mortgage loans with a higher loan-to-value (**LTV**) ratio. In addition, the Corporation has introduced the Fixed Rate Mortgage Scheme for fixed-rate mortgages, which provides an alternative financing option that can help mitigate the risk of interest rate volatility for homebuyers.

#### Relevant ESG Impact Metric

Metric	2025	2024
Number of households supported <sup>2</sup> by the MIP (since launched)	<b>242,279</b>	235,181

### Solutions for Retirees

Shifting into retirement can bring a myriad of financial hurdles, particularly as regular pay cheques cease. Many seniors, despite saving diligently, may find their retirement savings fall short when it comes to managing daily costs and handling the higher expenses of healthcare associated with increased longevity.

The Group has introduced the “HKMC Retire 3” branding, with the RMP, the Policy Reverse Mortgage Programme (**PRMP**) and the HKMC Annuity Plan (**Annuity Plan**) promoted together as a composite solution for retirement planning. These three products provide the elderly with immediate, stable and lifelong streams of income to support their daily expenses after retirement, strengthening their financial security and improving their quality of life. Relatively illiquid assets are utilised as collateral, including residential properties for the RMP, death benefits of life insurance policies for the PRMP or contribution of a lump-sum single premium for the Annuity Plan. These products offer retirees income continuity which contributes to supporting their retirement lifestyle.

#### Relevant ESG Impact Metrics

Metrics	2025	2024
Number of elderly persons receiving payouts from the Annuity Plan <sup>3</sup> (in-force)	<b>33,883</b>	21,617
Amount of total payouts by the Annuity Plan (since launched)	<b>HK\$5,635 million</b>	HK\$4,017 million
Number of accumulative policies <sup>4</sup> under the RMP <sup>5</sup> (since launched)	<b>8,562</b>	7,666
Amount of total payouts by the RMP (since launched)	<b>HK\$10,333 million</b>	HK\$8,676 million
Number of accumulative policies <sup>4</sup> under the PRMP <sup>5</sup> (since launched)	<b>179</b>	126
Amount of total payouts by the PRMP (since launched)	<b>HK\$15.7 million</b>	HK\$8.7 million

### Hong Kong Green and Sustainability Contribution Awards 2025

In acknowledgement of the Group’s efforts in providing retirement planning solutions for retirees, the RMP, the PRMP and the Annuity Plan were awarded the “Gold Pioneer for Contribution to Livable City Living — Promote Silver-friendly Product” award by the Hong Kong Quality Assurance Agency in 2025.

<sup>2</sup> The number of households supported includes the count of the same household which is or has been supported through application for new loan drawdown and/or refinancing under the MIP since its launch.

<sup>3</sup> Basic eligibility for the Annuity Plan: The applicant should be a Hong Kong permanent resident aged 60 or above.

<sup>4</sup> The number of accumulative policies represents the number of total policies in respect of loan origination and/or refinancing under the RMP and the PRMP, respectively, since their launch.

<sup>5</sup> Basic eligibility for the RMP and the PRMP: The applicant should generally be aged 55 or above and a holder of a valid Hong Kong identity card.

### Annuity Plan Development and Supporting the Government's Initiative to Promote the Silver Economy in 2025



The Group achieved record-breaking business results for its life annuity business in 2025. The year commenced with strong momentum, driven by the effect of the “Payout Enhancement and Premium Discount Campaign” of the Annuity Plan launched in 2024 which offered a 25% increase in monthly annuity payouts for life for the first HK\$300,000 of premium per customer and a 2% discount on the remaining premium amount. Momentum was sustained throughout the year alongside stepped-up promotional activities. By the end of 2025, the life annuity business recorded strong year-on-year growth in total premiums of approximately 106%,

reinforcing its role in helping to provide stable and lifelong income to an increasing number of senior citizens in Hong Kong.

To support the Government's initiative to promote the silver economy, the Group intensified public education efforts. In the second half of 2025, the Group launched a six-month panda-themed public education and outreach campaign. The campaign featured a citywide roving exhibition that used the carefree image of pandas as a metaphor for a joyful retirement supported by lifelong income offered by the Annuity Plan. The panda-themed campaign was complemented by the extension of the “Mr. Well-Planned” advertising series, which drew on relatable everyday scenarios to showcase the features of the Annuity Plan, address common questions and clarify misconceptions about annuity products. Together, these initiatives solidified the Group's role as a trusted advocate for the financial well-being of the silver-aged population.

Throughout 2025, the Group conducted extensive community engagement programmes. A total of 112 outreach events were organised, reaching over 8,500 individuals through educational seminars, roadshows and strategic collaborations. Furthermore, the Group engaged 32 organisations as partners and delivered tailor-made talks to their employees to promote the concept of longevity risk management and introduce the importance of life annuity products in retirement financial planning.

### Solutions for SMEs

With nearly 360,000 SMEs operating in Hong Kong, the SME community continues to form a vital pillar of economic growth and a key driver of employment. Despite their resilience, these SMEs have been facing challenges in their business operations amid uncertainties in the global economic environment. To help tide SMEs and non-listed enterprises over financial difficulties, the Government provides support for bank financing to SMEs with the 80% and 90% Guarantee Products of the SME Financing Guarantee Scheme (SFGS) under the entrusted operation of the HKMCI.

To alleviate the cash flow challenges faced by enterprises affected by the Coronavirus Disease 2019 (COVID-19) pandemic, the Government launched the Special 100% Loan Guarantee in April 2020 as a temporary special measure under the SFGS, aiming to support enterprises that were suffering from reduced income and to safeguard jobs. As society returned to normal after the COVID-19 pandemic, the Special 100% Loan Guarantee expired and ceased accepting new applications at the end of March 2024.

Over the years, the Government has introduced various enhancement measures under the SFGS to better support SMEs amid evolving economic conditions. Key enhancements include progressive increases in the maximum loan guarantee commitment and extensions of the application periods, principal moratorium arrangements and maximum guarantee periods. These measures have facilitated greater access to SME financing and improved repayment flexibility, thereby reinforcing the SFGS's role in promoting SME resilience and economic stability.

To further help SMEs address challenges brought about by economic restructuring, the Chief Executive of the Government announced in "The Chief Executive's 2025 Policy Address" in September 2025 the extension of the application period for the 80% Guarantee Product for two years to the end of March 2028 (whilst the application period for the 90% Guarantee Product remained until the end of March 2026), and a further extension of the principal moratorium arrangement for 12 months. The Government's total loan guarantee commitment for the SFGS was further increased by HK\$20 billion to HK\$310 billion. The application period for principal moratorium was extended from 17 November 2025 to 17 November 2026.



### Relevant ESG Impact Metrics

Metrics	Relevant Products	2025	2024
Number of SMEs benefitted from the SFGS (since launched), after rounding	80% & 90% Guarantee Products <sup>6</sup>	<b>25,100</b>	22,400
	Special 100% Loan Guarantee	<b>40,050</b>	40,000
Estimated number of employees supported <sup>7</sup> by the SFGS (since launched), after rounding	80% & 90% Guarantee Products <sup>6</sup>	<b>409,700</b>	374,400
	Special 100% Loan Guarantee	<b>400,400</b>	400,000

<sup>6</sup> The number of SMEs benefitted and estimated number of employees supported are calculated to avoid double counting of applications by enterprises using both the 80% and 90% Guarantee Products.

<sup>7</sup> The estimated number of employees supported represents the total number of employees (full-time and/or part-time) of the borrowing enterprises as declared in their latest application for the respective product(s) under the SFGS.

### **Solutions for Specified Sectors**

The travel and tourism sectors were among the most affected during the outbreak and spread of the COVID-19 pandemic. To support the business resumption of the travel sector and the cross-boundary passenger transport trade, the HKMCI launched the Dedicated 100% Loan Guarantee Scheme (**DLGS**) in April 2023 to provide loans fully guaranteed by the Government to eligible licensed travel agents, owners of local tour coaches, and vehicle owners or ferry owners/operators of cross-boundary passenger transport. The application period for the DLGS for Travel Sector and the DLGS for Cross-boundary Passenger Transport Trade expired on 28 October 2024.

Meanwhile, to support Hong Kong's target to achieve zero vehicular GHG emissions by 2050, the Government has been actively promoting the use of electric vehicles and has established a target of introducing about 3,000 battery electric taxis (**e-Taxis**) by the end of 2027. To encourage the taxi trade to switch to e-Taxis, the HKMCI launched the DLGS for Battery Electric Taxis in September 2023, with an application period of five years, to provide loans for eligible taxi owners to replace their liquefied petroleum gas, petrol or hybrid taxis with e-Taxis. As of the end of 2025, more than 630 applications had been approved with loans totalling about HK\$209.1 million, facilitating the replacement of some 630 existing taxis with e-Taxis.

