

Training Workshop:

Raising the bar of ESG Reporting: Adjusting ESG Requirements to Tackle Pressing Challenges

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Training Workshop:

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AGENDA

09:00-12:15 (Break at 10:30-10:45)
• Session 1: Overview of ESG Reporting & GRI Standards
• Session 2: HKEx ESG Reporting Guide – Environmental (Aspects A1–A3)
• Session 3: Emissions Calculation – Methodology & Examples
• Session 4: HKEx ESG Reporting Guide – Social (Aspects B1–B7)
• Session 5: Climate-Related Disclosures – TCFD & ISSB (S1, S2)
Lunch: 12:45 – 14:00
14:00-17:30 (Break at 15:30-15:45)
• Session 6: Climate Scenario Analysis
• Session 7: Scope 3 Emissions – 15 Categories & Real Cases
• Session 8: ESG Data Quality, Challenges & Management

Raising the Bar of ESG Reporting Adjusting ESG Requirements to Tackle Pressing Challenges

By Hauman
June 2026

What is GRI

The global standards for sustainability impacts

The GRI Standards enable any organization – large or small, private or public – to understand and **report on their impacts on the economy, environment and people** in a comparable and credible way, thereby increasing transparency on their **contribution to sustainable development**. In addition to companies, the Standards are highly relevant to many stakeholders - including investors, policymakers, capital markets, and civil society.

The Standards are designed as an easy-to-use modular set, delivering an inclusive picture of an organization's material topics, their related impacts, and how they are managed.

- Universal Standards - incorporate reporting on human rights and environmental due diligence, in line with intergovernmental expectations, and apply to all organizations;
- Sector Standards enable more consistent reporting on sector-specific impacts;
- Topic Standards - list disclosures relevant to a particular topic.

International ESG Framework

Environmental

- GHG Emissions and other gas emission
- Energy Management
- Waste waster
- Hazardous and non-Hazardous waste
- Ecological impact
- Climate change

Social Capital

- Customer Privacy and data security
- Product safety and recall policy
- Selling practices and Product labelling
- Human right and community relations



Leadership & Governance

- Business Ethics
- Anti-corruption
- Compliance on the legal requirement on Environment and social issues
- Policy on mitigation of Environmental risk

Human Capital

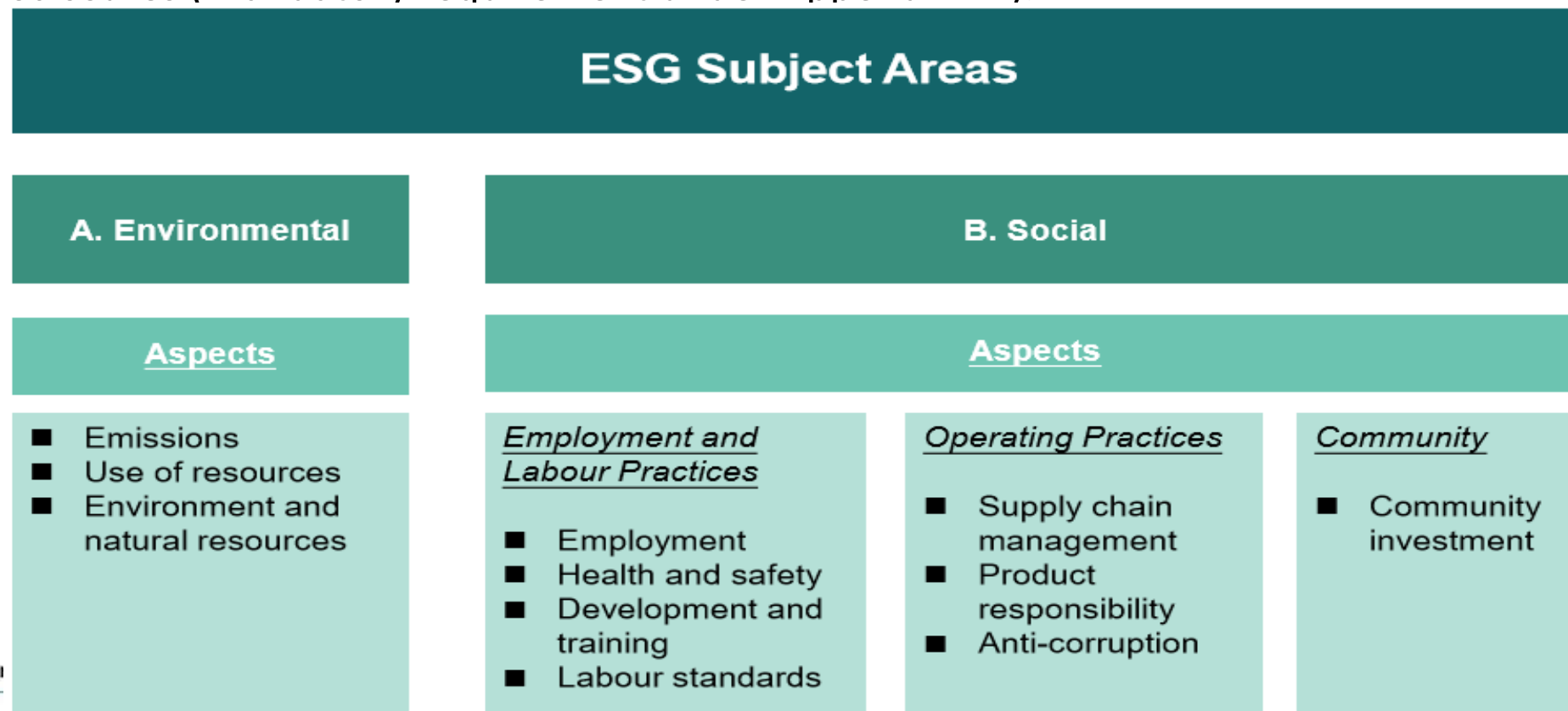
- Labour Practices
- Occupational safety and Health
- Employee relationship, diversity and equality

Business Model and Innovation

- Supply Chain Management
- Materials sourcing, use of natural resources and impact of climate change

Hong Kong Exchange and Clearing Limited (HKEx) mandatory disclosure requirements in the ESG reporting related Listing Rules

- In 2013, the Stock Exchange of Hong Kong Limited launched the Environmental, Social and Governance Reporting Guide (Guide).
- From 2016, the Stock Exchange of Hong Kong has under the Listing Rules required all listed companies to produce an ESG report annually and conducted periodic review of listed companies' ESG disclosures (Mandatory requirement under Appendix 27).



- **Subject Area: Environmental**
 - Aspect A1: Emissions
 - Aspect A2: Use of Resources
 - Aspect A3: The Environment and Natural Resources

- **Environmental**

- **Aspect A1: Emissions**

- **KPIs**

- **KPI A1.1:** The **types** of emissions and respective **emissions data**.
 - **KPI A1.2:** **Greenhouse gas (GHG)** emissions in total
 - **KPI A1.3:** Total **hazardous waste** produced
 - **KPI A1.4:** Total **non-hazardous waste** produced
 - **KPI A1.5:** Description of measures to **mitigate emissions and results achieved**.
 - **KPI A1.6:** Description of how hazardous and non-hazardous **wastes are handled, reduction initiatives and results achieved**.

- **KPI A1.1: The types of emissions and respective emissions data.**
 - **Outcome:**
 - **Emissions from:**
 - Nitrogen oxides (NO_x)
 - Sulphur oxides (SO_x)
 - Respiratory suspended particles/ particular matter (PM)

- **KPI A1.1: The types of emissions and respective emissions data.**

- **Required data:**

Gaseous fuel consumption	1. Unit of Towngas consumed	NO _x , SO _x
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- **KPI A1.1: The types of emissions and respective emissions data.**

- **Calculation:**

For Towngas:

Formulas: $\text{NO}_x \text{ emissions (kg)} = \text{units of fuel consumed} \times 48\text{MJ} \times \text{Emission Factor}$

$\text{SO}_x \text{ emissions (kg)} = \text{units of fuel consumed} \times 48\text{MJ} \times \text{Emission Factor}$

NO_x Emission Factors by fuel type

Fuel type	Emission Factor	Unit of Emission Factor
Towngas	4.02	kg / million MJ of gas
LPG	4.02	kg / million MJ of gas

SO_x Emission Factors by fuel type

Fuel type	Emission Factor	Unit of Emission Factor
Towngas	0.02	kg / million MJ of gas
LPG	0.02	kg / million MJ of gas

- **KPI A1.1: The types of emissions and respective emissions data.**

- **Calculation:**

e.g. A Factory consumed **30,000** unit of town gas:

NO_x (kg) = **30,000** x 48MJ x 4.02 kg/million MJ of gas

SO_x (kg) = **30,000** x 48MJ x 0.02 kg/million MJ of gas

- **Environmental**
 - **Aspect A1: Emissions**
 - **KPIs**
 - **KPI A1.1:** The **types** of emissions and respective **emissions data**.
 - **KPI A1.2:** **Greenhouse gas (GHG) emissions in total**
 - **KPI A1.3:** Total **hazardous waste** produced
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 - **KPI A1.6:** Description of how hazardous and non-hazardous **wastes are handled, reduction initiatives and results achieved**.

- **KPI A1.2: Greenhouse gas (GHG) emissions in total (moved to Part D of climate change section starting from 2025)**

- **Outcome:**

- **Total GHG Emissions (carbon dioxide CO₂ emissions and CO₂ equivalent emission of other GHGs emitted e.g. methane CH₄ and nitrous oxides N₂O) from:**
 - **Scope 1: Direct Emission**
 - **Scope 2: Indirect Emission**
 - **Scope 3: Other Indirect Emission**

- **KPI A1.2: Greenhouse gas (GHG) emissions in total (moved to Part D of climate change section starting from 2025)**

- **Required data:**

- Amount, type of fuel consumed (3,000 litre of petrol)
- Vehicle type (passenger car/ light goods vehicle)
- Amount, blend of refrigerant consumed (30 kg of HCFC-22)
- Amount of electricity purchased (30,000 kWh)
- Amount of gas purchased (30,000 unit)
- Amount of water consumed (30,000 m³)
- Amount of paper waste generated (300 kg)
- Business air travel data (departure and arrival airport, one way/return, economy/premium, number of passenger)

- **Environmental**
 - **Aspect A1: Emissions**
 - **KPIs**
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 - **KPI A1.6:** Description of how hazardous and non-hazardous **wastes are handled, reduction initiatives and results achieved**.

