

CORPORATE SOCIAL RESPONSIBILITY

JUDY LAM

Like Hang Seng, Judy Lam believes that education is crucial to the long-term development of communities. A gifted student from Diocesan Girls' School, Judy was the recipient of a Hang Seng overseas scholarship that enabled her to pursue a BA in Economics at Harvard University.

Since graduating, Judy has focused on employment that allows her to serve the local community. She now works as a programme coordinator for Junior Achievement, a non-profit organisation dedicated to empowering young people to improve the quality of their lives and communities.

“Hang Seng helped me to achieve an important educational goal. Now I’m working to encourage young people to strive for their own goals and contribute towards the improvement of society.”

ACHIEVED 10
STRAIGHT A's
AT HKCEE



ACTIVE IN
VOLUNTEER WORK



BROADENED
OUTLOOK AT
HARVARD
UNIVERSITY

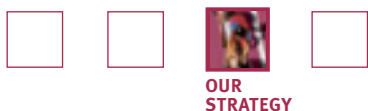


MENTORING
YOUNG PEOPLE
FOR THE
BETTERMENT OF
SOCIETY



“Receiving a Hang Seng overseas scholarship enabled me to pursue my academic dreams. Now I’m using my experience and knowledge to give something back to the local community.”





OUR
STRATEGY

CORPORATE SOCIAL RESPONSIBILITY

As one of Hong Kong's 10 largest listed companies, Hang Seng recognises the importance of good corporate social responsibility.

Our success is built on the strong support of the local communities in which we operate. Involvement in social and environmental initiatives is one way of sharing our success with those who helped to create it. It is also an investment in the long-term development of our communities.

Our good corporate citizenship has been recognised both locally and overseas. In 2001, we became a constituent stock of the FTSE4Good Global Index, which tracks the performance of companies that meet internationally recognised corporate responsibility standards. In 2005, we were named a Caring Company by the Hong Kong Council of Social Service for the third consecutive year.

OUR COMMUNITY, OUR COMMITMENT

Since 1996, we have given over HK\$180 million in charitable donations and community sponsorships, including HK\$16 million in 2005. We provided financial and volunteer support to beneficiaries such as the Community Chest of Hong Kong and various charities assisting with the 2004 Indian Ocean tsunami relief efforts. Our community sponsorship activities focused primarily on education, community service and support of sports and the arts.

A strong belief in giving back to the community exists at all levels of our organisation. Our senior executives contribute their time, taking up roles and positions with charitable organisations and public bodies. In 2005, more than 500 staff members took part in voluntary work arranged through the Bank, contributing over 4,600 hours to various youth, elderly persons and environmental protection programmes.

Through their participation in activities such as Community Chest fund-raising events, staff personally donated HK\$1.6 million to worthwhile causes in 2005.

We are also helping facilitate charitable giving by our customers. Over HK\$6 million has been donated to a wide range of charities through our e-Donation service since its establishment in December 2001. During 2005, we sent out around 500,000 fund-raising inserts with customer bank statements on behalf of various charitable organisations.

Education remains the keystone of our community development efforts. Since 1995, we have helped more than 950 students through the allocation of over HK\$46 million to various scholarship programmes.

In 2005, we awarded six scholarships to outstanding students in Hong Kong and mainland China under our Hang Seng Bank Overseas Scholarship Scheme, which enables recipients to undertake studies at leading universities in the United States and the United Kingdom. A total of 46 students have benefited from the scheme since its launch in 1996.

We also awarded local scholarships to over 130 students who are studying at tertiary institutions in Hong Kong and the Mainland.

We continued to help secondary school students develop important language skills and knowledge of the media through our support of the Ming Pao Student Reporters Programme.

Since 1998, we have partnered with the Hong Kong Philharmonic Orchestra to bring the joy of classical music to more than 360,000 students through the "Hang Seng Bank Blossom with Music" musical education programme. Over 70,000 young people benefited from the 2004-5 programme, which included a chamber concert for around 150 children from special schools held at our Penthouse.

As a committed patron of the arts, we are a long-standing supporter of the

“A strong belief in giving back to the community exists at all levels of our organisation.”

Hong Kong Arts Festival. In 2006, we will sponsor the Festival's finale – a widely acclaimed production of Mozart's *Don Giovanni*.

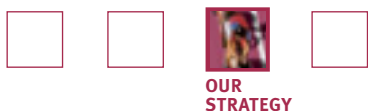
Our enthusiasm for sports development stems from a desire to promote a healthier way of life and help the younger generation learn valuable lessons in teamwork, setting goals and achievement.

Since 1991, we have provided over HK\$20 million to support table tennis training in Hong Kong. This includes our sponsorship of the Hang Seng Table Tennis Academy, which since its establishment in 2001 has helped more than 77,000 participants nurture their sporting skills.

Hong Kong's local athletes provide inspiration for tomorrow's heroes. We are proud to be able to help reward sporting excellence through the Hang Seng Athlete Incentive Awards Scheme, organised by the Hong Kong Sports Institute (HKSI).