### **Promoting Banking Stability and Local Financial and Debt Market Development**

The Group performs its role in promoting banking and financial stability whilst executing sound risk management practices. To achieve this core mission, the Group maintains a proactive approach, standing ready to acquire mortgage assets from the banking industry through the Mortgage Purchase Programme (**MPP**). Also, the MIP enables participating banks to provide mortgage loans at higher LTV ratios without incurring additional credit risk. It serves as a safeguard against potential losses from mortgage defaults that exceed the established LTV thresholds, thus contributing to Hong Kong's banking stability. Furthermore, through the provision of the 80% and 90% Guarantee Products of the SFGS, the HKMCI extends guarantee coverage for bank loans to eligible SMEs, helping to reinforce the overall stability of the banking system.

As a leading corporate debt issuer in Hong Kong, the Corporation plays a crucial role in cultivating the local debt market. This is achieved not only through regular debt issuances, but also by launching innovative debt products and contributing to the evolution of the debt and financial markets. In 2025, the Corporation maintained its position as the most active issuer in the Hong Kong dollar (**HKD**) corporate bond market and was also a major offshore Renminbi (**CNH**) corporate bond issuer. The Corporation is well placed to continue promoting the development of the local debt market, fulfilling the investment appetite for high-grade debt assets of both domestic and international investors.

### Debt Capital Market Development in 2025 — HK\$25.3 Billion Public Benchmark Bond Issuance



In November 2025, the Corporation successfully launched and priced its multi-currency public benchmark bonds totalling the equivalent of HK\$25.3 billion. The issuance with four tranches comprised HK\$10 billion 2-year, CNH 5 billion 3-year and US\$1 billion 5-year bonds in a

conventional bond format, and a HK\$2 billion 30-year bond in a social bond format. It was the Corporation's largest-ever public bond offering. The 30-year HKD social bond tranche was the largest-ever 30-year HKD bond issued in Hong Kong.

With the participation of 29 local and international financial institutions, the issuance was well received by a diverse group of local, Southbound Bond Connect and international institutional investors, attracting a combined peak orderbook of approximately HK\$80 billion equivalent and final allocation to around 250 accounts.

This landmark multi-currency bond issuance further solidified Hong Kong's position as Asia's leading international bond issuance hub and the premier CNH business centre. It also further underscored the Corporation's role in fostering the development of public bond market across various currencies and tenors, paving the way for other issuers to better connect with local, Chinese Mainland and overseas investors, and was a testament to investors' unwavering confidence in Hong Kong and the Corporation.

In line with its missions to promote banking stability and local debt market development and to help consolidate Hong Kong's position as an infrastructure financing hub, the Corporation launched the Infrastructure Financing and Securitisation (IFS) Business in 2019. The Corporation has since been actively participating in the infrastructure financing market by purchasing and accumulating infrastructure loans from commercial banks and co-financing infrastructure projects in partnership with multilateral development banks and commercial banks, with a view to pursuing the securitisation of infrastructure loans to facilitate the flow of capital into infrastructure investments.

Since 2023, the Corporation has been leading the issuance of ILBS in Hong Kong as a channel for directing investments from the capital markets into infrastructure assets. Additionally, the inclusion of a sustainability tranche within its ILBS transactions provided investors with an option to invest their capital in sustainable, green and socially impactful infrastructure projects.

#### Successful Issuance of the Corporation's Third ILBS

Building on the success of the issuance of the first and second ILBS in May 2023 and September 2024 respectively, the Corporation completed its third ILBS issuance in October 2025. The transaction provided professional investors with exposure to a diversified portfolio of 28 projects spreading across 12 countries and nine sub-sectors, with a total value of approximately US\$450.5 million. This successful issuance reaffirmed the Corporation's dedication to promoting banking stability and local debt market development, and further solidified Hong Kong's vital role as both an infrastructure financing and securitisation hub and an international financial centre.

In 2025, the Corporation continued to participate in various collaboration activities and present at industry events to share insights on trending topics, such as bond issuance and ESG investment, and encourage debt issuance in Hong Kong and promote high-quality HKD debt instruments for the investing community.

**The 2nd Hong Kong Capital Markets Forum 2025**

Senior Vice President (Finance) of the Corporation was invited to participate in a panel discussion at The 2nd Hong Kong Capital Markets Forum 2025 in January 2025. The event’s theme was “Enhancing Economic Vitality and Strengthening Competitiveness” and it explored, among others, the development of the Chinese Mainland’s capital market and the role of Hong Kong in it, as well as how Hong Kong may prepare itself for the challenges and to seize the opportunities ahead. The event was attended by senior officials from the Government and professionals from the capital markets, public sectors, academia and financial industry.

Senior Vice President (Finance) shared his experience in arranging the Corporation’s bond issuances and its position in the Hong Kong market as a leading corporate debt issuer. He also shared his views on the potential of the Hong Kong market for debt issuance, and in particular debt issuance in CNH to facilitate the internationalisation of Renminbi.



**Supporting Hong Kong’s Financial Literacy Engagement Activities and Educational Programmes**

The Group ensures that fair and transparent information regarding its products and services is provided to its customers to facilitate their informed financial decision-making and improve overall financial literacy in Hong Kong. Educational events and seminars are regularly conducted to keep its customers and the general public abreast of financial and retirement planning considerations, market trends and related product features. The Group also remains a staunch supporter of strengthening financial awareness in Hong Kong. In recognition of its ongoing efforts and contributions, the Corporation was awarded the “Merit Award” in the “Investor and Financial Education Award 2025” by the Investor and Financial Education Council.

The Group will continue to maintain communications with various stakeholders, including business programme partners and industry associations. This helps the Group keep track of market developments and enables it to share relevant financial information with its customers and the general public.

### Public Education on Retirement Planning in 2025

To promote the development of the retirement planning market in Hong Kong and introduce the benefits of the “HKMC Retire 3” products, the Group has organised a series of public engagement activities, workshops and visits to foster closer ties with the elderly population. For example, two educational seminars were arranged at the Hong Kong Convention and Exhibition Centre during the year, providing the general public from all walks of life with a forum to learn about the features of the “HKMC Retire 3” products and how these products can be utilised to help meet their personal financial needs, as well as the concept of “Three Instruments of Peace” — namely a will, an enduring power of attorney and an advance medical directive.



To further extend the reach of the “HKMC Retire 3” products and promote the importance of retirement planning, a roving truck was deployed as a mobile information centre to tour different districts of Hong Kong, with stops in various residential areas to acquaint the public with retirement planning tools. Through interactive games, exhibitions and product enquiries, this information centre received favourable responses from the public. Moreover, the HKMC YouTube Channel continued to be an effective platform for financial education and promotion, with over 16,000 subscribers as of the end of 2025.



### AMIGOS By HKMC (AMIGOS)

The Group continues to nurture its relationship with “HKMC Retire 3” customers and provide educational and recreational activities through its loyalty programme, AMIGOS. The programme regularly organises events themed around health, sports, financial education, culture and arts, fostering enrichment among AMIGOS members. To encourage constructive feedback and as a reward for customer loyalty, AMIGOS members receive useful information and exclusive perks from time to time through different channels and platforms, such as the AMIGOS mobile application and website.

AMIGOS organises financial literacy workshops introducing various digital financial platforms and tools and providing tips for scam prevention and fraud avoidance. In order to raise public awareness against financial scams, AMIGOS regularly sends security reminders to its members, helping to safeguard their financial health. In March 2025, AMIGOS arranged a tour to the Investor and Financial Education Council FinEd Hub, where participants learned about investment and money habits by way of immersive, interactive and experiential learning activities.



During the year, AMIGOS hosted a range of upcycling workshops, such as scouring pad and natural soap workshops, to advocate for sustainability and waste minimisation. Participants learned how to protect the environment and gained practical experience by repurposing materials into new and useful products. In addition, AMIGOS organised guided tours of different environmentally-friendly and cultural venues, including the CIC-Zero Carbon Park and Tai Hang Fire Dragon Heritage Centre, so as to promote environmental friendliness as well as raise awareness of cultural heritage conservation.