- **KPI A1.3: Total hazardous waste produced**
 - **Hazardous waste:**
 - Chemical waste
 - Clinical Waste
 - Hazardous chemicals
 - *regulated by legislation**
 - *Usually collected by specialized contractors**

- **KPI A1.4: Total non-hazardous waste produced**

- **Non-hazardous waste:**

- Construction/ demolition waste
 - Commercial waste
 - Residential/ domestic waste
 - Grease trap waste
 - Garden waste

- **Environmental**

- **Aspect A1: Emissions**

- **KPIs**

- **KPI A1.1:** The **types** of emissions and respective **emissions data**.
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- **Environmental**
 - **Aspect A2: Use of Resources**
 - **KPIs**
 - **KPI A2.1: Direct and/or indirect energy consumption by type**
 - **KPI A2.2: Water consumption**
 - **KPI A2.3: Description of energy use efficiency initiatives and results achieved**
 - **KPI A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and result achieved**
 - **KPI A2.5: Total packaging materials used for finished products**

- **Intensity**
 - **For Energy/Water/Waste/GHGs etc.**
 - **Organization specific metric**
 - Per division
 - Per number of employee
 - Per production volume
 - Per floor area
 - Per monetary unit of sales
 - Per function or service

Areas of attentions

- **Be aware of permit and licenses, regulations, industrial specific parameters/ standards**
- **Understand the work/ manufacturing process (e.g. coal used in a chemical plant)**
- **Identify input/ sources (e.g. “charcoal” used in a Thailand plant)**
- **Identify output/ disposal methods (e.g. electroplating plant)**
- **Do research on emission factors**
- **Establish a data collection system, do data tracking and screening**

- **Environmental**

- **Aspect A3: The Environment and Natural Resources**

- **KPIs**

- **KPI A3.1:** Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them
 - » **Biodiversity, ecological sensitive area, environmental impact assessment**
 - » **Life cycle assessment, product design, testing**
 - » **Ethical investment**
 - » **Goods distribution and transportation**

- **Subject Areas**
 - Environmental
 - **Social**

Aspect B1

- Compensation: How to determine compensation? market trend reference?
- Promotion: appraisal form, methodology
- Work hour: non factory workers issue

Aspect B1 - continue

- Equal Opportunity, diversity and anti-discrimination:
 - Gender
 - Body outlook
 - Family status
 - Sex orientation
 - Tribes

KPI B1.1

- Total work force by gender, employment type, age group and geographical region:
 - Reflect equal opportunity on gender, work type and age
 - Geographical region only apply to multinational company

KPI B1.2

- Employee turnover rate by gender, age group and geographical region:
 - Turnover can reflect a lot of issues, including management quality, discrimination, etc
 - Industrial trend
 - Crisis of a company
 - Very important non-financial indicator

Aspect B2

- Occupation safety, real examples:
 - First aider
 - Size of the fire extinguisher
 - Noise level exceeding normal standard
 - Heat stroke
 - Underestimate some chemical hazard
 - Inhale of tiny particles

KPI B2.3

- Description of occupation safety measure and how they implemented and monitored
 - Policy in place?
 - Who responsible for the policy?
 - How they implement?
 - Is it effective?

Aspect B4 and KPI B4.1, B4.2

- Preventing child labour and forced labour:
 - How to practices?
 - Steps taken to eliminate when discovered
 - Marginal case discussion

Aspect B5 and KPI B5.1 and B5.2

- Supply chain management
 - Why do we need to disclose the geographical region?
 - How to identify supply chain
 - Practices relating to engaging suppliers
 - Case study:
 - Primary products, such as cotton, coffee, seafood
 - Secondary products such as electronic parts, toy accessories

Aspect B6 and KPI B6.1, B6.2

- Products complain and recalls due to quality issue and health issues
- How to deal with the complaints
 - In manufacturing industry
 - In retail industry
 - In service industry
 - In food industry
 - **In finance field**

KPI B6.3

- IP right protection
 - Most of client underestimate the importance of IP
 - How to identify IP value?
 - Dose the organisation have an IP policy
 - How does the organisation use its IP
 - How to share the IP? What's the IP strategy?
 - Internal
 - External

KPI B6.4, B6.5

- Quality assurance process and recall procedures
 - What process do they have besides internal QA?
 - Do they have standard procedures on recalling?
 - How they deal with complaints and how they deal with crisis?
- Consumer data protection
 - IT companies
 - Non-IT companies such as service company

Aspect B7 and KPI B7.1, B7.2

- Anti-corruption
 - Need to address the different concept and different perception on corruption and bribery
 - Need to emphasis on internal procedures, such as approval process, whistle-blowing, protect whistle blower
 - How to implement and monitor

2015 SDG goal



Requirement take away before 2017

- Non financial information
- Concrete environmental figure (e.g. CO2 emission, energy consumption)
- Concrete social figure (e.g. staff turnover rate, IP right)
- Company's impact on the environment, people and economy
- Company's contribution to the sustainable development

WHEN ESG MEETS FINANCIAL DISCLOSURE

In 2016, G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector can take account of climate-related issues.

The FSB established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that:

- could “**promote more informed investment, credit, and insurance underwriting decisions**” and,
- in turn, “would enable stakeholders to **understand better** the concentrations of **carbon-related assets in the financial sector** and the financial system’s **exposures to climate-related risks**.”



2019 updates

1. Following the 2019 Consultations, HKEX introduces disclosure requirements highlighting the board's role in ESG governance. This includes a **mandatory statement from the board** containing:
 - *Disclosure of the board's oversight of ESG issues,*
 - *The Board's ESG management approach and strategy, and*
 - *The Board's progress review on ESG goals and targets relating to the issuer's businesses*
2. HKEX also requires companies to disclose their **application of the Reporting Principles**, specifically *Materiality, Quantitative, and Consistency*, in preparing the ESG report
3. Issuers must disclose a **narrative explaining the reporting boundaries** of their ESG report
4. Issuers to report on significant climate-related issues, risk exposure, and mitigation policies
5. The ESG report should include the reduction targets for emissions, wastes, energy use, water use, and procedures to achieve these targets.

2021 climate disclosure guidance

2019 requirement:

Aspect A4: Climate Change	General Disclosure	
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

2021 climate disclosure guidance:

Explaining how to comply with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The Guidance assists issuers in identifying climate-related risks and provides a step-by-step guide on preparing TCFD-aligned reporting

HKEX
香港交易所

November 2021

Reporting on TCFD recommendations

Guidance on Climate Disclosures



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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

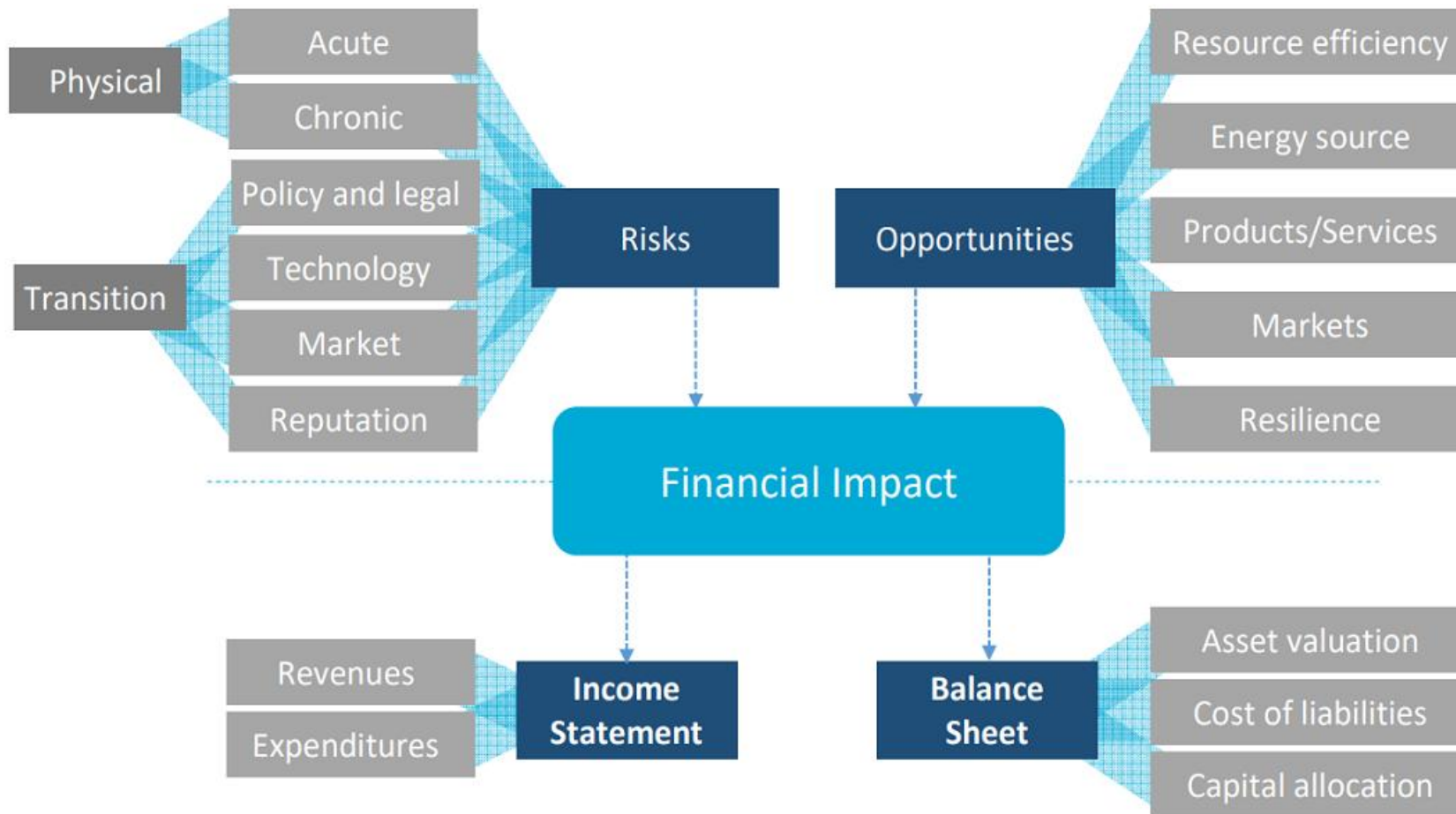
The Task Force published its final report in June 2017.

