

Corporate Social Responsibility



The HKMA is committed to fulfilling its corporate social responsibility, and aims to be a responsible and sustainable organisation. This commitment is manifested in various areas, including promoting a sustainable and environment-friendly marketplace, supporting the wider community, protecting the environment and nurturing a caring workplace.

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MARKETPLACE

Green and sustainable banking

Climate change is one of the major risks threatening the well-being of mankind and the sustainability of the world economy. The financial sector in which banks operate, being an integral part of the society, will also be impacted and hence should be more proactive in managing climate risks. The HKMA is committed to exploring ways to address this challenge. Against this background, the HKMA unveiled in May a number of measures for promoting the development of green finance in Hong Kong, including the adoption of a three-phased approach to promote green and sustainable banking:



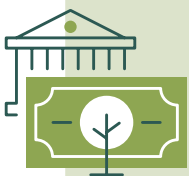
Phase I

developing a common framework to assess the “Greenness Baseline” of individual banks, and collaborating with relevant international bodies to provide technical support to banks in Hong Kong so that they can better understand the green principles and methodology involved in undertaking the baseline assessment;



Phase II

engaging the industry and other relevant stakeholders in a consultation on the supervisory expectations and requirements of green and sustainable banking, with a view to setting tangible deliverables that promote the green and sustainable development of the Hong Kong banking industry; and



Phase III

focusing on the implementation, monitoring and evaluation of banks’ progress in this regard.

Given the global nature of the challenge, international forums serve as an important platform for the HKMA to understand the latest developments, approaches and practices in other jurisdictions. In this connection, the HKMA participates actively in the Central Banks and Supervisors Network for Greening the Financial System to share experiences and co-ordinate efforts to tackle climate change-related risks. The Basel Committee on Banking Supervision and its working groups, in which the HKMA participates, also identify this challenge as an emerging supervisory issue.

See the *Banking Stability* chapter for more details about the progress on promoting green and sustainable banking during the year.

Hong Kong as a hub for green finance

To demonstrate the Government’s support for sustainable development and determination to combat climate change and promote green finance development in Hong Kong, the Financial Secretary announced the Government Green Bond Programme (GGBP) in the 2018–19 Budget. Proceeds raised under the Programme would be used for financing public work projects with environmental benefits.

As the implementation agent for the GGBP, the HKMA assisted the Government in issuing the inaugural green bond successfully in May 2019, with an issuance size of US\$1 billion. The issuance not only set an important new benchmark for potential green bond issuers in Hong Kong and the region, but also set a good example by deploying best market practices during the issuance process. The issuance was also well recognised by the international community. For instance, the bond was included in at least four major international green bond indices and has won several green and sustainability awards granted by international financial service providers.

The Centre for Green Finance, established in 2019, aims to promote Hong Kong as the hub for green finance in Asia and to champion the importance of sustainability within infrastructure investment and financing. It works with a cluster of key stakeholders to build the green finance capacity of Hong Kong’s financial industry, and to promote market and product development in local and regional markets.

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See the *International Financial Centre* chapter for more details about the HKMA's work on developing Hong Kong as a green finance hub during the year.

Responsible investment

As the investment manager of the Exchange Fund, the HKMA believes that the concept of responsible investment (RI) is highly relevant to its investment work. As the HKMA is one of the world's largest asset owners, it will have a major impact on how fund managers pick assets.

Our Beliefs

The HKMA sees RI as an investment approach that takes into account the impact of various environmental, social and governance (ESG) factors on long-term investment returns and their sustainability. The HKMA believes that, by putting an appropriate emphasis on RI and sustainable long-term economic performance, it can better achieve the investment objectives of the Exchange Fund and reduce risks associated with the ESG-related matters of its underlying investments.

Our Principles

The HKMA's guiding principle is that priority will generally be given to ESG investments if the long-term risk-adjusted return is comparable with other investments. Where appropriate, the HKMA adopts in its investment process the following RI principles that underpin its beliefs as a responsible long-term investor:

Integration

The HKMA incorporates ESG factors into its investment analysis processes to identify risks and opportunities, as it believes that these factors can materially affect the long-term value of its investments. Specifically, the HKMA has been integrating ESG factors into its investment process for both public and private market investments. For public market investments, the HKMA incorporates ESG factors in its credit risk analysis of bond investment. External managers that share the HKMA's RI beliefs are selected and appointed. The HKMA communicates its RI beliefs to all its external managers and expects them to align in such a way that the overall sustainable long-term economic performance target is attainable. For private market investments, the ESG policies and practices of the HKMA's general partners are examined as part of its due diligence process.