From Yarn to Shine: Crochet Eco-Friendly Scouring Pad Workshop



Waste to Wonder: DIY Cleaning Essentials and Natural Soap Workshop

AMIGOS also promotes healthy and fulfilling lifestyle among its members by hosting mental wellness and physical fitness classes. These sessions contribute to members' well-being, providing an environment where friendships can develop and new connections within the AMIGOS community can be formed.



Harmony in Motion: Pilates Workshop



Unleash Your Inner Rhythm: Jam Dance Workshop

## Caring for the Community

As part of its commitment to contributing to the society, the Group supports various charitable and community functions. Its volunteer team, Caring League, was set up to organise volunteering services, including those in collaboration with external charitable organisations with values that align with the Group's ESG goals. Staff are encouraged to participate in charitable activities and volunteering work through Caring League's initiatives. In 2025, the Group arranged in-house fundraising campaigns, community outreach events such as the "Green Power Hike" and a tree-planting activity as a team-building exercise. Furthermore, the Group promoted diversity and inclusion by hosting sign language experiential workshops and silence workshops.



The Corporation has been awarded the "Caring Organisation Logo" by The Hong Kong Council of Social Service (HKCSS) since 2008. For 2024/2025, the Corporation also received the HKCSS's "Leading Performance Award".



Mid-Autumn Festival Celebration with the Elderly



"Love Rice Box" Distribution



Sign Language Experiential Workshop

## Corporate Governance

### Board Oversight

A robust and effective governance framework is essential to the maintenance of a strong culture of ethical business practice. In the pursuit of its core missions and business objectives, the Group holds itself to high standards of professionalism, integrity and ethical conduct. The Group has established a Corporate Governance Code which sets out the principles of good governance.

In addition, the Corporation upholds effective oversight by maintaining a Board composition with a balanced set of skills, experiences and perspectives appropriate for the business requirements of the Group. The inclusivity within the Board enables consideration of different points of view, promoting informed decision-making and enhancing the Board's ability to assure stakeholders that their rights and interests are well protected.

For more details about Board oversight and the related corporate governance practices of the Group, please refer to "Corporate Governance Report" section of the Annual Report.

### Best Corporate Governance and ESG Awards 2025



The Corporation received a Special Mention in the Corporate Governance Awards (Public Sector/Not-for-profit Organisations (Large) Category) at the Hong Kong Institute of Certified Public Accountants' "Best Corporate Governance and ESG Awards 2025", reflecting the robustness of its governance framework.

This award recognised the Group's effective Board leadership, well-defined governance structure, and strong emphasis on transparency and oversight. It also signalled the Group's continued commitment to maintaining good corporate governance practices in line with evolving regulatory expectations and market developments.

### Culture of Compliance

#### **Business Integrity**

The Group is committed to conducting its business and operations by applying high standards of ethics, honesty and integrity in accordance with all applicable laws and regulations, non-statutory guidelines and codes as well as internal policies and procedures. The Group Compliance Policy and the Group Compliance Manual set out the principles for sound compliance management practices that are targeted to be integrated within the Group's strategic planning, internal controls, business activities and conduct.

In 2025, the Group was not aware of any significant litigation or regulatory action pending or threatened against the Group or any material non-compliance with relevant laws and regulations by the Group.

#### **Anti-Corruption**

The Group adopts a zero-tolerance policy for corruption or bribery in any form or at any level. As a "public body" under Schedule 1 of the Prevention of Bribery Ordinance (**PBO**), the Corporation, the HKMCA and the HKMCI are each subject to specific requirements of the PBO. From time to time, the Group arranges internal training sessions focusing on anti-corruption and bribery, which cover anti-corruption matters applicable to "public bodies" and "public servants" under the PBO, conducted by the Independent Commission Against Corruption for staff to raise and maintain their anti-corruption knowledge and compliance. Attendance at these sessions is mandatory for all new staff. The Group also requires all new staff to undertake a mandatory integrity e-learning course provided by the Independent Commission Against Corruption.

The Group's Code of Conduct imposes rules in relation to the management of conflicts of interest, abuse of power, bribery and corruption, and unethical conduct in the workplace. The Group has also promulgated procurement policies and procedures that restrict staff from offering, giving, soliciting or accepting any advantage or bribe to or from contractors, suppliers or third parties connected with its business. Any non-compliance with the Code of Conduct, the PBO or any other applicable laws and regulations may lead to disciplinary action.

### ***Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and Sanctions***

The Group's AML Procedures establish internal requirements and procedures in relation to its compliance with the applicable AML, CTF and sanctions laws and guidelines. The aim is to mitigate and manage the Group's exposure to financial crime, and safeguard the reputation of the Group and the interests of its stakeholders. The AML Procedures include a risk-based approach for conducting customer due diligence, ongoing monitoring, suspicious transaction reporting, training and record keeping. Moreover, staff of the HKMCA are required to comply with additional rules on AML applicable to long-term insurance business. The Group screens and monitors potential risks related to money laundering, terrorist financing and sanctions. Regular risk assessments of the characteristics of the Group's products and services are carried out to ensure that any risks associated with money laundering, terrorist financing and sanctions are effectively managed.

To enable staff to keep abreast of the legal and regulatory developments which are relevant to the performance of their duties and enhance their understanding of their compliance obligations, the Group organises and coordinates annual AML, CTF and sanctions training and compliance knowledge test for its staff. In terms of compliance monitoring, among other things, regular compliance audits are carried out to assess and monitor the Group's adherence to compliance standards.

### ***Anti-Fraud and Whistleblowing***

The Group has put in place an Anti-Fraud and Whistleblowing Policy which helps to combat any fraud in its business. It provides information and guidance on how to deal with wrongdoings including deception, forgery, extortion and fraudulent misrepresentation. Staff are required to stay alert to any indication or signs of fraudulent conduct in the course of their work.

The Group encourages the reporting of any suspected, threatened or actual wrongdoing, misconduct, improper activity or irregularity (not limited to fraud) within the Group. The Anti-Fraud and Whistleblowing Policy sets out the whistleblowing procedures including the circumstances, channels, concerns and processes in the making, handling and investigation of a report. All reports and complaints will be treated seriously and handled on a strictly confidential basis in accordance with all applicable laws. Bona fide whistleblowers will also be protected from any retaliatory action or retribution for submitting a report or participating in an investigation of a suspected wrongdoing. All whistleblowing cases will be investigated appropriately and reviewed by a high-level Investigation Committee for follow-up actions.

### ***Protection of Intellectual Property Rights***

The Group adheres to relevant laws and regulations regarding intellectual property as it continues to leverage its trademarks, brand names, trade secrets and other intellectual property rights to amplify its brand recognition and development. The Group has also employed formal trademark registration, contractual provisions and confidentiality procedures to protect and strengthen its intellectual property rights.

### ***Privacy Protection and Cybersecurity***

The Group is committed to respecting and safeguarding the privacy rights of individuals in relation to the personal data it collects or obtains, and complying with the applicable data protection laws and requirements including the Personal Data (Privacy) Ordinance. It has established internal policies, procedures and guidelines to ensure the protection of data privacy of its staff and customers. The Group's Privacy Policy Statement articulates its approach to the collection and retention of personal data in accordance with the regulatory requirements, and its Personal Information Collection Statements inform individuals of the purposes of data collection, classes of persons to whom their data may be transferred, their rights to make requests regarding their data, and other relevant information. Staff and customer personal data are only accessible by authorised personnel on a need-to-know and need-to-use basis. To prevent leakage and misuse of confidential information, the Group employs measures such as the use of confidentiality and non-disclosure agreements.

### Privacy-Friendly Awards 2025

The Corporation was awarded the “Outstanding Gold Award” by the Office of the Privacy Commissioner for Personal Data, Hong Kong (PCPD) at the “Privacy-Friendly Awards 2025”. Under the theme of “Safeguarding Data Security: Marching towards a New Digital Era”, the “Privacy-Friendly Awards 2025” recognised organisations’ commitment to good data governance and their approach in enhancing data security and embracing the protection of personal data privacy in the digital age.

Representatives from the Corporation attended the awards ceremony held in July 2025, demonstrating the Group’s support for the promotion of high data protection and privacy standards. This award showcased the Group’s robust privacy protection measures and frameworks to embed privacy principles into its operations and digital initiatives. It also highlighted the Group’s dedication to safeguarding stakeholders’ personal data and continuously strengthening its privacy risk management and compliance practices.



A short video has also been uploaded to the PCPD YouTube Channel ([www.youtube.com/@PCPDHKSAR](http://www.youtube.com/@PCPDHKSAR)) to introduce the Group’s experience and insights in the protection of data privacy.