The report outlines recommendations to help address climate-related disclosure challenges faced by:

- **Issuers** who generally have an obligation under existing law to disclose material information, but lack a coherent framework to do so for climate-related information, and
- **Investors, lenders, and insurers** who need decision-useful, climate-related information to make informed capital allocation and financial decisions



Risk and opportunities

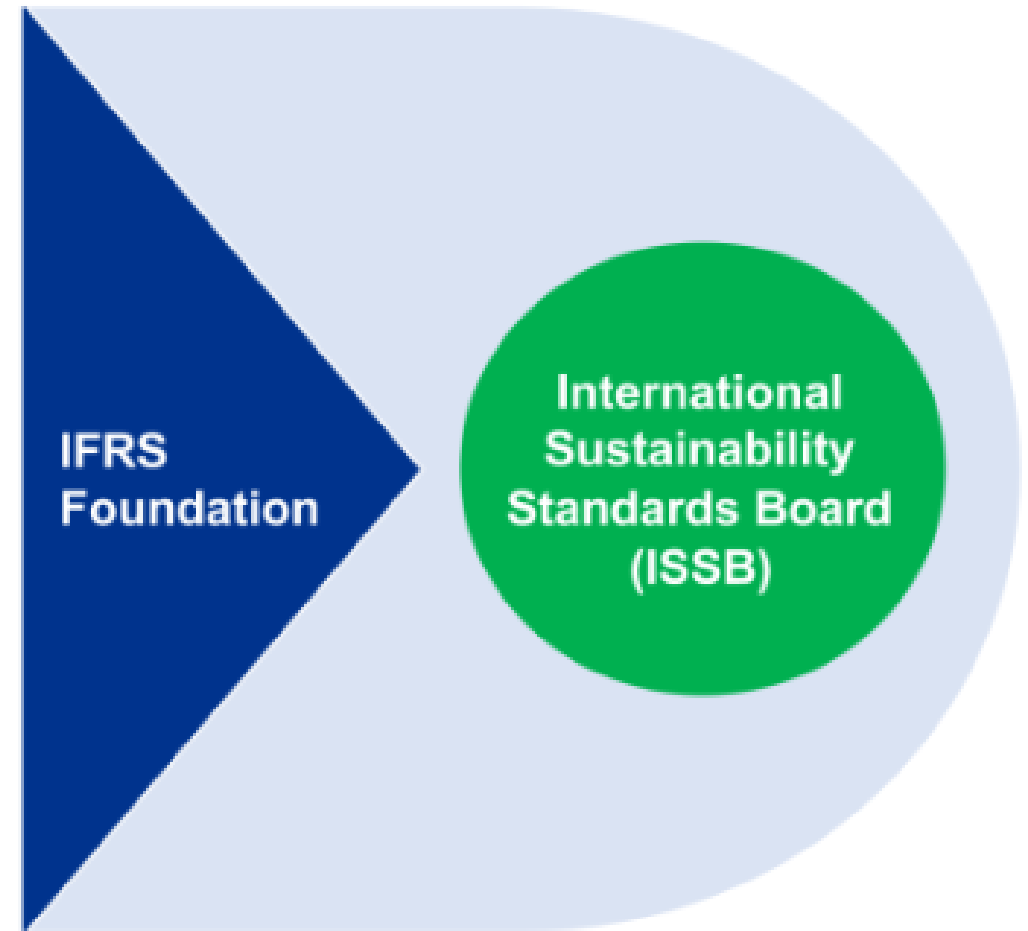


Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	b) Describe the organisation's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Upcoming changes:

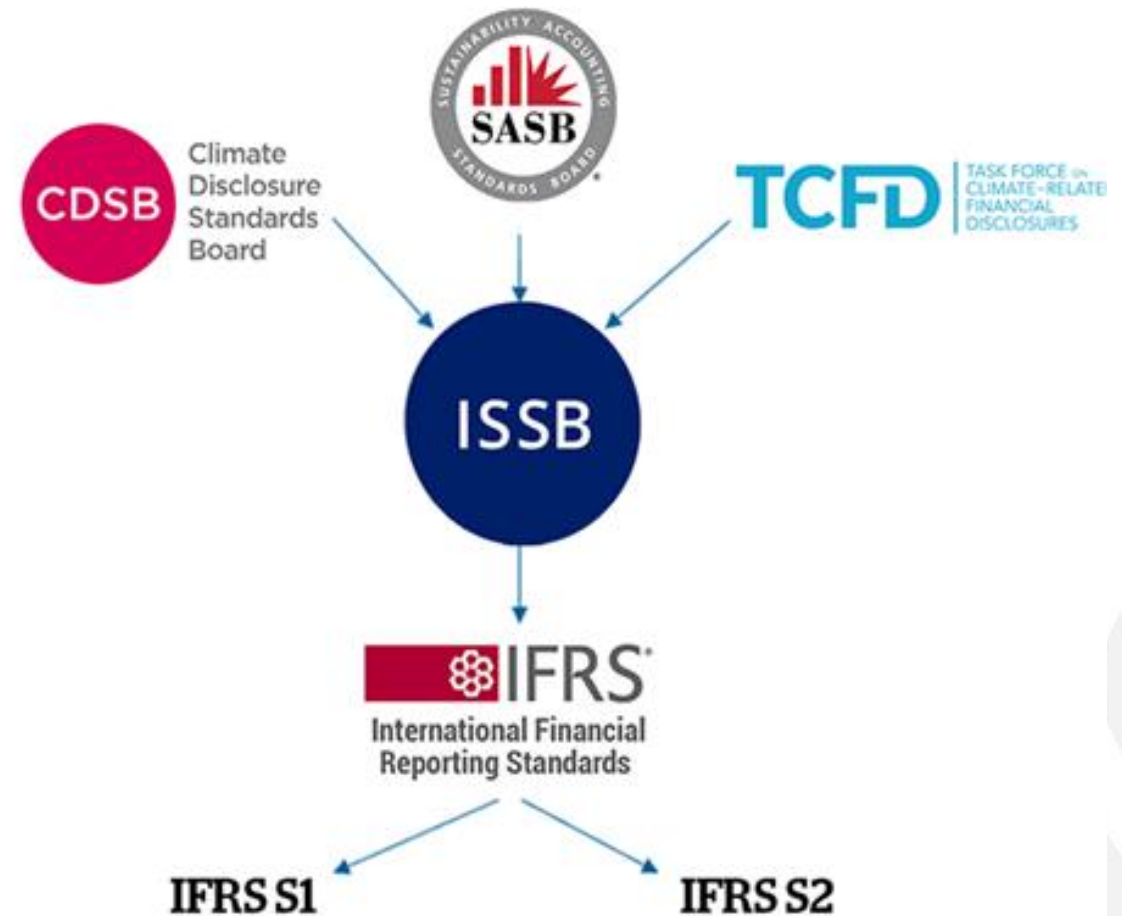
IFRS-ISSB

- The IFRS Foundation is a public interest organisation that was established to develop globally accepted accounting standards.
- IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow



Formation of ISSB and issued S1 S2

- The ISSB issued two drafts for comments on IFRS Sustainability Disclosure Standards (ISDS) on March 31, 2022.
- On June 26, 2023, the first two final drafts of ISSB standards were officially released: "International Financial Reporting Sustainable Disclosure Standard No. 1 - General Requirements for the Disclosure of Sustainability-related Financial Information" and "International Financial Reporting Sustainable Disclosure Standard No. 2 – Climate-related disclosures "



Consolidation of CDSB, SASB and TCFD

- CDSB -- Founded in 2007 during the World Economic Forum, the Climate Disclosure Standards Board (CDSB) was tasked with addressing both environmental and social reporting. In 2022, the CDSB announced it had fulfilled its mission to "fill a gap" in the absence of a globally recognized body for sustainability standards by integrated it into its International Sustainability Standards Board (ISSB) framework.
- SASB -- The Sustainability Accounting Standards Board (SASB) was founded as a nonprofit organisation in 2011 developed standards focused on industry-specific sustainability disclosures, addressing issues such as climate risk and opportunity. To clarify the confusion surrounding ESG reporting frameworks, these standards are now overseen by the IFRS and have been integrated into the International Sustainability Standards Board (ISSB).
- TCFD – Task Force on Climate-Related Financial Disclosure (TCFD) was set up by Financial Stability Board (FSB) under G20 to develop recommendations on the types of information that companies should disclose to support investors make informed decisions on climate-related risks and opportunities. In October 2023, the FSB asked the IFRS to take over the monitoring of the progress of climate-related risk reporting. The recommendations of the TCFD have also been incorporated into the ISSB standard which is due for global roll out in 2024.

Brief content of S1, S2

	IFRS S1: General Sustainability Disclosures	IFRS S2: Climate-Related Disclosures
Objective	Information about significant sustainability-related risks and opportunities . Disclosures should be useful to the primary users of general purpose financial reporting in making decisions related to providing resources to the entity.	Information about climate-related risks and opportunities . Disclosures should assist users in understanding the use of resources and evaluating strategies, business model, and operational adaptation abilities.
Key Disclosure Topics	<i>Governance</i> — Processes, controls, and procedures to monitor and manage sustainability-related risks and opportunities. <i>Strategy</i> — Approach for addressing sustainability-related risks and opportunities that could affect business model and strategy over the short, medium, and long term. <i>Risk management</i> — Processes to identify, assess, and manage sustainability-related risks. <i>Metrics and targets</i> — Information used to assess, manage, and monitor performance of sustainability-related risks and opportunities.	<i>Governance</i> — Processes, controls, and procedures to monitor and manage climate-related risks and opportunities. <i>Strategy</i> — Approach for addressing climate-related risks and opportunities that could affect business model and strategy over the short, medium, and long term. <i>Risk management</i> — Processes to identify, assess, and manage climate-related risks. <i>Metrics and targets</i> — Cross-industry metrics, industry-based metrics, and other metrics used to measure progress toward targets.

2025 financial year update

Aspect A4:	[Repealed 1 January 2025]	
Climate Change	KPI A4.1	[Repealed 1 January 2025]

- Part D 15 pages paragraph format of Climate-related Disclosure were added to the original table format standard.
- Content totally align with the S2 of IFRS

Part D: Climate-related Disclosures

Disclosure Obligation

16. (1) Subject to paragraph 17, an issuer must report on the climate-related disclosures set out in this part in the ESG report on a “comply or explain” basis. An issuer who has yet to disclose information required under any of the provisions must provide considered reasons for non-disclosure.
- (2) Where an issuer has yet to disclose information required under any of the provisions set out in this part, regardless of whether such issuer has (a) opted to “explain” why it has not made a particular disclosure under the “comply or explain” regime or (b) chosen to apply an applicable relief available pursuant to the note to the relevant provision (whether it is required to report on a mandatory or “comply or explain” basis), such issuer is encouraged to provide information on the work plan, progress and timetable for making the required disclosure.
17. (1) An issuer must disclose its **Scope 1 greenhouse gas emissions** and **Scope 2 greenhouse gas emissions** pursuant to paragraphs 28(a), 28(b) and 29 on a mandatory basis.
- (2) An issuer that is a constituent of the Hang Seng Composite LargeCap Index (HSCLI) must report on the provisions set out in this part on a mandatory basis in respect of financial years commencing on or after 1 January 2026.

Note: This paragraph 17(2) applies to an issuer that is a HSCLI constituent throughout the year immediately prior to the reporting year. Once an issuer becomes subject to mandatory disclosure of Part D of this Code, it must continue to be subject to mandatory disclosure of Part D of this Code even if it subsequently ceases to be a HSCLI constituent.

- (3) An issuer is encouraged, but not required, to disclose industry-based metrics pursuant to paragraph 36.

Definitions and Guidance

18. (1) In this part, unless otherwise specified, terms in bold and italics shall have the meaning ascribed to them in Appendix A of the IFRS S2 Climate-related Disclosures.
- (2) When preparing disclosures pursuant to the provisions of this part, issuers should refer to (i) the application guidance set out in Appendix B of the IFRS S2 Climate-related Disclosures; and (ii) implementation guidance issued by the Exchange on the Exchange’s website, as amended from time to time.