This scheme provides cash incentives to Hong Kong athletes that put in medal-winning performances at the 10th National Games, 4th East Asian Games and the 2008 Olympic and Paralympic Games. In November 2005, Hang Seng and the HKSI jointly presented around HK\$800,000 to athletes for their outstanding achievements at the 10th National Games and 4th East Asian Games.





OUR
STRATEGY

CORPORATE SOCIAL RESPONSIBILITY (continued)

CREATING A BETTER ENVIRONMENT

Managing the environmental impacts of our business is an increasingly important complement to managing financial and investment risks. We are committed to minimising the negative environmental effects of our activities. We are also stepping up our involvement in initiatives that have a positive impact on the natural environment.

Established in 2002, our Environmental Management Committee oversees the implementation of our environmental policy and management system. This Committee meets quarterly and includes representatives from all major divisions and departments.

In July 2004, we implemented an environmental management system (EMS) at our head office to help us assess our environmental performance and establish targets for improvement. We received ISO 14001 certification at our headquarters in January 2005, making us the first local financial institution in Hong Kong to receive such recognition. We have subsequently achieved certification at Hang Seng Tower in Kowloon Bay, taking the total floor area covered by ISO 14001 certification to 580,000 square feet.

Raising staff awareness is a vital part of improving our environmental

performance. In 2003, we launched our award-winning "HANG SENG Go Green Staff Awareness Campaign". We also deliver environmental messages through staff newsletters and Bank-wide broadcasts and competitions.

As part of our efforts to improve the natural environment, we have planted 40,000 trees through the Agriculture, Fisheries and Conservation Department's Afforestation Scheme since 2000.

We conduct regular business reviews to assess our resource use. In one initiative this year, we reduced the number of personal financial services and wealth management product leaflets from 124 to 60 by consolidating a number of similar factsheets.

We continue to increase our use of recycled and environmentally friendly materials in corporate products such as business cards, posters, staff newsletters, and interim and annual reports.

Caritas, Pok Hoi Hospital and the Salvation Army received about 2,000 pieces of serviceable IT hardware and

related accessories through our IT equipment recycling programme in 2005.

We are using technology to help save resources by promoting the use of electronic transaction and communications channels, both in-house and by our customers. At 31 December 2005, we had around 520,000 Personal e-Banking customers and over 29,000 businesses were using our Business e-Banking services.

In February 2005, we launched our e-Statement service through which customers can switch from paper to electronic statements. Over 70,000 people have already signed up, saving more than two million sheets of paper in the service's first year.

Our concern for the environment goes beyond our own operations.

We seek to promote sustainable development through our lending and investment by balancing economic advancement with social and environmental considerations. We support the Equator Principles, which address social and environmental risks in project financing. We also have

“As part of our efforts to improve the natural environment, we have planted 40,000 trees.”

sector-specific sustainable risk guidelines for financing activities in environmentally sensitive industries such as forestry, chemicals and freshwater infrastructure.

Staff involved in procurement are required to follow our "Ethical and Environmental Code of Conduct for Suppliers" when assessing potential new suppliers or reviewing the performance of existing ones.

The "Hang Seng Bank – Junior Police Call Environmental Detectives" competition was launched in 2005 to

enhance environmental and civic awareness among young people in Hong Kong. Co-organised with the Hong Kong Police and WWF Hong Kong, the competition enjoyed strong support. We received over 1,200 environmental reports from 7,200 participants who competed for the title of "Environmental Detectives", while the competition's web game registered over 100,000 entries. Winners were rewarded with scholarships and environmentally focused trips to a conservation area in Thailand and Hoi Ha Marine Life Centre in Hong Kong.

Through our support of WWF Hong Kong as a diamond corporate member, we are playing our part in protecting the region's biodiversity. At an organisational level, we do not serve shark's fin, endangered coral reef fish species or black moss at any Hang Seng function.

We are a participant in the Carbon Disclosure Project, which provides a forum for the world's largest institutional investors to collectively consider the business implications of climate change.

ENVIRONMENTAL PERFORMANCE

	2005	2004	2003	2005 vs 2004	2005 vs 2003
Greenhouse gas emission per person (tonnes CO ₂ / FTE)	3.61	3.62	3.74	-0.3%	-3%
Greenhouse gas emission per m ² (tonnes CO ₂ / m ²)	0.21	0.21	0.21	–	–
Greenhouse gas emission (kilotonnes CO ₂)	26.4	26.2	26.4	+0.8%	–
Electricity consumption (GWh)	33.3	32.9	32.8	+1%	+1%
Gas consumption (GWh)	0.86	0.86	0.97	-0.1%	-11%
Water consumption (000 m ³)	91	101	131	-10%	-30%
Paper / cardboard waste recycled (tonnes)	828	799	759	+4%	+9%
IT / electrical waste reused (tonnes)	39	37	33	+5%	+19%
General office waste (tonnes)	533	942	1,005	-43%	-47%

Data coverage: Hang Seng Bank's Hong Kong operations

Abbreviations:

CO₂: carbon dioxide

FTE: full-time equivalent

GWh: gigawatt-hours

m²: square metres

m³: cubic metres