To protect its systems and networks from cyberattacks and ensure the confidentiality and integrity of its data and information assets, the Group has developed information security policies to manage and monitor its cybersecurity and data risks. The information security policies establish security standards and controls for the protection of all critical information systems and confidential data owned by the Group. In addition, the Group's Cybersecurity Incident Response Plan outlines its approach in incident response and recovery.

In 2025, the Group continued to enhance the cybersecurity awareness and technology risk management capabilities of its staff through theme-based awareness training and information sharing on recent cybersecurity trends, such as artificial intelligence (AI) and deepfake technologies. Furthermore, cyber defence assessments, such as security risk assessments and audits and simulated phishing email exercises, were conducted regularly.

The Group will also continue to invest in information technology safeguards to meet its information security objectives. Additionally, to implement digital transformation and enhance its business agility, the Group will constantly seek ways to modernise its internal systems and applications to further improve efficiency while minimising potential risks during its digitalisation journey.

### Cybersecurity Assessment

In 2025, the Group initiated a formal assessment of its cybersecurity measures with reference to the Insurance Authority's Guideline on Cybersecurity. The assessment aimed to review its current cybersecurity posture and align existing practices with applicable requirements, ensuring regulatory compliance and robust governance. The Group also engaged a cybersecurity vendor to perform regular external attack surface assessments, which provided valuable insights into potential vulnerabilities and recommendations for strengthening defences against emerging cyber threats.

### Cyber Security Staff Awareness Recognition Scheme 2025/26



The Corporation was awarded the "Platinum Award" in the "Cyber Security Staff Awareness Recognition Scheme 2025/26" co-organised by the Hong Kong Internet Registration Corporation Limited and Information Systems Audit and Control Association. This award recognised the Group's commitment to strengthening cybersecurity culture, enhancing staff awareness and maintaining defence capabilities against cybersecurity threats.

In the era of rapid digitalisation, the sophistication and diversity of cyber threats have intensified, rendering technical defences alone inadequate. Consequently, staff security awareness has emerged as a vital component of the Group's cybersecurity posture, and a range of resources and specialised training programmes have been provided to staff in response to this evolving threat landscape.

## Employment and Labour Practices

### **Talent Attraction and Retention**

The Group attracts and grooms talented individuals to ensure the effective performance of its core missions. It provides staff members with competitive remuneration packages and fringe benefits, promising career paths and development opportunities.

The Group also adopts family-friendly practices by offering a five-day work week to help staff maintain a good work-life balance as well as comprehensive medical and dental insurance plans that cover both the staff and their dependents. The Group strives to foster a supportive and family-friendly workplace by providing work-from-home and flexible work arrangements. The Corporation was awarded the Mandatory Provident Fund Schemes Authority's "Good MPF Employer Award" from 2014 to 2024 which was awarded in appreciation of employers who place a high value on their staff's retirement needs. In 2025, the Group undertook a comprehensive review of its existing retirement schemes, resulting in the introduction of new Mandatory Provident Fund scheme options for staff to choose from. These new schemes aim to provide staff with more choices and flexibility for their retirement planning, further demonstrating the Group's commitment to supporting their long-term financial well-being. With the introduction of these new schemes, the Corporation received the "Best All-round MPF Employer" award from the Mandatory Provident Fund Schemes Authority in 2025.

Going forward, the Group plans to explore the inclusion of ESG performance factors in its remuneration policies and practices, with a view to identifying and establishing an appropriate and balanced approach that aligns staff and executive incentives with ESG objectives.

### **Diversity and Inclusion**

The Group is committed to creating, promoting and maintaining an environment that provides equal opportunities for all staff, including in areas of recruitment, terms and conditions of employment, promotion, compensation and benefits, training, as well as corporate-sponsored social and recreational programmes. As an equal opportunities employer, the Group maintains an Equal Opportunities Policy and is against any form of discrimination or harassment based on sex, breastfeeding, marital status, pregnancy, family status, disability, race, colour, descent and national or ethnic origin. The Group provides various facilities to cater to the diverse needs of staff. For example, breastfeeding rooms are provided for the comfort of nursing mothers. The Group also implements gender-neutral and disability-inclusive recruitment and promotion policies which are underpinned by competency-based assessments and evaluations.

### **Staff Relations and Well-being**

The Group provides a healthy and safe working environment. As a caring organisation, the Group is dedicated to looking after its staff's physical and mental health. The Employee Support Programme offers confidential external counselling services to staff and their family members as needed. The topics of the counselling services may include stress management, interpersonal relationships, mental health, physical health and family issues. Hygiene and health tips are regularly communicated via emails and newsletters to raise staff awareness of physical and mental well-being. A vaccination programme for the prevention of influenza and health-check programmes are also offered to all staff at discounted rates.

From time to time, the Group reviews and strengthens its contingency measures to minimise any disruptions to business operations. Periodic drills are organised to ensure staff are familiar with the activation of backup facilities, contingency plans and communication arrangements in case of emergencies or safety concerns.

During the year, the Group was not subject to or aware of any material issues relating to occupational health and safety.

### **Training and Development**

The Group recognises the importance of ongoing training and devotes appropriate resources to the enhancement of its staff's professional knowledge and skills. In 2025, to help staff expand both their technical knowledge and soft skills, the Group arranged a series of seminars, workshops and e-learning resources.

For example, the Group organised ESG training workshops, with a focus on navigating climate transition and ensuring robust ESG data governance. An in-house seminar was also held to educate staff on recognising and mitigating common and emerging digital scam tactics, thereby safeguarding the Group's sensitive information. In view of the growing role of AI in business operations, a range of AI training programmes were implemented to equip staff across all levels with the skills necessary to effectively integrate and utilise AI in their daily work.

Other than in-house training programmes, the Group encourages continuous learning and professional development by offering training subsidies for self-development through external training. Sponsorship may be granted for job-related external training and overseas training to broaden exposure. Eligible staff may apply for study leave and examination leave to prepare and sit for examinations necessary for the sponsored courses or recognised professional qualifications.



In-house Seminar: Future-proof your Digital Life — Outsmart Scams, AI and Deepfakes

To help nurture talent for the future, the Group offers internship programmes for undergraduates that provide practical work experience to help them prepare for their future careers. In 2025, the Group continued to carry out the Manager Trainee Programme, with the objective of identifying high-calibre young executives to be groomed to meet the Group's long-term staff development plan. Throughout the three-year programme, the Manager Trainees will undergo workplace training in different departments, take part in corporate projects and attend structured learning and development activities. In addition, the Group has launched the Placement Trainee Programme which provides undergraduates with the opportunity to acquire valuable on-the-job exposure relating to various departmental functions, as well as training and learning opportunities for their career development.

### **Operating Practices**

#### **Procurement Management**

The Group is committed to a responsible and fair procurement process while managing its suppliers. Its Procurement Rules and Procedures Manual outlines its position on procurement management and sets out its approach to due diligence, selection and tender criteria and ongoing supervision of supplier relationships. In the process of selecting qualified suppliers, the Group takes into account various factors including the supplier's reputation, track record of business integrity, expertise, reliability and pricing. In addition, appropriate management approvals are required before entering into contract with a supplier to promote accountability and good governance.

As part of the procurement management process, potential suppliers for procurement items above a specific value are required to complete the Vendor ESG Questionnaire. This questionnaire is designed in accordance with the Group's ESG Guiding Principles to ensure alignment with its ESG strategies and objectives.

In 2025, the Group was not aware that any of its key suppliers had reported any non-compliance incidents in relation to business ethics, environmental protection or labour practices.

### **Complaints Handling Procedures**

The Group values feedback regarding its product and service qualities. To manage such feedback effectively, it has established the Enquiries and Complaints Handling Policy which provides the framework and guidance for handling queries and complaints by customers, business partners, general public, media and other stakeholders. The Group strives to ensure all enquiries and complaints are properly and promptly attended to, logged and resolved in an independent, objective, impartial and effective manner. To improve its operations and better serve its customers, the Group regularly monitors, analyses and reviews the data on enquiries and complaints to identify trends, impacts and timeliness of responses.

### **Responsible Marketing**

The Group has implemented the Guidance for Marketing Materials to ensure that its marketing materials comply with applicable laws and regulatory requirements, respect third-party rights and avoid any misleading content.

To supplement the Guidance for Marketing Materials and in accordance with the ESG Statement and ESG Guiding Principles, the Group has also adopted the Anti-Greenwashing Guidance to promote the integrity, transparency and accuracy of its sustainability or environmental claims.