TCFD vs S2

Extra content in S2:

- (g) remuneration—the entity shall disclose:
- (i) a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and
 - (ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.
- internal carbon price** Price used by an entity to assess the financial implications of changes to investment, production and consumption patterns, and of potential technological progress and future emissions-abatement costs. An entity can use internal carbon prices for a range of business applications. Two types of internal carbon prices that an entity commonly uses are:
- (a) a shadow price, which is a theoretical cost or notional amount that the entity does not charge but that can be used to understand the economic implications or trade-offs for such things as risk impacts, new investments, the net present value of projects, and the cost and

Climate resilience

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and **business model** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified **climate-related risks and opportunities**. An issuer shall use climate-related **scenario analysis to assess its climate resilience** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

Scope 3 greenhouse gas emissions

Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the **value chain** of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the **Scope 3 categories** in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Scope 3 categories

Scope 3 greenhouse gas emissions are categorised into these 15 categories—as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011):

- (1) purchased goods and services;
- (2) Capital goods
- (3) Fuel and energy related activities not In scope 1 and 2
- (4) Upstream transportation and distribution
- (5) Waste generated in operations
- (6) Business travel
- (7) Employee commuting
- (8) upstream leased assets
- (9) Downstream transportation and distribution
- (10) Processing of sold products
- (11) Use of sold products
- (12) End-of-life treatment of sold products
- (13) Down stream leased assets
- (14) Franchises
- (15) Investments

Climate Scenario Analysis

- Step 1: Select Climate Scenario

		IPCC <i>(Sixth Assessment Report AR6)</i>	IEA <i>(GEC Model 2022)</i>	NGFS <i>(Phase IV Scenario)</i>
Scenarios	>3°C	• SSP5-8.5 • SSP3-7.0	• N/A	• Current Policies
	>1.5°C and <3°C	• SSP2-4.5 • SSP1-2.6	• Stated Policies Scenario (STEPS) • Announced Pledges Scenario (APS)	• Below 2°C • Delayed Transition • National Determined Contributions (NDCs) • Fragmented World
	≤ 1.5°C	• SSP1-1.9	• Net Zero Emissions by 2050 Scenario (NZE)	• Net Zero 2050 • Low Demand

Climate Scenario Analysis

- Step 2: Select Qualitative or Quantitative Approach

Qualitative narratives

Physical risk C2 31	Relevance and assumptions	IPCC AR6 SSP2-4.5 Percentage of value at risk (%)			IPCC AR6 SSP5-8.5 Percentage of value at risk (%)		
		2030	2050	2080	2030	2050	2080
Extreme cold	We assessed how extreme weather events can impact our asset locations and the potential asset value at risk.	●	●	●	●	●	●
Coastal flooding		●	●	●	●	●	●
Tropical cyclone		●	●	●	●	●	●

Quantitative modelling / simulation

Physical risk C2 31	Relevance and assumptions	IPCC AR6 SSP2-4.5 Percentage of value at risk(%) (Asset value at risk (HKD))			IPCC AR6 SSP5-8.5 Percentage of value at risk(%) (Asset value at risk (HKD))		
		2030	2050	2080	2030	2050	2080
Extreme cold	We quantified how extreme weather events can impact our asset locations and therefore the potential asset value at risk.	<1% (<0.5m)	<1% (<0.5m)	<1% (<0.5m)	<1% (<0.5m)	<1% (<0.5m)	2-5% (0.5-3m)
Coastal flooding		<1% (<0.5m)	<1% (<0.5m)	2-5% (0.5-3m)	<1% (<0.5m)	2-5% (0.5-3m)	6-10% (3-5m)
Tropical cyclone		2-5% (0.5-3m)	2-5% (0.5-3m)	6-10% (3-5m)	2-5% (0.5-3m)	6-10% (3-5m)	10-15% (5-10m)



Real example of one of our client- data source, reliability and judgement

To assess the Group's strategy to climate-related changes, developments, and uncertainties, the Group has conducted climate related scenario analyses to assess its climate resilience. The Group has taken into account two possible scenarios:

為評估本集團針對與氣候相關的變化、發展及不確定性所制定的策略，本集團進行了氣候相關情景分析，以評估其氣候適應能力。本集團已考慮了兩種可能的情景：

Scenario Type 情境類型	Scenario Name 情境名稱	Source of Scenario 情境來源	Scenario Description 情境描述	Parameter Database 參數數據庫
Intermediate Emissions	IPCC RCP4.5	IPCC	Under the 4.5 RCP scenario, sea levels in certain regions are projected to rise by 0.3 m to 0.9 m, the frequency of extreme rainfall events will increase by 70%, global GDP could be impacted by -23%, and humanity will face extreme heatwaves. This scenario predicts that greenhouse gas emissions will rapidly peak by 2030 and decrease by 50% globally by 2080, failing to meet the Paris Agreement's goal of limiting temperature rise to below 2°C and striving for the 1.5°C target.	WRI Water Risk Atlas/ WRI Aqueduct Floods
中度排放	IPCC RCP4.5	IPCC	在4.5 RCP情境下，某些地區的海平面預計將上升0.3米至0.9米，極端降雨事件的發生頻率將增加70%，全球國內生產總值可能會受到-23%的影響，而人類將面臨極端高溫熱浪。此情境預測，溫室氣體排放將在2030年迅速達到峰值，到2080年全球排放量將下降50%，但無法達到《巴黎協定》將全球氣溫上升幅度限制在2°C以下並力爭實現1.5°C目標的要求。	世界資源研究所水 風險地圖集／世 界資源研究所洪 水風險分析工具 (Aqueduct Floods)

Continue: Real example of one of our client- data source, reliability and judgement

Scenario Type 情境類型	Scenario Name 情境名稱	Source of Scenario 情境來源	Scenario Description 情境描述	Parameter Database 參數數據庫
Aggressive Transition	IEA 450	World Energy Outlook 2024 – International Energy Agency	Under the IEA 450 scenario, it is projected that the global GDP growth rate will be 3.4% from 2012 to 2040, with the world population growing at an annual rate of 0.9%, increasing from 7 billion in mid-2012 to 9 billion by 2040. To achieve the energy-related carbon reduction targets between 2015 and 2040, significant efforts are required, including achieving nearly 60% of the reduction target using currently available commercial technologies: vigorously expanding low-carbon capacity; and rapidly scaling up carbon capture and storage capabilities by 2025.	China Energy Statistical Yearbook/China 2050: A Fully Developed Rich Zero-Carbon Economy
積極過渡	IEA 450	《世界能源展望 2024》—國際能源署	在IEA 450情境下，預計從2012年至2040年全球國內生產總值增長率將為3.4%，世界人口將以每年0.9%的速度增長，由2012年年中的70億增加到2040年的90億。為在2015年至2040年期間實現與能源相關的減碳目標，需要付出巨大努力，包括利用目前可用的商業技術實現近60%的減排目標；大力擴大低碳產能；並在2025年前迅速提升碳捕集與封存能力。	《中國能源統計年鑒》／《中國2050：全面發展的富裕零碳經濟體》

Internal Carbon Prices (ICP)

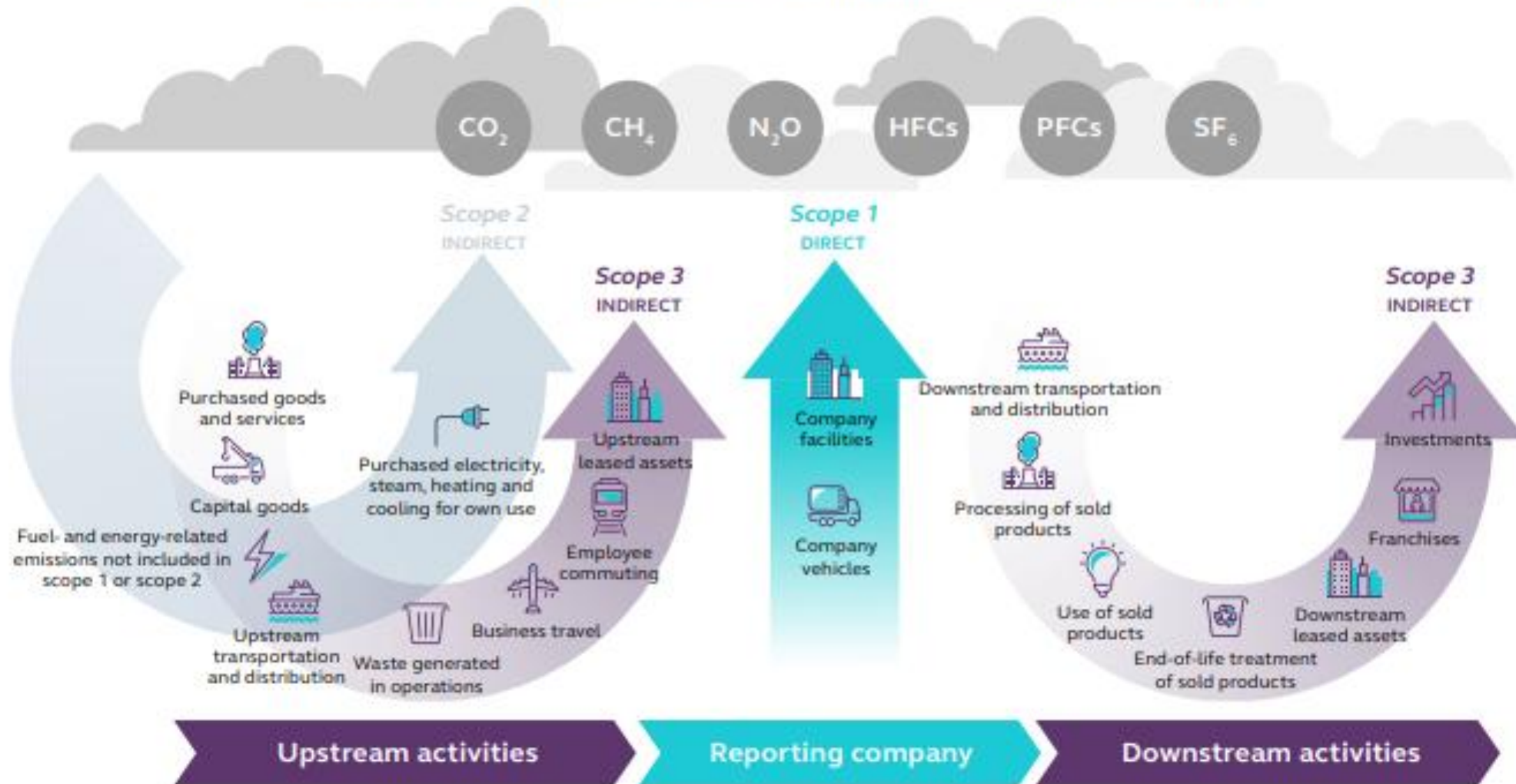
- Must either:
 - Disclose explanation of how the organisation is applying a carbon price in decision-making, as well as price of each metric tonne of greenhouse gas emissions to assess the costs; or
 - Disclose appropriate explanation as to why the organisation does not apply internal carbon price in decision-making
- ICP may influence decision-making such as:
 - Capital expenditure decisions
 - Procurement decisions
 - Research & development decisions
 - Operational decisions
 - Business units