Active ownership

The HKMA exercises shareholder rights in its public equity holding in a manner that helps safeguard the long-term value of its investments. The HKMA believes that responsible corporate behaviour guided by ESG factors will help create shareholder value in the long term. The HKMA's asset managers are expected to help the HKMA discharge its ownership responsibilities in the underlying investments by adopting active ownership through exercising voting rights and engaging with the corporates concerned.

Collaboration

The HKMA seeks to join hands with like-minded investors and regulators to promote good practices for the long-term management of investments. It participates in and speaks at public events to share views and encourage the investment community to adopt RI.

See the *Reserves Management* chapter for more details about the HKMA's work on RI during the year.

Promoting financial inclusion

The HKMA attaches great importance to financial inclusion and has been making significant effort in promoting access to basic banking services by different segments of the society to meet the basic daily needs of the general public and the operational needs of legitimate businesses. In particular, the HKMA has been working closely with the banking industry on the following priority areas:

- ◆ Encouraging banks to launch more physical banking facilities and develop digital and innovative channels for the delivery of basic banking services to serve the general public, particularly residents of remote areas and public housing estates, and the elderly;
- ◆ Facilitating and monitoring the accessibility of bank accounts to individuals and small and medium-sized enterprises (SMEs);
- ◆ Enhancing the accessibility of banking services to specific customer groups, for example, customers with disabilities and ethnic minorities;
- ◆ Facilitating and monitoring the accessibility of bank credit to SMEs; and

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- ◆ Granting authorization to eight virtual banks, which will play an active role in promoting financial inclusion in delivering their banking services.



Barrier-free banking services

- Wheelchair accessible bank branches: **over 94%**
- Voice navigation ATMs: **over 1,000**
- Branches with assistive listening system: **over 660**



Cash withdrawal service for the elderly

- Outlets of convenience store chain: **over 300**
- Hongkong Post Offices and Mobile Post offices: **over 160**



Mobile branch locations served by three retail banks: **27**



Simple Bank Accounts opened: **over 2,800**



Virtual bank licences granted: **8**

See the *Banking Stability* chapter for more details about the HKMA's work on promoting financial inclusion during the year.

COMMUNITY

Promoting financial literacy

The HKMA promotes financial literacy through various channels. Apart from running educational programmes to promote smart and responsible use of banking and financial services by the public, the HKMA features on its revamped official website a new dedicated section on "Smart Consumers", where the public can find useful information and smart tips on a wide range of banking and related products and services. Social media platforms such as Facebook, LinkedIn, YouTube, Instagram and Twitter are used in addition to the HKMA official website and publications to provide up-to-date information on banking and financial affairs.

The HKMA Information Centre, serving as the HKMA's major public education and research resource since 2003, introduces the work of the HKMA to the community and promotes public awareness of monetary and banking matters. Educational guided tours are offered daily for group visitors from schools and non-profit making organisations. Public education seminars and other activities are also organised for students to enhance their financial knowledge and literacy. In addition, the HKMA works closely with the Investor and Financial Education Council to promote financial literacy in Hong Kong via its financial education platform, The Chin Family.

See the *Corporate Functions* chapter for more details about the HKMA's work on promoting financial literacy during the year.

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Addressing the needs of special groups

Accessibility of Hong Kong banknotes

The 2018 Series of Banknotes retains accessibility features used in the previous series of banknotes to help the visually impaired differentiate between the denominations. These accessibility features include Braille, tactile lines and high-tactility numerals.



To help the visually impaired differentiate between the denomination of the banknotes, a mobile app, sponsored by the HKMA and developed by the Hong Kong Society for the Blind, uses the phone's camera to scan the

banknote patterns for the denomination. The app is available for download from Apple App Store and Google Play Store for free. A note-measuring template sponsored by the HKMA and the three note-issuing banks has also been introduced to measure the length of the note. It can measure both the 2018 Series and the notes currently in circulation. The template is embossed with Braille on one side and symbols on the other. It is freely distributed at voluntary agencies serving the visually impaired community.

Coin Collection Programme

Under the Coin Collection Programme, the HKMA collaborates with the Hong Kong Council of Social Service to deploy the Coin Carts to collect coins on flag days for non-governmental organisations.

