# Climate-related Strategy and Disclosures

This document outlines the Livi Bank Limited's ("the Bank's" or "our") approach to climate-related strategy and disclosures, structured in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, the Hong Kong Monetary Authority ("HKMA") guidance, and relevant sustainable finance principles. It aims to communicate transparently on how the Bank integrates climate considerations into governance, risk management, strategic planning, and reporting.

## Strategy

As an integral member of the Hong Kong and global community, the Bank takes climate risk seriously and recognises the impact that climate risk poses to generations to come. The Bank recognises our civic duty and responsibility to play a role in minimising and reducing our impact on climate risk.

The Bank addresses Environmental, Social and Governance ("ESG") considerations in all that we do. In that process, the Bank takes reference from the UN Sustainability Development Goals, especially in Climate Action, Inclusion & Diversity, Reduced Inequalities and Financial Inclusion.

In terms of climate-related risks, the related risk for retail banking business is considered minimal, with products such as deposits, payment, transfer, personal loans and insurance. As the Bank grows the SME business, the level of risk can be expected to increase, albeit modestly. While the Bank has limited risk exposures to climate change, we are setting up risk management controls to closely monitor the climate risk exposures, opportunities and developments to assess any impact on the Bank's business strategy, products and services, and to enhance our responses to climate change as we recognise that it is a global trend.

As a digital bank, we incorporate climate risk considerations into product development, lending, and investment decisions, and adopt technology that helps accelerate sustainable growth with a reduced carbon footprint – less use of paper, no physical branches. Sustainability measures are adopted where applicable, such as at the Bank's offices to minimise the building's environmental impact. In addition, our Bank is committed to ensuring that our operations comply fully with all applicable environmental laws and regulations.

## Governance

The Board of Directors of the Bank (the "Board") has overall responsibility for climate-related risks. With the assistance of the Board Risk Committee ("BRC") and other committees, the Board is responsible for:

- overseeing the Bank's approach to managing climate risk and development and implementation of the Bank's climate related strategy;
- reviewing and approving the Bank's climate related strategy, policies, plans, and targets;
- monitoring the progress of the Bank's climate related strategy and targets, and evaluating the work of the other relevant committees or business units and approving recommendations, if any, on actions and proposed adjustments to the strategy;
- ensuring appropriate governance structure, resources, processes, systems, and controls to support implementation, execution and monitoring of the climate-related strategy and an effective climate risk management framework;
- assigning roles and responsibilities, and priorities of climate risk management plans to the Bank's other governance committees, business departments, line functions and staff;
- reviewing effectiveness of the relevant committees annually, as well as the quality of the management information it receives;
- integrating ESG considerations, particularly climate-related issues, into strategic objectives and business plans; and
- regularly reviewing the Bank's climate-related lending exposure against established targets.

The Management Committee ("MC") is to receive and consider reports from the designated sub-committee(s) and, as appropriate, advise the BRC on the following:

(i) the integration of climate risk into the Bank's risk management framework;
(ii) proposed changes or updates to management strategy and related framework;
(iii) risk analysis on reports provided and actions proposed by the Risk Management & Internal Control Committee ("RMC"); and
(iv) updates on relevant and material developments, and to approve any proposed actions from other committees and business units or functions.

RMC is to report to BRC the following, if any:

- progress of integration of climate risk into the Bank's risk management framework;
- significant matters in connection with climate risk exposure and proposals on actions to be taken; and
- updates of regulatory developments and issues in connection with climate change that may have an impact on the Bank's businesses and operations

**Risk Management**

From a risk management perspective relating to climate risk, the Bank has incorporated climate-related risk considerations into our risk management framework, and established effective risk management processes to identify, measure, assess, monitor, control, mitigate and report such risks.

**Risk Identification**

The Bank categorises climate-related risks into:

- Physical Risks: Direct impacts from extreme weather events (e.g., floods, typhoons, heatwaves) affecting office premises, data centres, and customer operations.
- Transition Risks: Regulatory, technological, and market shifts associated with the transition to a low-carbon economy.

**Risk Assessment**

The Bank assesses climate-related risks through scenario analysis, client screening, and monitoring of its operational footprint.

- **Scenario Planning**: While current operations reflect a very low physical risk exposure due to urban-centric office locations and digital-first delivery, medium and long-term climate scenarios are periodically simulated to stress-test operational and credit risks.
- **Environmental Screening**: Corporate and SME clients are evaluated for climate-related exposure, including sector-based transition risks and sustainability practices.
- **Emissions Management**: Scope 1, 2 and 3 emissions are monitored with an emphasis on energy efficiency, sustainable office operations, and reduction of carbon footprint through low-impact IT infrastructure.

In respect of risk identification and assessment, the Bank:

- has performed assessment and considers the impact of climate change to the Bank is very limited, while the Corporate and SME business customers can be expected to experience an impact from climate change; and
- has performed assessments on Scope 1, 2 and 3 emissions, and the carbon emissions are not expected to have significant impacts on the Bank's operations.

As a result, the Bank is of the view that its risk exposures due to climate change are very low, in the short-term and medium-term under climate-related risk scenarios.

**Risk Mitigation**

In respect of monitoring, reporting, control and mitigation, the Bank:

- has assessed the climate change currently poses mainly physical risks to the buildings that it occupies as an organisation, including offices and data centres. And the risks are considered to be very low and are manageable as the locations are mainly based in Hong Kong and Shenzhen, and any disturbances to such buildings are considered in the Bank's Business Continuity Plan.
- has incorporated climate risk considerations, prioritising clients with clear sustainability and operational resilience plans into the Bank's credit management policies;
- will report to the BRC and/or MC and make recommendations, if any, on specific climate risk management strategy, policies, plans, climate risk related disclosure; and
- will review, at least annually, risk appetite limits, associated with climate strategy, where appropriate.

**Risk Monitoring and Reporting**

In respect of monitoring, and reporting, the Bank had the following measures in place:

- "Annual sustainability and climate disclosures" adhere to TCFD frameworks; and
- Material climate measurement includes energy usage and metrics of credit portfolios with low-carbon sectors.

**Actual Consumption**

The Bank monitors its greenhouse gas ("GHG") emissions and energy consumption primarily related to electricity consumption by office premises and cloud services.

| Electricity Consumption in Year 2025-2026 | Scope 2 (Office Premises) | Scope 3 (Cloud Services) | Total GHG emissions |
|---|---|---|---|
| GHG emission factors: EF (kg CO2-e per unit) | 72,981 | 794,000,000 | 794,072,981 |

Notes:

-The amount of carbon emissions per unit is 0.59 kg CO2-e by Hong Kong Electrics and 0.58 kg CO2-e by CLP Power HK for the year 2025 and 2026 approximately.

-The result is rounded up to the nearest kg.

-Carbon emission is an indicative figure only based on the best available information.

**Conclusions**

The Bank recognises that climate change presents both risks and opportunities that require systematic governance, integrated strategy, and transparent disclosures. By embedding climate considerations into our operations, risk management frameworks, and client engagement, the Bank contributes to Hong Kong's sustainable finance ecosystem while safeguarding our operational resilience and long-term value creation. This proactive approach ensures accountability to stakeholders, responsiveness to evolving climate changes, and alignment with best practices in climate-related financial disclosures.

This climate-related strategy and disclosure framework demonstrates the Bank's commitment to responsible banking, sustainable operations, and long-term value creation for shareholders, customers, employees, and society.

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