Priced and trade

Type of ICP mechanism	Description	Objectives and usage
Shadow price	Hypothetical cost of carbon emissions	- The most common form of ICP - Helps an issuer understand the impacts of climate-related risks such as technological shifts or future regulations - Helps an issuer with risk management as well as internal strategic planning - Allows issuers to model or test how a range of carbon prices affect their divisions, capital investments and other planned projects
Carbon fee	A per-unit fee based on the amount of GHG the company emits	- Helps create an actual pool of funds, generating a revenue stream to help pave the way for greener projects and further R&D - Prepares an issuer for a carbon-resilient world - Encourages a business to transform into an environmental leader - Allows for the creation of internal funds to invest into energy efficiency or renewable energy projects in order to cut energy costs - Builds awareness of the importance of emission reductions within different business units
Implicit price	Helps quantify the capital investments required to meet climate-related targets	- Helps issuers understand their initial carbon footprint - Used as a benchmark to implement a more strategic internal price
Internal trading	Allows business units of an issuer to trade their allocated carbon credits based on respective emissions	- Helps create awareness - Allows issuers to prepare for more stringent measures such as shadow prices or carbon fees

15 Categories of Scope 3

Overview of GHG Protocol scopes and emissions across the value chain



Scope 3

Up Stream



Down Stream

Upstream emissions

Categories 1 – Purchased Goods and Services

- Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year
- Typically account for a large percentage of all scope 3 emissions



Categories 2 – Capital goods

- Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year





Categories 3 – Fuel and energy-related activities

- Extraction, production, and transportation of a) fuels and b) energy purchased or acquired by the reporting company in the reporting year
- Typically account for a large percentage of all scope 3 emissions
- Not included in scope 1 or scope 2

Categories 4 – Upstream transportation and distribution



- Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company)
- Transportation and distribution services purchased by the reporting company in the reporting year



Categories 5 – Waste generated in operations

- Disposal and treatment of waste generated in the reporting company's operations in the reporting year
- In facilities not owned or controlled by the reporting company

Categories 6 – Business Travel

- Transportation of employees for business-related activities during the reporting year
- In vehicles not owned or operated by the reporting company

Categories 7 – Employee Commuting

- Transportation of employees between their homes and their worksites during the reporting year
- In vehicles not owned or operated by the reporting company





Categories 8 – Upstream leased assets

- Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2





- ## Categories 9 – Downstream transportation and distribution
- Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)



- ## Categories 10 – Processing of sold products
- Processing of intermediate products sold in the reporting year by downstream companies (e.g. manufacturers).



- ## Categories 11 – Use of sold products
- End use of goods and services sold by the reporting company in the reporting year



Categories 12 – End-of-life treatment of sold products

- Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life



Categories 13 – Downstream leased assets

- Operation of assets owned by the reporting company and leased to other entities in the reporting year, not included in scope 1 and scope 2

Categories 14 – Franchises

- Operation of franchises in the reporting year, not included in scope 1 and scope 2

Categories 15 – investments

- Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2
- Primary for private financial institutions like commercial banks
- This category is applicable to investors and companies that provide financial services



A real example - a testing example on scope 3 for reference

Scope of GHG Emissions	Emission (in tonnes of carbon dioxide equivalent "tCO ₂ e") 2023	Emission (in tonnes of carbon dioxide equivalent "tCO ₂ e") 2022	Intensity (tCO ₂ e/tonnes of production) 2023	Intensity (tCO ₂ e/tonnes of production) 2022
Scope 1 Direct Emission	57,320	49,318	0.09	0.10
Scope 2 Energy Indirect Emission	389,586	329,215	0.63	0.69
Scope 3 Other Indirect Emission	1,115	453	0.002	0.00095
TOTAL	448,021	378,986	0.73	0.79

In addition, upstream and downstream logistics of the Group's value chain are another kind of the main sources of GHG emissions. The Group mainly used land trucks. During the Reporting Period, the Group produced 85,751,811 tonnes of carbon dioxide equivalent (tCO₂eq) GHG from its upstream and downstream logistics.

A stunning proportion of scope 3 emission found in one company, raised our concern on:

1. Basic rationale of GHG calculation structure
2. Accuracy of open data available
3. Potential data manipulation

Main concern

Before 2017:

- GRI framework as the main stream, which developed as a voluntary base disclosure. The GRI Standards enable any organization – large or small, private or public – to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development. In addition to companies, the Standards are highly relevant to many stakeholders - including investors, policymakers, capital markets, and civil society.
- Non-financial disclosure

After 2017

- Start to include financial-related risk and financial related disclosure
- Regulatory base
- IFRS start to involve in 2022, which adopt the whole TCFD framework for S1 S2
- Social issues, especially DEI (diversity, equity and inclusion) issues have been greatly weakened

Main issue for Construction sector

Environmental (E)

- Greenhouse gas (GHG) emissions: from construction equipment, logistics, and especially materials (cement, steel, asphalt) embedded carbon
- Energy use & operational emissions: performance of the built asset over its lifetime (heating/cooling, insulation, building systems).
- Material footprint & circularity: high demand for virgin materials; need for recycled aggregates, low-carbon cement, design for reuse, and better end-of-life recovery.
- Water use & wastewater: construction water demand, dewatering, and risk of contaminated runoff.
- Waste generation & landfill: demolition and construction waste; need for diversion, recycling, and reducing over-ordering/spec waste.
- Biodiversity & land impacts: habitat loss/fragmentation, earthworks and land clearance; site-level controls and restoration.
- Pollution & emissions: dust, noise, particulate matter, exhaust, and chemical spills (paints, solvents, fuels)

Main issue for Construction sector

Socials (S)

- Worker health and safety: falls, struck-by hazards, confined spaces, lifting/rigging incidents; heat stroke, subcontractor safety management is a major focus.
- Labor rights & working conditions: wage risk, long hours, forced labor concerns in some supply chains, and subcontractor oversight.
- Skill training, and workforce development: safety training, apprenticeship pathways, and retention.
- Community impacts: noise, traffic, dust, disruption, and local environmental burdens-plus how grievances are handled.
- Human rights in the supply chains: sourcing risks tied to materials (e.g. aggregates/quarries, metals, timber) and high-risk geographies.
- Accessibility and inclusion of the build environment: inclusive design (mobility, signage, services) and equitable access

Main issue for Construction sector

Governance (G)

- Compliance & permits: zoning, environmental permits, building codes, anti-corruption requirements.
- Anti-bribery/fraud controls: bribery risk in contracting, procurement, and subcontractor selection.
- Procurement transparency & supplier management: due diligence for ESG risks in materials and subcontractors.
- Subcontractor oversight: ensuring safety, wages/conditions, and quality obligations are enforced (not just contracted).
- Quality and lifecycle accountability: workmanship quality, defects management, and liability/claims handling.
- Reporting, data quality, and assurance: credible tracking of emissions, materials, injuries, incident rates, and remediation actions

Accountability in achieving compliance

- The ESG standard issued by HKEx is under the compliance of Listing rule appendix 2
- Legal view:
 1. Refuse to issue the ESG report – violation of Listing rule, but not a criminal offence
 2. False information – criminal under Section 384 (Provision of false or misleading information) of The Securities and Futures Ordinance (Cap.571). The prosecution has to prove such information was false or misleading in a material particular and that the person knew or was reckless as to whether the information was false or misleading.

Survey in 2018 and 2022

Survey with Poly U in 2018:

- We chose 288 ESG report
- Physically read all the report and spot their errors

Methodology: we divided into three level of market capital (below 500m, 500m to 5b, above 5b) and use the classification of industries (12 industries), evenly and randomly pick the companies

Result: we found average 4.28 material errors in each report even we don't have the chance to access their source files

Survey with Hang Seng U in 2022:

- Use the same method but with the assist of AI to read 300 reports
- Result: we found average 3.02 material errors in each report even we don't have the chance to access their source files

Challenges on evaluation

- Facing a huge amount of data, difficult to know
 - How accurate it is?
 - How complete it is?
 - How relevant it is?
 - What message can it tell?
 - How good/bad is the figure?
- Facing a huge amount of content, difficult to know
 - Are those content unbiased?
 - How meaningful is that content?
 - What can those content tell?

How accurate is the content

- Used wrong emission factors:

ENVIRONMENTAL PROTECTION

GHG emissions	2022	Tonnes
Scope 1	108.5	tonnes of CO ₂ e
Scope 2	8,200.7	tonnes of CO ₂ e
Scope 3	119.8	tonnes of CO ₂ e
Total GHG emissions	8,429.0	tonnes of CO ₂ e
GHG intensity (in area)	0.005	tonnes of CO ₂ e/m ²
GHG intensity (in revenue)	24.6	tonnes of CO ₂ e/ HK\$ million

ENERGY CONSUMPTION

During the Year, the total energy consumption of the Group was 9,826.7 MWh, with the consumption intensity of 0.01 MWh/m². Total energy consumption decreased by 39.9% compared with the prior year which was mainly attributable to the enhancement of completeness of data collected during the Year. The Group's electricity consumption during the Year decreased by 41.2% compared with the year 2021, attributable to the energy reduction target set for the operating locations in Hong Kong.

Energy Consumption	2022	Unit
Direct energy	748.2	MWh
Indirect energy	9,078.5	MWh
Total energy consumption	9,826.7	MWh
Energy intensity (in area)	0.01	MWh/m ²

How accurate it is

Indicator		Unit	2020 Data	2021 Data	2022 Data
Exhaust gas	Total exhaust emissions	Cubic metres	1,700,946,666.78	2,210,671,704.11	2,209,681,754.36
	SO ₂ emissions	Tonne	35.90	150.30	150.36
	NOx emissions	Tonne	141.95	1,489.99	1,460.85
	Soot emissions	Tonne	25.96	238.57	238.63
Wastewater	Wastewater discharge	10,000 tonnes	2,863.80	2,718.32	2,806.19
	COD discharge	Tonne	1,063.87	893.81	1,085.75
	BOD discharge	Tonne	222.48	246.93	233.87
	Ammonia nitrogen	Tonne	154.40	204.24	306.84
Carbon dioxide emissions		10,000 tonnes	127.00	136.00	142.57
Scope 1 emissions		10,000 tonnes	21.00	26.00	25.37
Scope 2 emissions		10,000 tonnes	106.00	110.00	117.20
Carbon dioxide emission per tonne of production		kg/Tonne	169.00	171.00	168.31
Total hazardous waste		Tonne	242.23	382.81	385.66
Total general waste		Tonne	28,912.44	40,200.24	51,212.24
Compliance disposal rate of solid waste		%	100	100	100
Grid electricity consumption across regions		kWh	848,749,516.09	816,797,963.40	818,780,565.50
Coal consumption		Tonne	7,502.82	0.00	0.00
Gasoline consumption		Liter	15,101.86	11,196.38	12,000.00
Diesel consumption		Liter	14,894.51	55,124.81	10,342.00
Purchased steam		Tonne	880,833.12	859,756.92	832,324.04
Natural gas consumption		10,000 standard cubic meters	6,811.11	7,188.65	7,191.54
Generation of solar power		10,000 kWh	466.05	869.75	850.97
Steam production from biomass energy		Tonne	309,541.33	289,575.22	189,801.01
Direct energy consumption		GWh	792,724.37	778,994.34	778,870.65
Indirect energy consumption		GWh	1,511,395.38	1,463,588.32	1,444,933.32
Total comprehensive energy consumption		GWh	2,304,119.75	2,242,582.66	2,223,803.97
Total water consumption		Tonne	29,093,882.70	28,643,224.80	28,243,256.34
Reduction of COD discharge		Tonne	44,710.65	41,227.21	42,288.66

One of the largest dairy product companies in Hong Kong

Where is their methane emission in scope 1?