During the year, the Group was not aware of any reported cases of irresponsible marketing of its products.

### **Technology Adoption**

The Group attaches great importance to digital transformation, with the adoption of advanced technological solutions to optimise operations and enhance product and service experiences. To drive the integration of advanced technologies and data applications into day-to-day business operations, the Group has established the Digitalisation Office that works closely with business units to streamline processes and improve data-driven decision-making. During 2025, the Digitalisation Office launched an in-house AI-powered chatbot system designed to support a broad spectrum of workplace tasks to enhance operational efficiency.

## **Meeting Environmental Concerns**

### **Climate Risk and Opportunity Management**

The Group recognises the potential risk of climate change to its business and implements targeted management approaches to enhance its climate resilience. The “Climate Risk Management” and “Climate Opportunities” sections below are intended to supplement the broader “Incorporating ESG into Risk and Opportunity Management” section in this report and should be read in conjunction with it. Together, these sections provide an overview of the Group’s overall ESG (including climate-related) risk profile and opportunity landscape as well as its practices in managing such risks and opportunities.

### **Climate Risk Management**

The Group is aware of the importance of effective identification, monitoring and management of climate risks across its businesses and operations. Climate risks are managed through the Group’s ESG Risk Management Framework. For further details on the ESG risk management process, please refer to “ESG Risk Management” section of this report.

The Group has established a climate-related risk identification and assessment process to identify and assess the climate-related risks across its business functions and operations. The assessment analyses how climate risks could be transmitted to traditional risks (see table on the next page) and their current and anticipated impacts on the Group.

Examples of Climate Risk Transmission Pathways (Current and Anticipated) <sup>8</sup>					
Climate Risks — Risk Types and Risk Drivers	Credit Risk	Market Risk	Operational Risk	Reputation Risk	Legal and Compliance Risk
<b>Physical Risk</b>					
<b>Acute</b>					
Increasing frequency and severity of extreme weather events, such as floods, rainstorms and tropical cyclones	√	√	√	√	
<b>Chronic</b>					
Longer-term shifts in climate patterns, e.g. higher temperatures that cause sea-level rise	√	√	√	√	
<b>Transition Risk</b>					
<b>Policy</b>					
Policy actions to constrain the adverse impact of climate change or promote mitigation to climate change — examples include implementing carbon-pricing mechanisms and energy transition policies	√	√	√	√	√
<b>Technology</b>					
Technological advancements that support the transition to a lower-carbon and energy-efficient economic system — examples include new technologies to reduce GHG emissions and replacement of obsolete technologies	√	√	√	√	√
<b>Market</b>					
Shifts in supply and demand for certain commodities, products and services, as climate risks and opportunities are increasingly taken into account	√	√			
<b>Reputation</b>					
Tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy		√	√	√	√

<sup>8</sup> Examples of climate risk transmission pathways and effects (current and anticipated) include:

- (a) Credit risk — Borrowers may fail to meet their financial obligations as a result of increased operating costs stemming from increased carbon pricing, reduced revenue or assets devaluation. In the event of default, the recovery of the outstanding loans may be reduced due to the devaluation of assets.
- (b) Market risk — Assets may experience devaluation caused by heightened market volatility due to shifts in market expectations or occurrence of severe weather events.
- (c) Operational risk — Failure to incorporate climate policy changes into the Group's internal processes and controls may result in operational risks and losses.

*Climate Scenario Analysis and Stress Testing*

The Group conducts climate scenario analysis and stress testing to assess its climate risks in different future states, thereby facilitating management of climate risks and building climate resilience.

The climate scenarios of the Group are formulated with reference to the Hong Kong Monetary Authority’s Guidelines for Banking Sector Climate Risk Stress Test, market practices and scenarios developed by the Network for Greening the Financial System and the Intergovernmental Panel on Climate Change. The impact and likelihood of climate-related risks have been simulated in these scenarios at the macroeconomic, regional and sectoral levels.

Taking into account the potential relevance and impact of climate-related risks to its activities, the Group has conducted scenario analysis on its mortgage businesses and IFS and treasury investment portfolios, covering both physical and transition risks in near-term and long-term horizons and in each case focusing on those businesses and/or portfolios which are more likely to be subject to the respective climate risk. The near-term horizon reaches up to the year 2030, and the long-term outlook extends to the year 2050. The table below summarises the climate scenarios used by the Group.

Scenarios and Assumptions <sup>9</sup>	Businesses/Portfolios Likely to Be Subject to Respective Climate Risk	Risk Level <sup>10</sup>	
		Near-term	Long-term
<b>Physical Risk</b> Global climate actions remain insufficient to halt significant global warming, resulting in adverse change in climate patterns. This leads to irreversible impacts such as sea-level rise and more frequent and severe extreme weather events	Mortgage businesses	Low Risk	Low Risk
	IFS portfolios	Low Risk	Low Risk
<b>Transition Risk<sup>11</sup></b> Climate policies are becoming more stringent, resulting in higher carbon costs, advancement in technologies and shift in market sentiment in driving decarbonisation	IFS portfolios	Low Risk	Low Risk
	Treasury investments	Low Risk	Low Risk

The Group demonstrated resilience against climate change under the scenarios, based on the position as of the end of 2025. The overall financial impact under the scenarios on the Group remained manageable.

Given the evolving nature of climate risks, the Group will keep monitoring and update the climate stress test as necessary.

<sup>9</sup> A static balance sheet assumption is adopted under all scenarios to maintain a consistent balance sheet size and composition throughout the assessment horizon.

<sup>10</sup> The climate risk level is determined based on the potential financial impact on and/or exposure of the businesses/portfolios under the specified climate scenarios.

<sup>11</sup> The high transition risk scenario limits global warming to 1.5°C, aligning with the Paris Agreement.

### **Climate Opportunities**

Climate change could also present the Group with opportunities to develop and invest in low-carbon assets to support a just and orderly transition to a low-carbon economy.

The Group adopts the same approach as for the identification of ESG opportunities to identify climate-related opportunities. Please refer to “ESG Opportunity Management” section of this report for more details.

#### *Climate-related Opportunities*

<b>Example of Climate-related Opportunities</b>	<b>Amount and Percentage of Assets Aligned with Climate-related Opportunities</b>	<b>Anticipated Financial Effects to the Group</b>
Access to new markets and promotion of sustainable finance by issuing green and sustainability-linked instruments	<b>Size and proportion of the sustainability tranche in the third ILBS issuance:</b> HK\$910 million equivalent; 26.0%	Increase in cash flow through the issuance of sustainable financial products

### **Transition to Carbon Neutrality**

#### **Decarbonisation Targets**

In 2021, the Government announced Hong Kong’s Climate Action Plan 2050 that would lead Hong Kong towards the goal of carbon neutrality before 2050, with the interim decarbonisation target to reduce Hong Kong’s total carbon emissions by 50% before 2035 as compared to the 2005 level. The Corporation, as a public sector entity, supports the Government’s carbon neutrality commitments and climate action plan.

#### *Decarbonisation Target Statements*

In alignment with the Government’s carbon neutrality commitments and Hong Kong’s Climate Action Plan 2050, the Group targets to achieve carbon neutrality<sup>12</sup> by 2050.

As an interim target, the Group strives to reduce its GHG emissions intensity<sup>12</sup> by 36% by 2035 from a 2023 base year.

The methodology used to set these decarbonisation targets was developed in 2024 with the assistance of an external consultant to align the Group’s decarbonisation efforts with the Government’s climate strategies, and it remained relevant and unchanged during the year. As of the end of 2025, the Group was well on track to meet its targets, achieving reductions in operational and portfolio GHG emissions intensity of approximately 50% and 46% respectively compared to the 2023 base year. Please refer to “Metrics” section in this report for further details of the emissions data used to monitor progress against the Group’s decarbonisation targets.

The decarbonisation of the Group’s operations and portfolios is subject to constraints and uncertainties influenced by various factors beyond emissions alone, such as changes in the portfolio asset mix and strategies in response to market developments, as well as fluctuations in underlying asset valuations. Taking into consideration the evolving regulatory landscape, market developments and industry practices, the Group’s decarbonisation targets and its progress in meeting such targets would continue to be regularly monitored, reviewed and reported to the ESGC and the Board.

<sup>12</sup> Taking into account the nature of the Group’s businesses, portfolios, services and operations and the feasibility of data collection and quantification including considering the relevance and/or materiality of its various emissions sources, the scope of GHG emissions for carbon neutrality and emissions intensity calculations in respect of the Group’s decarbonisation targets currently includes Scope 1, Scope 2 and Category 3, 5, 6 and 15 of Scope 3 emissions.