Accessibility of public information

The revamped HKMA official website was launched in September. The revamped website has enhanced navigation structure to facilitate easy and convenient search by users based on their own preferences. In particular, the website contains a dedicated webpage "Information in Other Languages" under the "Smart Consumers" section, which provides useful information on banking services in seven languages commonly used by the ethnic minority community, namely Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai and Urdu.

The HKMA is committed to ensuring that its website conforms to the maximum extent possible to the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0 Level AA standard, to facilitate barrier-free access to its online information by people with special needs.

Volunteer and charitable activities

The HKMA supports community services by taking part in volunteer and charitable activities.

The Senior Citizen Home Safety Association awarded the Community Engagement Crystal Award to the HKMA for participating in the 2018 Love & Peace of Mind Corporate Engagement Programme.

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Charitable events participated in by the HKMA Volunteer Team in 2019



"Charity Run"

organised by Po Leung Kuk



"YO! Let's Walk the Road"

organised by the Youth Outreach

"Share-To-Care Volunteer Campaign"

organised by the Agency for Volunteer Service



Flag selling

organised by the Yuen Yuen Institute, Senior Citizen Home Safety Association, Hong Kong Association for Cleft Lip and Palate, the Conservancy Association, and Hong Kong Blind Union



"Fundraising and greeting card writing"

organised by S.K.H. St. Christopher's Home

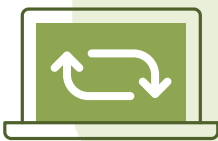


"Telephone operator volunteers"

for the "Community for the Chest" Television Show, organised by the Community Chest

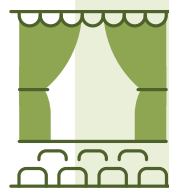
Home visits

to the elderly organised by the Neighbourhood Advice-Action Council and Senior Citizen Home Safety Association



"Donation of computer appliances"

to Caritas Computer Workshop



A singing performance

arranged during a visit to Po Leung Kuk Wan Chai Home for the Elderly cum Day Care Centre for the Elderly

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"Yo! Let's Walk the Road" by the Youth Outreach.



Artists and representatives from the social enterprise, Arts with the Disabled Association Hong Kong, visit the HKMA office, where its artworks are displayed.

HKMA staff members take part actively in Blood Donation Day, Territory-Wide Flag Day, Community Chest's Green Day, Love Teeth Day, Skip Lunch Day, Dress Casual Day and regular campaigns that collect clothes, toys and other reusable items for donation to charities.



HKMA staff members take part actively in Blood Donation Day, organised by the Hong Kong Red Cross.

Caring organisation

In recognition of its commitment to care for the community, the HKMA was accredited with the "10 Years Plus Caring Organisation Logo" by the Hong Kong Council of Social Service for the 13th consecutive year.



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ENVIRONMENT

Green office measures

The HKMA has an established environmental policy to protect and preserve the environment. The policy and implementation measures are promulgated among its staff regularly. Green office measures include:



Paper/Photocopying/Printing

- ◆ Encouraging the use of recycled paper and envelopes;
- ◆ Distributing electronic copies instead of hard copies of documents;
- ◆ Printing on both sides of the paper;
- ◆ Using colour printing and copying only when necessary;
- ◆ Avoiding the use of paper cups; and
- ◆ Using environmentally friendly paper and ink for the HKMA's *Annual Report*.



Electricity

- ◆ Switching off PCs, printers, lights, audio-visual systems and other electrical appliances when these devices are not in use. Reactivating the preset power-saving mode installed in most equipment, such as water dispensers, electric punching machines and shredders, after use outside their preset operating hours; and
- ◆ Reviewing regularly the need for additional air-conditioning beyond normal business hours.



Recycling

- ◆ Making good use of recycled bins to collect different categories of waste, including paper, cans, bottles, batteries, CDs and ink cartridges.

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WORKPLACE

Diversity and inclusion

Equal Opportunities Policy

The HKMA is an equal opportunities employer. It believes that everyone should be able to work in an environment free of discrimination, harassment, vilification and victimisation. The equal opportunities policy applies to job advertisements, recruitment, terms and conditions of employment, performance assessment, promotion, transfer, training, dismissal, grievance procedures and general conduct.

Key statistics on diversity

People are central to the work of the HKMA. We value the diversity of our workforce, which has a balanced gender representation and a spectrum of different age groups.

