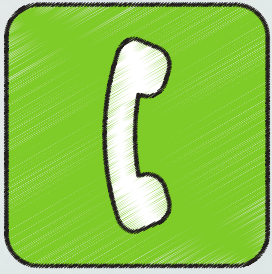


# ESG Consultation Conclusions

On 18 December 2019, The Stock Exchange of Hong Kong Limited (the Exchange) published the conclusions to its consultation on the ‘**Review of the Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) and Related Listing Rules’ (ESG Consultation Conclusions)**, making revisions on the content of existing ‘Listing Rules’ and the ‘ESG Guide’. The amendments will apply to issuers’ ESG reports for financial years commencing on or after 1 July 2020.

The focuses of this revision by the Exchange were mainly on **building the corporate ESG framework, mandating the disclosure of the role the Board plays in its engagement in ESG risks management, encouraging the exploration of the links between climate change and corporate sustainable development, and furthering the application of the principle of Materiality in the disclosure of ESG performance and report preparation.**



## TECHNICAL SUPPORT

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## 8 Encouraging issuers to seek independent assurance to strengthen the credibility of ESG information disclosed

### Opportunities for Companies:

The purpose of encouraging a third-party quality assurance is to improve the credibility of ESG reports, bridge the gap between issuers and stakeholders in mutual trust, and increase the availability of information disclosed. The information disclosed about an enterprise's sustainable development encompasses a series of quantitative and qualitative performance, which are usually not measured in monetary units. Therefore, their accuracy and representativeness without verification can hardly be guaranteed. With the application of systemic assurance standards, enterprises can achieve:

*Increased recognition and credibility; Reduced data quality risks and the opening of a new era of report value management; Improved board and management level involvement; Strengthened internal reporting and management systems; Improved stakeholder communication that facilitates issuers per se a better understanding of national strategy, social needs, positioning in the industry and the company's original intentions.*

### Challenges & Solutions for Directors:

The primary barriers impeding issuers from seeking a third-party assurance in the future during the preparation of ESG reports are cost and uneven levels of assurance by verifiers. GreenCo suggests that enterprises familiarise themselves with internationally accepted standards for assurance that are suitable to their industries in the first place before performing evaluations of the professional background and service process of independent verifiers and making appropriate arrangements. Moreover, enterprises should build a diligent and efficient working team that takes initiatives to gather information and make contact with external parties, while providing a sound working environment and technical support to third-party verifiers.

## 7 Shortening the deadline for publication of ESG reports to within five months after the financial year-end

### Opportunities for Companies:

The ‘Analysis of Environmental, Social and Governance Practice Disclosure in 2018’ shows that most sample issuers chose to publish their ESG reports on the same day as they published their annual reports (approximately 63%). To investors, shortening the publication timeframe of ESG reports in line with or as close as possible in time to the publication of annual reports strikes the right balance between improving timeliness and relevance of ESG reporting. Such integration of non-financial information into corporate financial information enables investors to make more informed decisions. Further, it is the new timeframe that ensures that enterprises have sufficient time for data collection and verification while allocating more resources to the optimisation of the Group's sustainability system and efficient implementation of ESG-related policies, a result that pushes enterprises to put more focus on the ESG reports and establish a full process for data collection, submission, verification, summarisation and disclosure.

### Challenges and Solutions for Directors:

There is no denying the fact that the upcoming publication timeframe will to some extent influence the ESG reporting management and preparing process of issuers, which may cause the decline of reporting quality due to the short of staff or poor data management. GreenCo's tip is to follow a process of "Organisation, Plan, Boundary Setting, Kick-off Meeting, Research, Compilation, Publication and Summing-up". GreenCo recommends issuers to establish a set of scientific and applicable process for reporting, and highlight the importance of the logic of action and complete ecology in fulfilling corporate social responsibilities.

## 6 Upgrade the disclosure obligation of all social KPIs to ‘comply or explain’

### Opportunities for Companies:

In the ‘Analysis of Environmental, Social and Governance Practice Disclosure in 2018’, a material published together with the ESG Consultation Conclusions, it can be seen that a majority of sample issuers were reporting many key performance indicators under social subject. With the upgrading of the disclosure obligation under social subject to ‘comply or explain’, the disclosure of aspects such as talent management, supply chain risk control and anti-corruption policy execution can allow enterprises to review their performance and insufficiency in policy implementation and forging sound corporate culture. Investors, in the meantime, would also benefit from being presented with a more comprehensive picture showing the performance of the enterprise's risk management.