How accurate is the content

- Wrong use of wastewater unit

Indicator		Unit	2020 Data	2021 Data	2022 Data
Exhaust gas	Total exhaust emissions	Cubic metres	1,700,946,666.78	2,210,671,704.11	2,209,681,754.36
	SO ₂ emissions	Tonne	35.90	150.30	150.36
	NOx emissions	Tonne	141.95	1,489.99	1,460.85
	Soot emissions	Tonne	25.96	238.57	238.63
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Scope 1 emissions		10,000 tonnes	21.00	26.00	25.37
Scope 2 emissions		10,000 tonnes	106.00	110.00	117.20
Carbon dioxide emission per tonne of production		kg/Tonne	169.00	171.00	168.31
Total hazardous waste		Tonne	242.23	382.81	385.66

How complete it is

A1. Emissions

The total CO₂ emissions generated from the usage of the transportation fuel by the Company was 16,493 kg (2021: 17,860 kg), which is a decrease of 8% due to a reduction in private car usage. Going forward, the Company plans to keep the overall air transportation as well as auto usage low in order to keep the total output of emissions to a minimum. Our overall goal is to continue to reduce overall CO₂ annual basis consistently. emissions on an annual basis consistently.

A2. Use of Resources

We measure our environmental impact in terms of resource consumption against these major categories: (1) electricity, (2) paper usage, (3) packaging and waste, and (4) water usages. The resources used by the Group consist primarily of the electricity, paper, waste packaging and water consumed at the office.

In terms of the overall electricity usage, the Company takes energy saving measures with LED lighting and light zoning. During the year ended 31 December 2022, the total CO₂ emission generated from electricity consumption by the Company was 34,399 kg (2021: 34,323 kg).

This is the whole result of a company's carbon audit. They do not have:

1. Figure of SO_x and NO_x which is a mandatory requirement
2. How many resources/electricity did they use to come up with such a result
3. What are their scope 1, scope 2, and scope 3?

How relevant it is

- Stunning amount of water used, haven't mentioned
 1. how they source water
 2. Impact on the environment
 3. How to comply with the law

Natural gas consumption	10,000 standard cubic meters	6,811.11	7,188.65	7,191.54
Generation of solar power	10,000 kWh	466.05	869.75	850.97
Steam production from biomass energy	Tonne	309,541.33	289,575.22	189,801.01
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Total water consumption	Tonne	29,093,882.70	28,643,224.80	28,243,256.34
Reduction of COD discharge	Tonne	44,710.65	41,227.21	42,288.66

What message can it tell

Climate change disclosure

A4. Climate Change

The Group is aware that climate changes would have significant impact on its business operations and its property may be damaged by extreme weather conditions, e.g., tropical cyclones, rainstorms and earthquakes, which may further affect the safety of our employees. The Group identified, evaluated and managed the climate-related risks. During the Reporting Period, the Group has not been seriously affected by extreme weather conditions as the Group has set up various emergency plans to prevent the disruption of our business operations and to safeguard the safety of our employees such as working arrangement under tropical cyclone warning signal no. 8 or above, and black rainstorm warning. In the future, the Group will continue to closely monitor the effect and potential risks of climate change, and to improve and implement the measures taken to reduce such climate-related risks.

A4. 氣候變化

本集團知道，氣候變化會對其業務經營產生重大影響，其財產可能因極端天氣狀況（例如：熱帶氣旋、暴雨及地震）而受損，並可能進而影響到旗下僱員的安全。本集團已識別、評估及管理氣候相關風險。於報告期間，由於本集團已制訂多項應急計劃，以預防旗下業務經營受到干擾，並保障旗下僱員的安全，例如在八號或以上熱帶氣旋警告信號及黑色暴雨警告下的工作安排，因此，本集團並無受到極端天氣狀況的嚴重影響。在未來，本集團將會繼續密切監察氣候變化的影響及潛在風險，並改善及實施為減少有關氣候相關風險而採取的措施。



- Physical risk
- Transition risk
 1. Legal risk
 2. Market risk
 3. Reputation risk
 4. Technology risk
- Strategy on handling physical risk and transition risk
- Opportunities
- Metrics and target
- How does it impact the financial performance of the company

How good/bad is the figure

- An investment report a high scope 3 emission:

Environmental, Social and Governance Report

The total greenhouse gases generated by the Group during the Reporting Period, mainly comprising of our electricity used by offices and investment properties, and petrol consumption for commuting purposes, were as below:

Greenhouse gas ("GHG") emission ¹ (in tonnes CO ₂ e)	2022	2021
Direct (Scope 1) Emissions	33.1	112.4
Direct (Scope 1) Emissions Intensity by Headcount ²	0.4	1.3
Indirect (Scope 2) Emissions	109.6	119.2
Indirect (Scope 2) Emissions Intensity by Headcount	1.2	1.3
Other Indirect (Scope 3) Emissions	500.9	446.4
Other Indirect (Scope 3) Emissions Intensity by Headcount	5.5	5.0

¹ Carbon emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, the emission factor published by the electricity provider as well as the "UK Government GHG Conversion Factors for Company Reporting" issued by the Department for Business, Energy & Industrial Strategy of the United Kingdom.

² Unless otherwise specified, intensity in this ESG Report represents the average amount of emission generated/energy consumed per headcount.

Direct (Scope 1) GHG emissions were mainly resulted from the consumption of petrol by vehicle. Indirect (Scope 2) GHG emissions were mainly resulted from the consumption of electricity. Other indirect (Scope 3) GHG emissions were mainly resulted from construction waste, with use of paper having an insignificant contribution. Both Scope 2 and Scope 3 GHG emissions' intensity demonstrated a decrease, which testified the Group's efforts in reducing GHG.

Their scope includes: "property development in the U.S., property investment in Hong Kong, fund investments and securities investment business", and they claim that scope 3 is from construction waste.

Are those content unbiased

Carbon Net-Zero



- [REDACTED] Factory was certified by Germany's TÜV Rheinland and China's Guangzhou Emissions Exchange, becoming **the first internationally and domestically dual certified zero-carbon emission factory in the dairy industry.**
- Yashili Reeborne Jingzhi of [REDACTED] infant formula milk powder 700g and 750g obtained **carbon neutrality product certificates** for its Stage 1, Stage 2 and Stage 3 product, achieving **relatively zero greenhouse gas emissions.**

One of the Factory claims to be carbon neutral

How meaningful is that content

2.1 IMPROVING SUPPLY CHAIN SYSTEM

is committed to building a stable and sustainable supply chain, fully ensuring food quality and safety, and continuously improving the stable supply capacity and product quality of suppliers.

• Promoting quality management system

During the year, the Company proactively promoted the improvement of the quality management system. To improve the recipes and characteristics of the Company's product, regulate food safety along the entire chain, meet the requirements and improve the satisfaction of customers and other stakeholders, so as to increase the market share of products, thereby ensuring the realization of the Company's interests. Yishun Halal Meat Co., Ltd., an upstream enterprise in the supply chain of the Group, has formulated quality and HACCP management plans under the name of QH Management Manual and HACCP Manual. The Company invited CQC China Quality Attestation Centre to carry out HACCP/ISO9001 quality management system for the Company, effectively implemented the Provisions on the Supervision and Administration of the implementation of Main Responsibility for Food Safety by Enterprises, carried out daily control, weekly inspection and monthly scheduling work, and finally obtained the HACCP/ISO9001 management system certificate, implemented the process management of the quality management system, and effectively controlled the products.

• Regulated procurement process

has been conducting procurement activities with the principles of openness, equality, fairness, legality, compliance and reasonableness. Public bidding is carried out through some platforms such as WeChat, the official website and other channels to ensure equality and transparency in bidding. During the bidding process, prices are communicated through competitive negotiation, price comparison and bargaining, cost breakdown accounting, etc. The bidding results are determined after a process involving multiple departments, multiple rounds of price comparison, review and evaluation, re-evaluation and price negotiation and other processes to select high-quality suppliers.

- The environmental and social concerns of the supplier?
- The environmental concern of food?
- The human rights concern of the suppliers?

Qualification assessment

Evaluate the qualification of suppliers, examine whether their qualifications are complete, and give priority to enterprises with various system certificates

Product quality assessment

Evaluate the quality of suppliers' products and whether there are any food safety issues

Emergency response capability assessment

Evaluate the supplier's emergency response capabilities, especially for temporary unexpected major incidents.

Scale assessment

Evaluate the scale of suppliers, giving priority to those with experience of working with large chain customers, preferably industry leaders or top ranked enterprises

Risk assessment

Evaluate the existence of legal disputes and financial disputes with suppliers that may affect production and supply

What can those content tell

IMPROVING EMPLOYMENT SYSTEM

First Shanghai strictly complies with employment-related laws and regulations as well as internal policies and system, it is committed to providing employees with an appropriate working environment and system for them to unleash their potential and enhance their working performance. The Group has developed the clearly defined policies on recruitment and dismissal, remuneration and promotion, benefits and welfares, and improve the employment system continuously. We offer employees with attractive remuneration packages in return for their contribution to our development.

Recruitment and Dismissal

- All recruitment and dismissal procedures are carried out on the principle of fairness and impartiality, regardless of gender, sexual orientation, marital status, religion and race, etc.
- Recruit employees only through lawful ways and prohibit use of child labor. Review the identity documents of job applicants during the recruitment process to ensure their working eligibility and avoid employment of child labor by mistake.
- The human resources department, direct department supervisors, company's management and other relevant parties review the qualifications of job applicants, conduct interviews and give job offer notice to applicants. Entire recruitment process shall be formally completed only upon obtaining the applicant's consent, that is to ensure there is no forced labor.
- Should any employee leave the job either voluntarily or involuntarily, the Group shall proceed compensation or arrangement according to the established policy and provisions of the employment contract.

Remuneration and Promotion

- Provide internal development and promotion opportunities for employees, and select the most suitable talents according to their performance, qualifications and abilities.
- Regularly evaluate the work performance and attitude of employees, and make appropriate adjustments to their remunerations and positions based on the results of the evaluation and the review of remuneration packages.

Benefits and Welfares

- Provide employees with appropriate benefits and welfares, including annual leave, marriage leave, sick leave, maternity and paternity leaves, examination leave and birthday leave, and other paid leaves
- Shall not coerce employees to work involuntarily during non-business hours by seizing ID documents, deceiving, threatening and other means. If overtime work is required due to the need of speeding up a job process, the Group will offer overtime allowance or compensatory leave to those who work overtime in accordance with the provisions set out in the "Staff Handbook".
- In order to taking good care of the physical and psychological health of employees, employees are entitled to access to wide healthcare coverage, including Chinese and Western medicine out-patient clinics, specialist out-patient clinics, and physical therapy. The healthcare coverage is also provided to the spouses and children of employees, so as to take care of the physical and psychological health of their relatives.