Female representation at the senior management levels, that is, Executive Director and above, made up 31% as of February 2020.

Human capital key statistics on 1 January 2020

Chart 1 Gender of staff

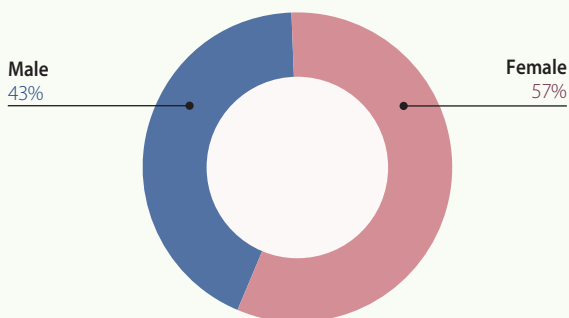


Chart 2 Age of staff

≥ 50 years old

22.4%

40 to 49 years old

28.5%

30 to 39 years old

38.0%

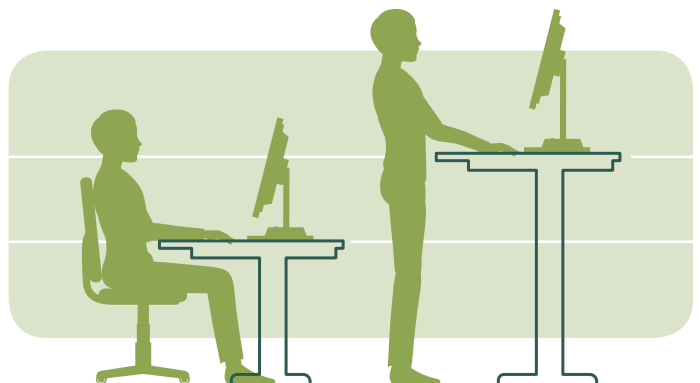
< 30 years old

11.1%

Average: **41** years old

Quality workplace

To cater for projected operational needs, the HKMA renovated the offices during the year to create an open layout, increase capacity and allow for more efficient use of space. Breakout areas and ergonomic furniture are part of the new office design. To enhance the staff's physical health, height-adjustable desks were offered to staff members, allowing them to change their postures easily throughout the day between sitting and standing.



Height-adjustable desks improve office ergonomics.

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Staff well-being

The HKMA promotes work-life balance and cares about the health and work safety of the staff. Regular talks on healthy lifestyles, stress management and workplace safety are organised and indoor air quality is monitored. Annual on-site medical check-ups and flu vaccinations are arranged. The HKMA also sponsors a professional counselling service comprising experienced psychologists and social workers.

Throughout the year, different activities are organised to enhance the staff's physical wellness, promote their sense of belonging, and foster co-operation and team spirit. Interest classes are held for staff members and their families. Inter-organisational and cross-divisional activities such as basketball and football competitions with fellow regulators provide opportunities to socialise.



A nature trail hike in Lai Chi Wo organised by the HKMA Hiking Team.



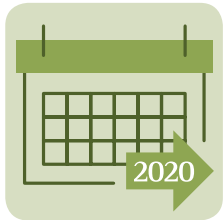
The 27th Dr. Henry Fok Corporate Patron League 2019, organised by the Hong Kong Tennis Association.



Supervisory Cup Basketball Competition.

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PLANS FOR 2020 AND BEYOND



The HKMA will continue its efforts in addressing climate change risks and promoting green finance development in Hong Kong in different capacities. As a banking supervisor, the HKMA will further promote green and sustainable

banking by proceeding to Phase II of the three-phased approach to set supervisory expectations and requirements for the banking industry. As the manager of the Exchange Fund, the HKMA will further develop and implement its RI policy by incorporating ESG factors into investment decisions and processes. As a market facilitator, the HKMA will assist the Government to issue more green bonds, enhance green finance capacity of market players, and promote Hong Kong's international profile in green finance.

The HKMA will also keep working with the banking industry to enhance the accessibility of banking services to different segments of the community, and promoting financial literacy via various channels.

Within the institution, the HKMA will step up green office measures, including installing motion sensors in common areas and meeting rooms to further reduce electricity use, and working with the building managers to collect waste, in particular plastic lunch boxes, for recycling. It will also continue its efforts in supporting and participating in various charitable activities and volunteer work, and fostering a caring and healthy workplace for its staff.