**Decarbonisation Action Plan**

To achieve its goal of reaching carbon neutrality across operations and specific investment portfolios by 2050 and contribute to Hong Kong’s climate action plan, the Group has established a decarbonisation action plan as follows which sets out the non-exhaustive list of actions it aims to take towards decarbonisation in the near and long term.

- Carbon reduction initiatives
- Encourage resources conservation, energy saving and waste reduction in the workplace
  - Retire fuel-powered company vehicles<sup>13</sup>
  - Reduce overseas business meetings that may be effectively done virtually
  - Purchase renewable energy certificates for Scope 2 emissions
  - Purchase carbon credits for Scope 1–3 emissions, including carbon offsets offered by airlines
  - Portfolio re-balancing through positively shifting towards less carbon-intensive sectors and companies
  - Increase the proportion of financing renewables and decrease the proportion of financing carbon-intensive assets over time

- Carbon reduction investments/financing
- Investment in green bonds or corporate bonds with issuers engaged in renewable projects or projects which could generate carbon credits (i.e. carbon creditable projects)
  - Financing carbon creditable or less carbon-intensive infrastructure projects or projects with carbon avoidance or carbon removal potentials

To execute this decarbonisation action plan, the Group will, where appropriate, prioritise and allocate resources to the carbon reduction initiatives in its operations and products/business programmes (as applicable) to achieve its interim target. In the long term, the Group will explore implementing appropriate carbon reduction actions and investments to reduce emissions further and support Hong Kong’s emissions reduction targets. The Group will regularly evaluate and refine its resourcing strategy based on, among other things, overall business strategy, stakeholder expectations, regulatory changes and technological advancements through ongoing assessment.

The Group’s decarbonisation action plan is developed based on a number of assumptions and external dependencies which may change over time. These include, among others, assumptions on the continued development, availability and affordability of low-carbon technologies, energy sources and projects, stable implementation of climate-related regulations, and decarbonisation of the wider power supply network in Hong Kong or where the Group’s projects are located. This action plan also depends on actions by the Group’s suppliers, investees and other stakeholders to reduce their own emissions, as well as the establishment of enabling infrastructure such as renewable energy capacity and energy efficiency improvements. Therefore, actual decarbonisation outcomes may differ from those projected if these assumptions do not materialise, or if dependencies are delayed or outside the Group’s control. The Group will review and if necessary, update its decarbonisation action plan periodically to reflect evolving circumstances and changing context.

<sup>13</sup> In 2025, the Group retired the remaining fuel-powered car in its fleet which now consists entirely of electric vehicles.

### **Integrating ESG Considerations into Business Decision-making**

The Group is committed to operating and carrying on business in a responsible and sustainable manner. As part of that commitment, the Group has incorporated ESG factors into its corporate strategy and operations by adopting its ESG Statement and ESG Guiding Principles. The Group also established the ESGC to lead its sustainability efforts, oversee the implementation of its ESG strategy, and monitor and manage the associated risks and opportunities including considering the potential trade-offs between them. Examples of such trade-offs include balancing the increased investment in green or sustainability-linked assets against potential changes in cost of capital, as well as assessing how to phase out higher-emission assets where there may be short-term revenue impacts but long-term benefits in portfolio resilience and alignment with stakeholder expectations on the Group's ESG performance.

The Group believes that integrating ESG considerations, including climate-related factors, into its investment, lending and business decision-making will create sustainable value over the long term, contribute to a more sustainable world and reduce its ESG-related risks. It has adopted the RILBP, which establishes a framework for implementing responsible strategies in these areas. Through ESG integration, the Group identifies and evaluates ESG factors within its decision-making processes, encompassing standard risk assessments and thematic investment, lending and business activities.

Recognising the importance of considering ESG factors and integrating them into daily operations, business strategy and product offerings in achieving its ESG vision, the Group has adopted a list of ESG integration factors. These factors cover key aspects such as office operations,

corporate governance and culture, overall strategy, product design, and stakeholder engagement. They are designed to facilitate the undertaking of ESG integration actions and enable the tracking of ESG progress. To ensure robust implementation of the ESG strategy, the Group will conduct regular reviews of its ESG performance and policies.

### **Sustainable Finance and Investment**

In addition to adopting the RILBP, the Corporation established the SGS Framework to further integrate sustainability into its core business strategy in 2022. In 2025, the Corporation updated its SGS Framework to align with the latest market standards and include new eligible social and green asset categories, such as access to essential financing for the elderly, climate change adaptation and green construction materials. The updated framework highlights the Group's sustainable initiatives and demonstrates how it supports Hong Kong's long-term sustainability goals. The Corporation will use the SGS Framework to structure and issue green, social and/or sustainability bonds and asset-backed securities through public offerings or private placements, supporting the development of assets or projects with environmental and/or social benefits.

Pursuant to the updated SGS Framework, the Corporation issued a HK\$2 billion 30-year social bond as part of its public benchmark bond issuance in November 2025. It was the Corporation's fourth social bond issuance, and was the first social bond in Asia Pacific with proceeds being used to support reverse mortgage loans that provide essential financing for the elderly in Hong Kong. An annual report on the allocation and impact of net proceeds of all the Corporation's social bond issuances will be published until full allocation.

**Summary of Social Bond Issuances**

Round	Date	Description
1	October 2022	<ul style="list-style-type: none"> <li>• Inaugural social bond issuance</li> <li>• Comprised of two tranches and denominated in two currencies: HK\$8 billion 2-year and CNH 3 billion 3-year</li> </ul>
2	September 2023	<ul style="list-style-type: none"> <li>• Comprised of three tranches and denominated in three currencies: HK\$9.5 billion 2-year, CNH 5 billion 3-year and US\$650 million 5-year</li> <li>• Marked as the largest social bond issuance in Asia at that time</li> </ul>
3	October 2024	<ul style="list-style-type: none"> <li>• Comprised of four tranches and denominated in three currencies: HK\$7 billion 2-year and HK\$8 billion 5-year, CNH 2 billion 7-year and US\$850 million 3-year</li> <li>• Marked as the largest social bond issuance in Asia Pacific at that time</li> </ul>
4	November 2025	<ul style="list-style-type: none"> <li>• HK\$2 billion 30-year social bond tranche as part of the HK\$25.3 billion public benchmark bond issuance</li> <li>• First-ever social bond in Asia Pacific with proceeds targeted to support reverse mortgage loans that provide essential financing for the elderly in Hong Kong</li> </ul>

**Promotion of Sustainable Finance in 2025 — HK\$2 Billion 30-year Social Bond tranche as part of the HK\$25.3 Billion Public Benchmark Bond Issuance**

In November 2025, the Corporation successfully launched and priced its fourth social bond of HK\$2 billion with a tenor of 30 years, as part of its HK\$25.3 billion public benchmark bond issuance. It was the first social bond in Asia Pacific with proceeds being used to support the Group’s RMP that provides essential financing for the elderly in Hong Kong.



The RMP is one of the “HKMC Retire 3” products offering retirement planning solution for elderly homeowners, allowing them to unlock property value for supplementary cash flow to maintain their quality of life and meet healthcare and other livelihood needs.

This first-ever social bond tranche dedicated for reverse mortgage loans not only promoted sustainable financing and financial inclusion for the elderly, but also contributed to the development of the retirement planning market and silver economy in Hong Kong.

Meanwhile, the Corporation’s infrastructure loan projects and portfolios managed by its IFS Division undergo initial and continuous environmental and social due diligence and monitoring under the IFS Environmental and Social Guidelines to ensure effective management of ESG risks. Moreover, IFS Division funds renewable energy projects, including solar, wind and hydropower, which provide a low-emission alternative to traditional fossil fuels and support host countries in meeting their energy needs and reducing the emissions intensity of their electricity supply. IFS Division also invests in social infrastructure projects, such as telecommunication and water infrastructure, promoting digitalisation and sustainable water and wastewater management.

### Sustainable Finance Awards

In recognition of its efforts in sustainable finance and investment, the Corporation received prestigious awards and accolades including:

- The Hong Kong Quality Assurance Agency's Hong Kong Green and Sustainable Finance Awards 2025
  - Outstanding Award for Green and Sustainable Bond Issuer (Infrastructure)
    - Largest Single Sustainability Bond



- The Asset Triple A Awards for Sustainable Finance 2026
  - Best Social Bond in Hong Kong



### ESG Integration in the Third ILBS Issuance

In October 2025, the Corporation successfully launched its third ILBS, featuring a US\$117 million sustainability tranche backed by a portfolio of sustainable, green and social assets. Issued under the Corporation's SGS Framework, the sustainability tranche adheres to the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines released by the International Capital Market Association, underscoring the Corporation's dedication to green and sustainable development.