Anti-discrimination and equal Opportunities

- Strictly forbid any form of discrimination, sexual harassment or unequal treatment.
- Recruitment, dismissal, promotion and other procedures are not affected by factors such as gender, race, sexual orientation, religion, nationality and age, etc.

Almost no touch on diversity,
inclusion, equity, human rights, etc

Action taken by HKEx

In reality, since the mandatory requirement of ESG disclosure in 2016, HKEx has **never raise** any questions on any companies' ESG report except the following two cases:

Case 1

23/07/2018 17:40	00258	TOMSON GROUP	Financial Statements/ESG Information - [Environmental, Social and Governance Information/Report] (Revised) Environmental, Social and Governance Report 2017 (902KB) PDF
20/07/2018 18:50	00258	TOMSON GROUP	(Cancelled and Reissued) Financial Statements/ESG Information - [Environmental, Social and Governance Information/Report] Environmental, Social and Governance Report 2017 (903KB) PDF
Water	Cubic meter	351,329,597	
Water	Cubic meter	409,868	

Case 2

The Group identified the ESG issues including climate-related issues through conducting materiality analysis. After the analysis, climate change was not within the top 5 material issues of the Group. Climate change did not impose direct impacts on the Group's operations as the Group was principally engaged in the provision of beauty treatment services and the sale of skincare products. The Board considered that the Group's operations were mainly conducted indoor, minimal climate change impact was caused.

Save as disclosed above, the contents of the 2021 Annual Report and the 2022 Annual Report remain unchanged.

On behalf of the Board
Water Oasis Group Limited
Tam Siu Kei
Executive Director and Chief Executive Officer

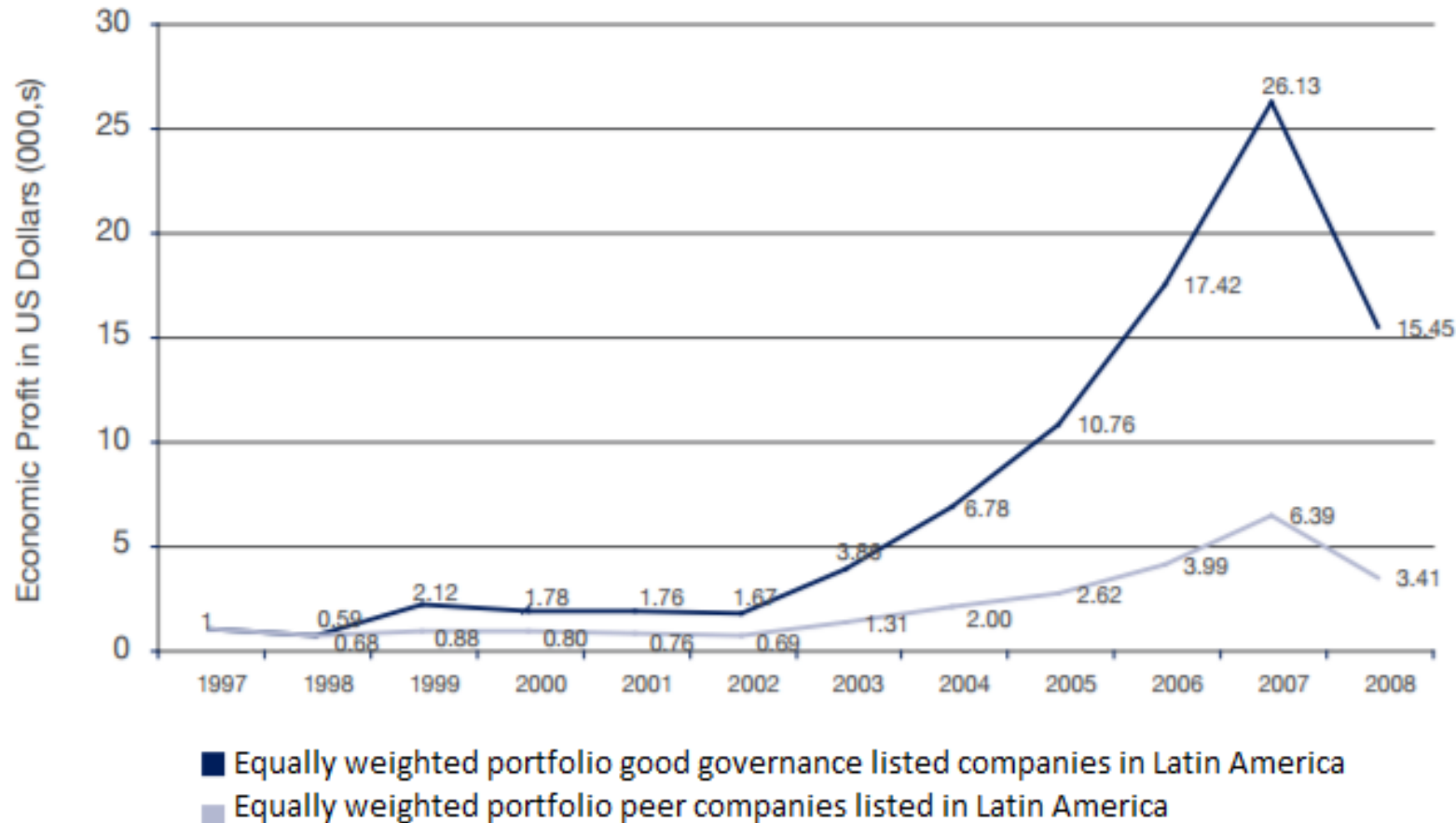
Are there any correlation on investment return?

A survey done by Ascent Partners in 2023:

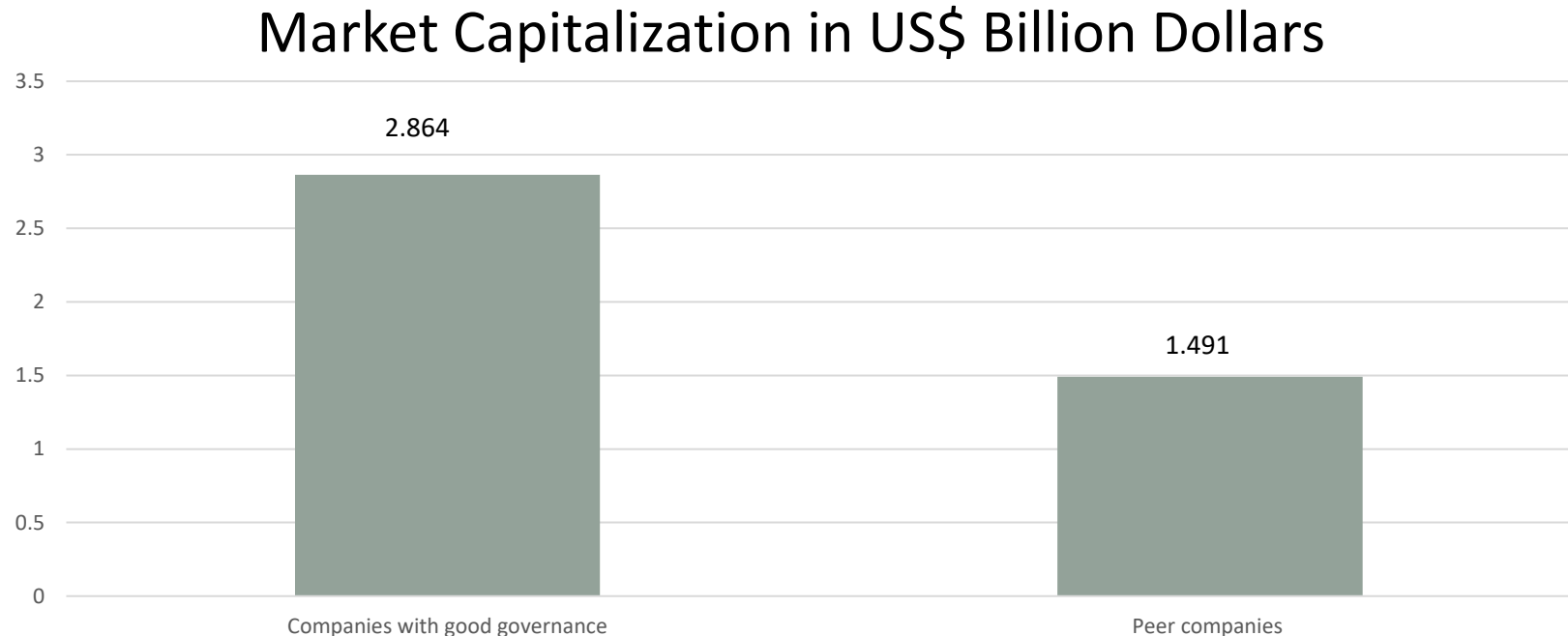
- Survey background: Hong Kong Exchange start to have mandatory requirement on ESG disclosure on 2016, we would like to do a survey on the correlation of **investment return** and **ESG performance**
- Methodology:
 1. Only choose the companies that listed after 2016 to eliminate all the management bias
 2. From 2016 to 2021, more than 500 companies listed in Hong Kong, we randomly choose 180 of them to do the survey
 3. We use a scoring tool named I-score (co-developed by Poly U and Ascent Partners) to give ESG performance scores to the chosen companies
 4. We divided the companies into three groups – scores at top 33 percentile, 34 to 66 percentile, and lower 66 percentile.
 5. We took away the middle group and left only the good performance group and the bad performance companies to compare
- Result: we **couldn't find any correlation** between ESG performance and investment performance