### Challenges and Solutions for Directors:

The new key performance indicators would add some burden to small and medium-sized enterprises in respect of policy execution and information summarisation and disclosure. GreenCo suggests that issuers provide adequate training to ESG management teams and individuals who are responsible for corporate ESG issues, strengthen internal communication and coordination, and create data management platform that supports companies to collect and organise relevant data systematically. It is time to build your own ESG data management platform and information gathering tool for cost saving and law compliance in the long term.

## 1 A board statement setting out the board's consideration of ESG issues

### Opportunities for Company:

Undoubtedly, ESG related risks have been playing an increasingly pivotal role to enterprises in recent years, which are not only reflected in aspects such as corporate financial performance and compliance management, but in the spotlight of companies that seek long-term healthy and sustainable development. In the market of risks and opportunities being co-existent, the effective corporate sustainability governance structure and board leadership are necessary and believed as an indispensable part of companies avoiding relevant risks and providing stakeholders confidence about the execution of their long-term strategies.

### Challenges & Solutions for Directors:

It is the major problem to most enterprises that inadequate skills and knowledge about ESG and ambiguous goals of ESG management are the obstacles ahead of them. To address concerns about global sustainability trends and corporate ESG risks management the board faces, GreenCo suggests that the management and the board of issuers establish a corporate ESG governance structure and goal setting system more efficiently through a comprehensive stakeholder engagement. The provision of ESG training and seminars is of great value as well. This practice will allow companies to implement strategic policies and ESG information management in a transparent and standardised manner.

## 2 An explanation of how issuers have applied the Reporting Principles ‘Materiality’, ‘Quantitative’ and ‘Consistency’

### Opportunities for Companies:

Making the Reporting Principles transparent is conducive to issuers meeting the disclosure requirements and understanding better the purpose and value of ESG reporting. Despite the unnoticeable benefits of revealing the application process of the Reporting Principles to enterprises per se, the profits brought to investors who have conducted objective evaluation and analysis on the non-financial data across different geographic locations, industries over time based on the standardised and harmonised reporting principles would be enormous should enterprises effectively follow the principles of Materiality, Quantitative and Consistency in reporting.

### Challenges & Solutions for Directors:

Applying the Reporting Principles seems much easier than disclosing the process in which these principles have been applied to most enterprises. The difficulty of expounding the principles and the attempt to elaborate them in various ways might be the challenge to enterprises. GreenCo suggests that issuers take time to read and comprehend the new requirements listing rules, general disclosure and key performance indicators first. With the basic understanding of the new requirements, issuers need to analyse and categorise the objectives and methods of the application of principles, thereby mastering how to match up the principles with the information that will be disclosed.

## 3 An explanation of the reporting boundary and identification process for including specific entities or operations in ESG reports

### Opportunities for Companies:

Outlining the reporting scope helps readers to gain a clear understanding of and make comparisons of the quantitative and qualitative data in reports, on which investors can see a bigger picture of the extension and limitation of the company's ESG performance. Meanwhile, it allows issuers to grasp the point of disclosed information more flexibly and precisely and lower the uncertainty during data organisation and collection process if boundary issues can be resolved.

### Challenges & Solutions for Directors:

More often than not which standard to adopt and how to apply it to the reporting process are questions perplexing enterprises in the boundary setting process. Enterprises usually do not have definite views about what businesses they ought to integrate into the reports. GreenCo suggests that enterprises take into consideration the following three points in the boundary setting process:

- The selected reporting scope does not omit relevant information that substantively influences stakeholder assessments and decisions (e.g. investors, governmental departments, employees, etc.), or that reflects material economic, environmental and social impacts;
- Adopt the standard on which the organisation and reporting boundaries are determined with adequate reasoning (e.g. Equity Share Approach, Control Approach, etc.);
- Provide more relevant information in annual reports, such as the business disclosure in different business segments and geographical locations.