The project assets are expected to deliver tangible green and social benefits. Regarding GHG emissions avoidance, over 147,406<sup>#</sup> tCO<sub>2</sub>e in avoided emissions per annum are attributable to the underlying renewable projects in the transaction.

In particular, the underlying water supply and wastewater management project located in China ensures access to clean and stable water supply for both urban and rural communities, easing the growing water stress in the country. Also, the telecommunication project, which is located in India, fosters digital inclusion in communities which are generally under-developed with low internet penetration rates by providing them with access to basic infrastructure, particularly digital communication. Internet connection provides people with access to information and services, thereby improving the overall quality of life.



An Operational Water Plant in China

<sup>#</sup> Avoided emissions refer to the reductions based on what would have been released in the absence of the project. In the context of renewable energy, electricity generated from renewable sources displaces fossil fuel-intensive power, thereby avoiding the associated high emissions.

As outlined in the RILBP, the Group integrates ESG considerations into its investments to align business activities with its core missions over the long term and contribute to the society.

As part of its decarbonisation action plan, the Group plans to invest in green bonds or corporate bonds with issuers engaged in renewable or carbon creditable projects over time. Similarly, for the IFS portfolios, the Corporation aims to invest in carbon creditable projects or projects with carbon avoidance or carbon removal potentials, contributing to its carbon reduction efforts. The Group will continue to seek opportunities in green finance within the context of its core missions to support Hong Kong's vision of becoming a leading sustainable finance hub in the region.

### **Green Operations**

The Group implements and aims to enhance environmentally-friendly practices within the workplace to reduce GHG emissions and improve energy efficiency. Aligned with the Government's carbon neutrality commitments and Hong Kong's Climate Action Plan 2050, the Group has developed the Green Operations Guidelines. These guidelines serve to steer and facilitate the adoption of eco-friendly practices, with an emphasis on two areas: green workplace design and positive environmental impact. Also, to support the Government's initiative to promote the use of electric vehicles, the Group has replaced its fuel-powered cars with electric vehicles over the past few years. In 2025, the Group's remaining fuel-powered car was retired, as the Group transitioned to an all-electric fleet to reduce fuel consumption and the associated GHG emissions.

Through various green operations initiatives, the Group strives to achieve improved resource efficiency in its offices. For more information on the Group's environmental performance at the workplace, please refer to the metrics disclosed in "Resource Efficiency" section of this report.

**Green Workplace**

The Group continues to support and implement various green initiatives to create a more environmentally-friendly office.

A major part of the Group’s business operations continues to be based in Two Harbour Square in Kwun Tong, a building certified with the Leadership in Energy and Environmental Design (**LEED**) Gold status by the U.S. Green Building Council which signifies high sustainable building standards. In addition, the Group has its office at International Commerce Centre in West Kowloon, a building with LEED Platinum certification. Both offices are designed in an eco-conscious manner and the agile office setting facilitates team collaboration. Other green office elements adopted include:

Office Elements	Description
Office furniture and equipment	<ul style="list-style-type: none"> <li>• Reuse of office furniture and equipment</li> <li>• Use of Cradle to Cradle Certified® carpets which are safe and responsibly made</li> </ul>
Air-conditioning	<ul style="list-style-type: none"> <li>• Installation of individual air-conditioning switches to reduce electricity consumption when not in use</li> </ul>
Lighting	<ul style="list-style-type: none"> <li>• Use of LED lighting instead of fluorescent tubes</li> <li>• Installation of timers for office lighting and motion sensors to reduce indoor lighting usage</li> </ul>
Water	<ul style="list-style-type: none"> <li>• Water dispensers are used to replace bottled water</li> </ul>
Other considerations in workplace design	<ul style="list-style-type: none"> <li>• Provision of greenery within the offices</li> </ul>



Potted Plants in Office

**Bring Your Own Cups**

In 2025, the Group introduced the “BYOC (Bring Your Own Cups)” initiative, aimed at eliminating the use of disposable paper cups in office pantries. To promote sustainability, staff members are encouraged to bring their own reusable cups and mugs for beverages. For added convenience, shared ceramic mugs are available in the pantries for staff and guests to use.

**Environmental Protection**

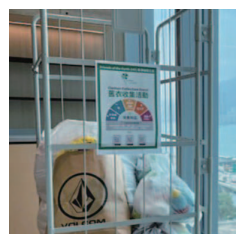
All staff are encouraged to positively contribute to environmental protection through waste reduction and energy conservation. Actions taken include adopting digital communication tools for paperless operations and recycling waste paper and used toner cartridges. The Group welcomes staff suggestions for additional eco-friendly office initiatives and encourages its suppliers to use and offer environmentally-friendly products when feasible. For instance, the workplace utilises sustainable products such as Forest Stewardship Council-certified paper and eco-friendly pantry supplies.

In 2025, the Group launched the “Digital Declutter” programme as part of its “Go Green Trio” initiative to provide a sustainable and responsible solution for disposing of or donating old electronic devices and ensuring thorough data sanitisation. To promote a culture of resource conservation and waste reduction, the Group supported year-round initiatives, including clothes recycling and books donation programmes, aimed at raising awareness about the importance of treasuring resources and minimising waste. The Group also worked with the management services office of its office premises to enhance waste management and monitoring of waste data. Other initiatives to reduce its environmental footprint include:

- Waste reduction
  - Providing facilities, including recycling bins, for collection of used paper, cans and bottles
  - Donating old computer equipment which are in good condition to charitable organisations
  - Recycling used paper and envelopes
  - Recycling rechargeable batteries and electronic appliances via the Government’s waste reduction and recycling programmes
  - Supporting used clothes recycling programme to set up collection points in the office to collect clothing items from staff for recycling
  - Minimising consumption of bottled water and usage of plastic carboy containers
  - Replacing desktop computers with laptops to facilitate paperless meetings
  - Issuing publications in electronic format, including the in-house staff publication, HKMConnection
  - Adopting electronic internal administrative procedures, including leave application, performance appraisal and reservation of meeting rooms
  - Utilising infographics in the office to promote reduction of paper consumption
- Energy conservation
  - Installation of energy-saving devices, including LED lights, motion sensors and timers, to control indoor lighting
  - Utilising infographics in the office to promote reduction of energy consumption



Books Donation Programme



Used Clothes Recycling Programme



Paper Recycling Bin



Office Recycling Bins

## Metrics

The Group has given consideration to the HKFRS Sustainability Disclosure Standards and other relevant sustainability reporting frameworks, such as the Hong Kong Exchanges and Clearing Limited's ESG Reporting Code, in developing its metrics for monitoring and reporting ESG performance. Where appropriate, additional information relating to the metrics, including as applicable, the methods and inputs for calculation, is provided in this report to facilitate understanding of the underlying assumptions and limitations (if any). The Group aims to continue to review and enhance its metrics and in alignment with the Government's Roadmap on Sustainability Disclosure in Hong Kong, explore the feasibility of having them validated by an independent third party to strengthen transparency and credibility in accordance with applicable sustainability assurance requirements which are expected to apply to large publicly accountable entities commencing from 2030.

### Environmental

#### GHG Emissions

Metrics	2025	2024
<b>Operations — GHG emissions intensity</b>	<b>0.5 tCO<sub>2</sub>e/staff</b>	0.6 tCO <sub>2</sub> e/staff
<b>Operations — Total GHG emissions<sup>14</sup></b>	<b>302.9 tCO<sub>2</sub>e</b>	347.0 tCO <sub>2</sub> e
Scope 1 GHG emissions <sup>15,16</sup>	<b>9.6 tCO<sub>2</sub>e</b>	12.5 tCO <sub>2</sub> e
Scope 2 GHG emissions (location-based and market-based) <sup>17</sup>	<b>215.7 tCO<sub>2</sub>e</b>	261.2 tCO <sub>2</sub> e
Scope 3 GHG emissions (Category 3, 5 and 6 only)	<b>77.6 tCO<sub>2</sub>e</b>	73.3 tCO <sub>2</sub> e
Category 3: Fuel- and energy-related activities	<b>7.5 tCO<sub>2</sub>e</b>	9.2 tCO <sub>2</sub> e
Category 5: Waste generated in operations <sup>18</sup>	<b>14.8 tCO<sub>2</sub>e</b>	13.6 tCO <sub>2</sub> e
Category 6: Business travel <sup>19</sup>	<b>55.3 tCO<sub>2</sub>e</b>	50.5 tCO <sub>2</sub> e
<b>Portfolios — GHG emissions intensity<sup>20</sup></b>	<b>22.6 tCO<sub>2</sub>e/HK\$ million outstanding</b>	31.7 tCO <sub>2</sub> e/HK\$ million outstanding
<b>Partnership for Carbon Accounting Financials (PCAF) weighted-average data quality scores<sup>20</sup></b>	<b>2.4</b>	2.6

Further details on the Group's GHG calculation methodologies and limitations to the relevant emissions data are outlined in the Appendix of this report.

#### Resource Efficiency

Metrics	2025	2024
Energy		
Total electricity consumption	<b>555,429 kWh</b>	627,524 kWh
Total fuel consumption <sup>16</sup>	<b>2,755 kWh</b>	12,979 kWh
Energy consumption per unit office area	<b>45.8 kWh/meter<sup>2</sup></b>	51.1 kWh/meter <sup>2</sup>
Energy consumption per staff	<b>933.4 kWh/staff</b>	1,147.9 kWh/staff

<sup>14</sup> Total operational GHG emissions consist of Scope 1, Scope 2 and Scope 3 (Category 3, 5 and 6) emissions only.

<sup>15</sup> Scope 1 emissions include fuel consumption by company vehicles and fugitive emissions from air conditioners and fire extinguishers.

<sup>16</sup> In May 2025, the Group's remaining fuel-powered company car was replaced by an electricity-powered vehicle, thereby resulting in a decrease in fuel consumption and the associated Scope 1 GHG emissions.

<sup>17</sup> Scope 2 emissions include indirect emissions from purchased electricity including those used to charge the electric vehicles of the Group.

<sup>18</sup> The increase in waste generated was mainly attributable to an increase in staff in post.

<sup>19</sup> The increase in business travel was mainly due to an increase in business volume and activities (e.g. overseas site visits and inspections for purposes of due diligence and ongoing monitoring in infrastructure loan transactions as well as overseas training).

<sup>20</sup> This covers financed emissions from corporate bonds, listed equities, project finance and business loans of the Group.

**Social****Products and Services**

Metrics	2025	2024
Amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information	<b>Nil</b>	Nil
Accumulative amount of infrastructure loan assets securitised	<b>HK\$8,297 million</b>	HK\$5,872 million

**Community Investment**

Metrics	2025	2024
Amount of staff donations	<b>HK\$75,876</b>	HK\$11,090
Number of hours of staff volunteer services	<b>88 hours</b>	71 hours

**Governance****Staff Demographics**

Metrics	2025	2024
Staff		
<b>By gender</b>		
Female	<b>53%</b>	53%
Male	<b>47%</b>	47%
<b>By age group</b>		
50 and above	<b>25%</b>	23%
40 to 49	<b>32%</b>	34%
30 to 39	<b>35%</b>	34%
Below 30	<b>8%</b>	9%
<b>By staff category by gender</b>		
Senior staff		
Female	<b>29%</b>	26%
Male	<b>71%</b>	74%
<b>Staff turnover rate</b>	<b>4.7%</b>	8.1%

### **Training and Development**

<b>Metrics</b>	<b>2025</b>	<b>2024</b>
Total staff training hours	<b>13,969 hours</b>	10,423 hours
Average staff training hours	<b>23 hours/staff</b>	19 hours/staff
<b>Staff training by type of training</b>		
Compliance/legal knowledge	<b>21.7%</b>	17.5%
Information technology skills	<b>24.4%</b>	16.6%
Managerial/leadership skills	<b>17.0%</b>	11.8%
Professional/business knowledge	<b>30.6%</b>	43.8%
Others	<b>6.3%</b>	10.3%

### **Compliance and Risk Management**

<b>Metrics</b>	<b>2025</b>	<b>2024</b>
Quarterly review on effectiveness of existing information and technology-related processes and systems by management committees	<b>Yes</b>	Yes
Annual testing conducted on business continuity and data recovery	<b>Yes</b>	Yes
Quarterly submission of risk management report to the Board	<b>Yes</b>	Yes
Any material non-compliance with laws and regulations which are applicable to the Group's operations	<b>No</b>	No

## Appendix — GHG Calculation Methodologies

Consistent with last year, the methodologies for quantifying Scope 1, 2 and 3 (Category 3, 5 and 6) GHG emissions are based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (**GHG Protocol**), while the methodologies for quantifying financed emissions are based on the PCAF — The Global GHG Accounting and Reporting Standard Part A: Financed Emissions (December 2022)<sup>21</sup> which conforms with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the GHG Protocol. The measurement approaches, inputs and assumptions have been chosen to align with market practices for calculating GHG emissions.

The Group applies the general principles of the operational control approach outlined in the GHG Protocol, covering all controllable release of Scope 1 and Scope 2 GHG emissions from operations over which it has operational control<sup>22</sup>. Subject to third-party data availability and other emission measurement limitations (see next page of this Appendix), the reported GHG emissions are intended to cover all types of GHGs specified in the Kyoto Protocol, i.e. carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.

### Attribution Factors and Source of Emission Factors for Financed Emissions\*

Emission Source	Attribution Factors	Source of Emission Factors
Project finance	<ul style="list-style-type: none"> <li>Outstanding amount</li> <li>Total project equity and debt</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions data of the project, as reported by the borrower</li> <li>Emission factors specific to the project's energy consumption-based or production-based primary physical activity data</li> <li>Emission factors for the project's sector per unit of revenue or from similar projects</li> </ul>
Business loans	<ul style="list-style-type: none"> <li>Outstanding amount</li> <li>Total equity plus debt of the borrower</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions data from the borrower in accordance with the GHG Protocol</li> <li>Emission factors specific to the borrower's energy consumption-based primary physical activity data</li> <li>Emission factors for the borrower's sector per unit of revenue or from similar projects</li> </ul>
Corporate bonds	<ul style="list-style-type: none"> <li>Outstanding amount</li> <li>Total equity plus debt for bonds or revenue of the issuer</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions data from Bloomberg, sustainability report of the issuer and/or proxy data</li> </ul>
Listed equities	<ul style="list-style-type: none"> <li>Outstanding amount</li> <li>Total equity plus debt for equity investments or revenue of the issuer</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions data from Bloomberg, sustainability report of the issuer and/or proxy data</li> </ul>

\* The financed emissions from these sources are included in 'Portfolios — GHG emissions intensity' under "GHG Emissions" section of this report, and the Group's other emission sources under Scope 3 (Category 15), such as those attributable to the sovereign bonds held or the MPP, are not included in the metric as they are excluded from the Group's decarbonisation targets.

<sup>21</sup> In December 2025, the PCAF issued updates to its standards which introduced, among others, new methodologies for securitisations and structured products. The Group is studying the implications of the updates and assessing the appropriate next steps for the implementation of the updated PCAF standards.

<sup>22</sup> For financed emissions from project finance and business loans, this covers the controllable release of Scope 1 and Scope 2 GHG emissions from operations over which the Group's borrowers have operational control. Alternatively, the equity share approach would be adopted in case the borrower owns an interest but does not have operational control over the infrastructure project.

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## Appendix — GHG Calculation Methodologies (Continued)

### Limitations of Financed Emissions Measurements

The financed emissions disclosed in this report are subject to uncertainties relating to, among others, measurement, consistency, reliability and data quality resulting from limitations inherent in the methodologies and the quality and availability of data from third-party sources including borrowers. For example, in relation to project finance and business loans, there may be variations in the way that project companies and borrowers calculate and report their emissions. Further, where company-specific disclosures are not available, estimated and proxy data with lower data quality may be used. It is also conceivable that for infrastructure financing, the attribution factor would increase when equity is recovered once the commercial operations date is reached and the distribution test is met. As a result, given a higher proportion of project emissions attributed to the lenders, the financed emissions intensity may increase. The gross emissions of infrastructure projects may also increase due to post-completion ramp-up of assets. Additionally, the Group generally depends on third-party data providers (e.g. Bloomberg) for investee emissions data in relation to its treasury investments, and third-party data sets that feed into the Group's emissions calculations may be subject to time lag in reported emissions figures or variations in reporting timelines and methods used. While it is expected that third-party data quality would improve over time as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be fluctuations in data quality scores due to a number of reasons, including the processes by which data is collected and recorded by third-party data providers.