## 4 Requiring disclosure of significant climate-related issues which have impacted and may impact the issuer. Specifically, it regulates the policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer, and description of the actions taken to manage them

### Opportunities for Companies:

Climate change is a topic determining the characteristics of our era. The impacts of global warming on enterprises in certain industries are long-lasting and existent. Along with the increasing demand for environmentally friendly assets by investors, the provision of valid and accurate information around how enterprises tackle climate change-related risks appears to be an unavoidable point in disclosure. To enterprises themselves, the evaluation of the implications of climate change on the value chain and product/service lifecycle scientifically with tools such as scenario-based analysis can assist them to understand and substantially enhance their resilience to climate-related risks in the industry to which they pertain.

### Challenges and Solutions for Directors:

In the long run, both physical risks and transition risks may pose threats to the profitability, asset valuation, financial health and brand reputation of an enterprise to varying degrees. If companies do not pay attention to their risk management or look at climate change from a long-term investment perspective, they may be jeopardised by policy changes, climate risks and market fluctuations more likely and seriously. Thus, GreenCo suggests that enterprises carry out a self-examination that facilitates them to garner a deep understanding of the climate-related risks they are confronted with by referring to the TCFD recommendations.

## 5 Amend environmental key performance indicators regarding disclosure of relevant targets, including the goal setting in emissions, energy consumption, water efficiency and waste management

### Opportunities for Companies:

It is helpful for enterprises to transition from ‘Disclosure for Compliance’ to ‘Effective Management’ by revising and detailing part of indicators under environmental subject. This also prompts companies to establish a sustainability management system and platform in an incremental manner, on which the environmental performance of the company can be traced and evaluated dynamically. Gradually quantifying corporate environmental policies with forward-looking data, in the long term, drives investors to obtain a better understanding of the corporate vision in sustainable development and the corporate practice echoing the direction of travel of United Nations Sustainable Development Goals.

### Challenges and Solutions for Directors:

It goes without saying that mandating the small and medium-sized enterprises and financial institutions, to disclose environmental results, such as greenhouse gas emissions in a scientific way is not easy. The inaccurate result and inappropriate targets set by the companies may indirectly lead to the lower quality of entire reports and lower level of comparability. What GreenCo suggests for enterprises which lack the knowledge in carbon accounting and statistics is to adopt relevant international standards and guidelines, such as ISO14064 and Greenhouse Gas Protocol, or consult qualified experts who can provide professional services in data management.

### Key Revisions of the Listing Rules

# ESG 諮詢總結

香港聯合交易所有限公司於2019年12月18日刊發「檢討《環境、社會及管治報告指引》及相關《上市規則》條文」的諮詢總結，對《上市規則》及《環境、社會及管治報告指引》的內容進行了修訂。新要求將適用於發行人2020年7月1日或之後開始的財政年度的環境、社會及管治報告。

香港聯合交易所此次修訂重點圍繞企業環境、社會及管治（ESG）框架構建、要求披露董事會參與對ESG風險管控的角色定位、鼓勵探索氣候變化與企業可持續發展之關聯，以及進一步強調重要性原則於ESG表現披露和報告編寫中的應用。

## 8 鼓勵發行人尋求獨立驗證以加強所披露ESG資料的可信性

**對企業的機遇：**  
鼓勵第三方質量保證的目的是改善ESG報告的可信度，彌合發行人和其利益相關者之間的信任鴻溝，提升披露信息的有用性。企業可持續發展方面的信息披露包含一系列量化和非量化表現，而這些數據通常難以用貨幣單位衡量，因此其準確性和代表性在未經驗證的情況下很難保證。應用系統化的審驗標準，企業能夠實現：  
提高企業知名度和可信度；降低數據質量風險，開啟報告價值管理新時代；加強董事會和管理層層面的參與；優化企業內部報告和管控系統；通過強化相互理解和溝通，對國家戰略、社會需求、行業定位和企業稟賦等方面有更深入的理解。

**對管理者的挑戰和解決方案：**  
尋求第三方認證的成本問題和其良莠不齊的鑒證質素顯然是企業在今後ESG報告準備工作中所必須考慮的重要問題。勤創永續建議企業須在對國際和行業驗證標準有基本了解的基礎上，對第三方驗證機構的專業背景和服務流程進行評估及合理安排。除此之外，企業亦須組建盡職高效的工作團隊，在素材搜集、對外聯絡等方面發揮主觀能動性，為第三方驗證工作組提供良好的工作氛圍和技術支持。

## 7 將刊發環境、社會及管治報告的期限縮短至財政年度結束後五個月內

**對企業的機遇：**  
‘有關2018年發行人披露環境、社會及管治常規情況的報告’中顯示，大部分發行人選擇在年報刊發的同一天發佈ESG報告（約63%）。對於投資人而言，與年報刊發時間保持一致亦或盡可能地縮短與年報相距的時間可以提升ESG匯報的及時性和相關性，另其披露的非財務績效指標能夠有效地與企業財務信息相結合，從而讓投資人做出合理投資決策。另一方面，縮短後的報告時限既保證企業可以有充足的時間收集和驗證數據，又鼓勵其投入更多的人力物力，確保集團可持續發展建設和ESG政策得到有效實施，有助於企業對ESG報告更加重視，建立完整的數據收集、上報、鑒證、匯總和披露流程。

**對管理者的挑戰和解決方案：**  
毫無疑問，即將實施的刊發時間將或多或少地對發行人在安排年度ESG報告管理和流程上產生影響，有可能間接導致由於人手安排不足、數據整合不到位等原因而造成的匯報質素下降。勤創永續建議發行人在ESG報告的準備工作中遵循標準化流程，即組織、策劃、界定、啟動、研究、撰寫、發佈和總結，構建科學適用的匯報流程標準，突出企業社會責任的行動邏輯和完整生態的重要性。

## 6 將所有「社會」關鍵績效指標的披露責任提升至「不遵守就解釋」

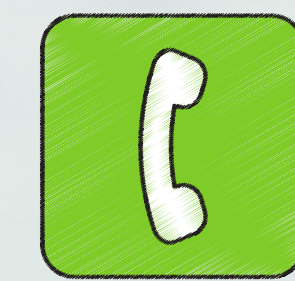
**對企業的機遇：**  
在聯交所同時發佈的‘有關2018年發行人披露環境、社會及管治常規情況的報告’中，不難發現許多樣本發行人就不少社會範疇的關鍵績效指標進行了匯報。隨著社會範疇披露要求的進一步提升至「不遵守就解釋」，企業的人才管理、供應鏈風險控制、反貪污政策執行等信息披露可以幫助企業回顧和反思其政策落實和文化打造方面的表現和不足，同時所披露的企業風險管理質素亦對投資者而言十分有用。

**對管理者的挑戰和解決方案：**  
新的關鍵績效指標會另中小型企業在按要求執行政策和匯總披露方面負擔加大，需要釐清的具體要求和涵蓋範圍增多。勤創永續建議發行人應於企業內部對ESG管理團隊或相關負責人進行培訓，加強企業內部的溝通協調，建立數據管理平台，幫助其在相關數據的收集和整理方面做到緊湊有條。從長遠來看，建立企業自己的ESG數據管理平台和信息搜集工具對企業節約成本和法律合規有很大價值。

## 5 修訂「環境」關鍵績效指標，規定披露相關目標，包括說明在排放量、能源使用、用水效率和廢棄物管理等方面的政策管理和目標建立

**對企業的機遇：**  
對部分環境範疇下指標的修訂和細化可以幫助企業從‘合規披露’向‘有效管理’方向過度，循序漸進地建立可持續發展管理系統和平台，對其環境表現實現動態追蹤和進展評估。從長遠來看，逐步用前瞻性數據量化企業環境相關政策，有助於投資者深刻了解企業可持續發展願景和聯合國可持續發展目標下的企業實踐呼應。

**對管理者的挑戰和解決方案：**  
對部分企業，尤其是中小企業和金融機構而言，進一步要求其短期內科學化披露溫室氣體排放量等環境數據難度較高。披露結果不準確和相關目標建立不合理可能會間接導致報告整體質量和可比性降低。勤創永續建議對相關核算方法和統計水平有限的企業採用ISO14064、溫室氣體核算體系等國際標準和指引，或諮詢合資格的專家協助企業對專業性較高的數據進行整理核算。



### 技術支持

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## 1 載有董事會對環境、社會及管治事宜的考量的董事會聲明

**對企業的機遇：**  
毫無疑問，ESG相關風險近幾年來對於企業而言愈加重要，這不單體現在企業財務表現、合規管理等方面，更是企業為尋求長期可持續健康發展中的重中之重。在風險與機遇並存的市場中，一個有效的企業可持續發展管治架構和董事會的領導參與是必要的，也是幫助企業規避相關風險和給予持份者對企業長遠戰略執行信心的不可或缺的一環。

**對管理者的挑戰和解決方案：**  
ESG知識和技術欠缺以及ESG管理目標不明確是絕大多數企業當前所面臨的主要問題。為解決董事會對全球可持續發展趨勢和企業ESG風險管理層面的疑惑，勤創永續建議通過更加全面的利益相關者調查（指導性問卷構建）和ESG講演培訓，幫助企業管理層和董事會成員更加有效地建立企業ESG管治架構和目標建設，實現ESG戰略政策透明化執行和ESG管理信息標準化披露。

## 2 解釋匯報原則「重要性」、「量化」及「一致性」的應用

**對企業的機遇：**  
將報告原則透明化無疑可以幫助發行人在滿足披露要求的同時，進一步理解發佈ESG報告的目的和價值。儘管對匯報原則的應用披露對企業ESG表現提升本身幫助並不明顯，倘若企業能在匯報過程中實現‘重要性’、‘量化’及‘一致性’的有效應用，其報告的標準化和原則統一化將對投資人進行客觀評價和跨地域、跨行業和跨年度的非財務數據分析帶來巨大收益。

**對管理者的挑戰和解決方案：**  
對於眾多企業而言，應用匯報原則的難度將遠小於闡述其應用的過程。匯報原則的不易解讀和對解讀方法的探索式嘗試可能是企業將要面對的挑戰。勤創永續建議發行人首先須從上市規則、一般披露、關鍵績效指標等要求入手，對原則的應用目的和應用方式進行分析和歸納，從而有效掌握匹配匯報原則的披露內容。

## 3 解釋匯報範圍及發行人挑選特定實體或業務納入ESG報告的過程

**對企業的機遇：**  
報告披露範圍的確定和闡述有助於讀者對於匯報的量化和非量化數據有更加清晰的認識和比較，幫助投資人對企業ESG表現的延展性和局限性有更全面的了解。與此同時，釐清邊界問題可讓發行人對披露內容有更加靈活和準確的把握，降低了在數據整理和信息收集過程中不確定性。

**對管理者的挑戰和解決方案：**  
企業在邊界設定過程中的標準拿捏和方法往往不是很明確，對於如何定義哪些業務可以披露而哪些方面則不需要披露毫無頭緒。勤創永續建議企業在設定匯報邊界時將以下兩點納入考量範圍：  
• 選取的披露範圍沒有遺漏實質影響利益相關方（投資人、政府部門、員工等）做出評估和決策所需的重要信息，亦未遺漏反映其重大經濟、環境和社會影響的資料；  
• 確立組織和匯報邊界時明確採用的準則，且有理有據（如股權分配法、控制權法等）；  
• 於年報中進一步披露相關信息，如不同業務板塊和營運地點的業務信息披露。

## 4 規定披露已經及可能會對發行人產生影響的重大氣候相關事宜，包括識別及減緩已經及可能對發行人產生影響的重大氣候相關事宜，及要求發行人說明其應對的行動

**對企業的機遇：**  
氣候變化是決定我們這個時代特點的問題。對於某些行業的企業，氣候變暖所帶來的影響是長期持續且切實存在的。如今隨著投資者對環境友好型資產的需求不斷增長，向投資者提供有效且真實的氣候風險管控的信息對於企業而言是一項不可迴避的披露重點。對於企業本身而言，應用情景分析等有效方法科學地評估氣候變化對其價值鏈和產品服務生命週期可以幫助其了解所處行業特殊性，從而極大提升其氣候風險的適應力。

**對管理者的挑戰和解決方案：**  
從長遠來看，無論是實體風險亦或過度風險均會對企業的盈利能力、資產估值、財務健康、品牌效益帶來或多或少的影響。若企業對風險管理不予以足夠重視，並不以長遠的眼光看待氣候變化和提出有效管理預案，其所帶來的政策變動和市場波動將導致企業付出巨大代價。因此，勤創永續建議企業採用TCFD建議中的要求，對企業本身進行全方位立體式體檢，協助其了解其所面臨的氣候風險。