Another survey -- The Tangible benefit of Good Governance

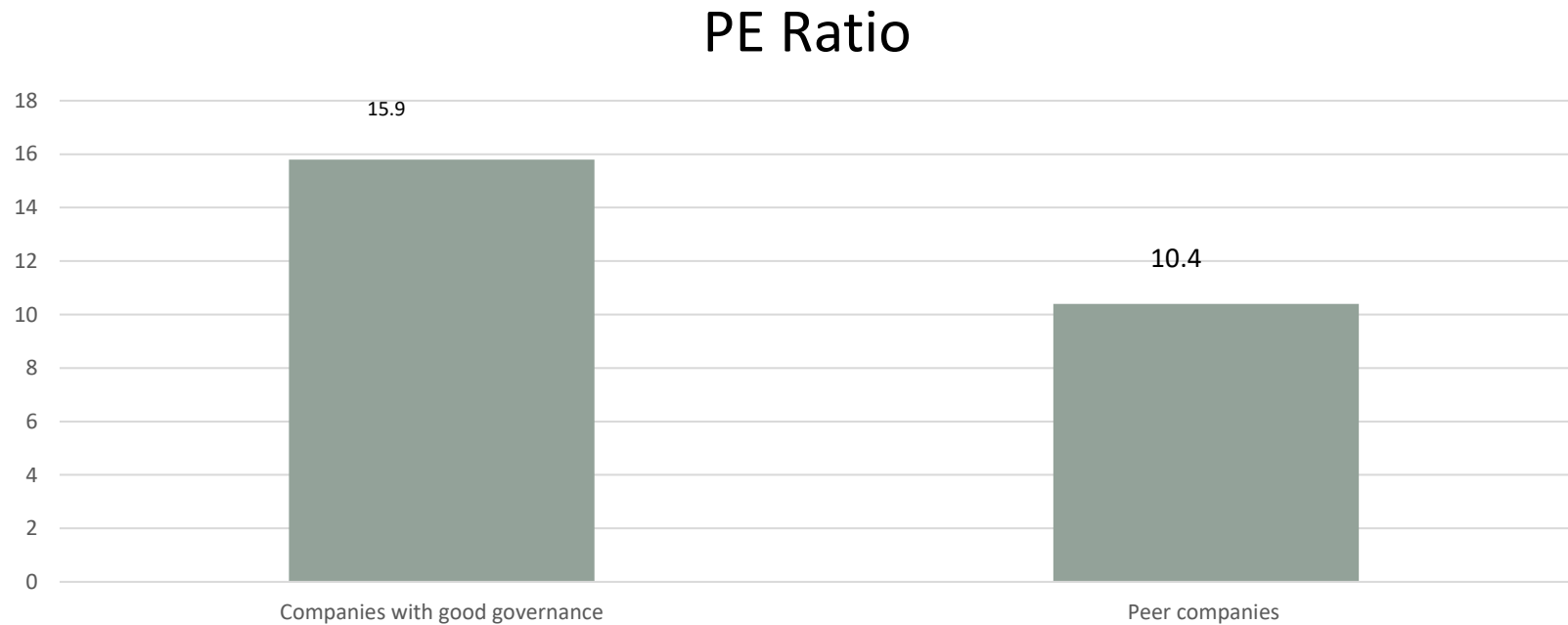
An OECD research in Latin America 1997-2008



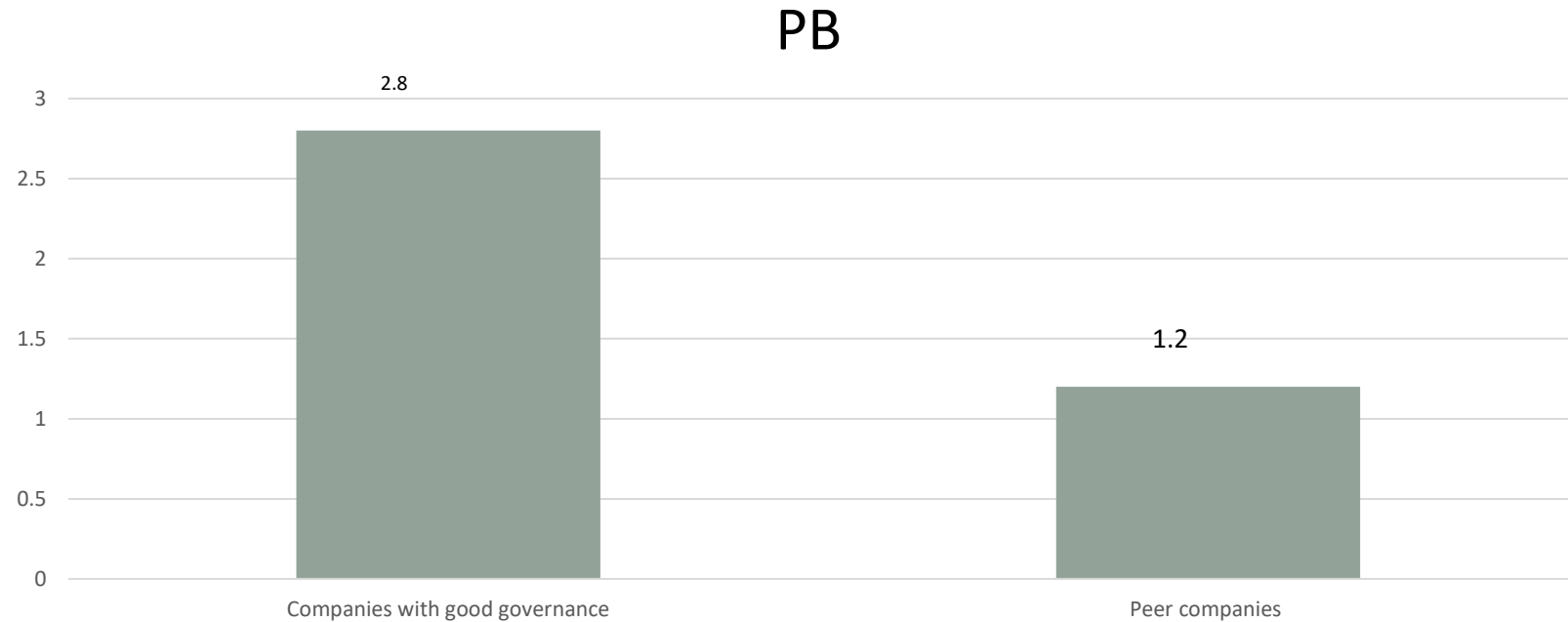
Continue – comparison of good governance listed companies to their peers in LA 2008



Continue – comparison of good governance listed companies to their peers in LA 2008

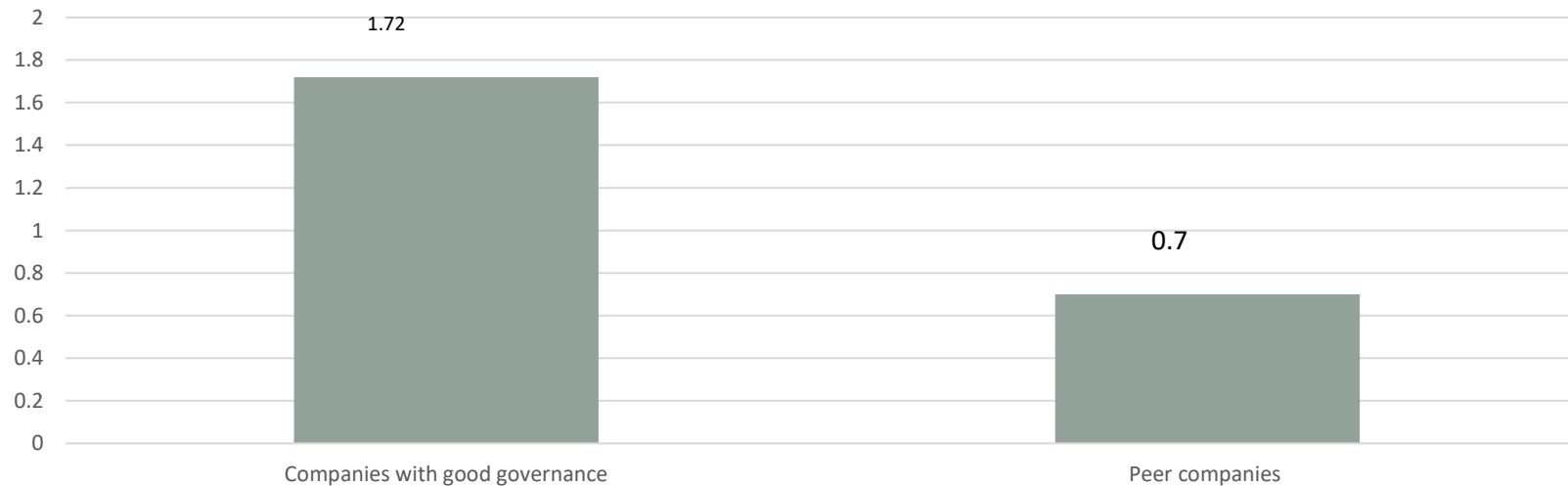


Continue – comparison of good governance listed companies to their peers in LA 2008

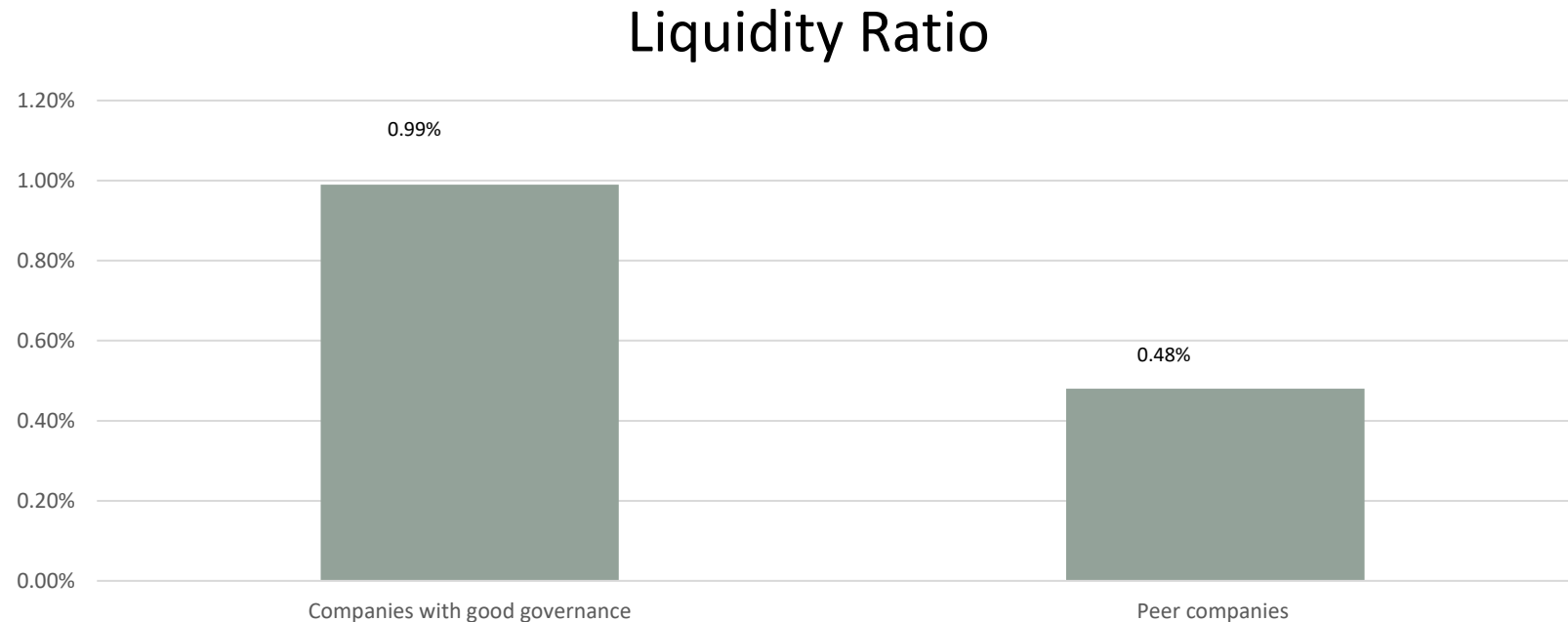


Continue – comparison of good governance listed companies to their peers in LA 2008

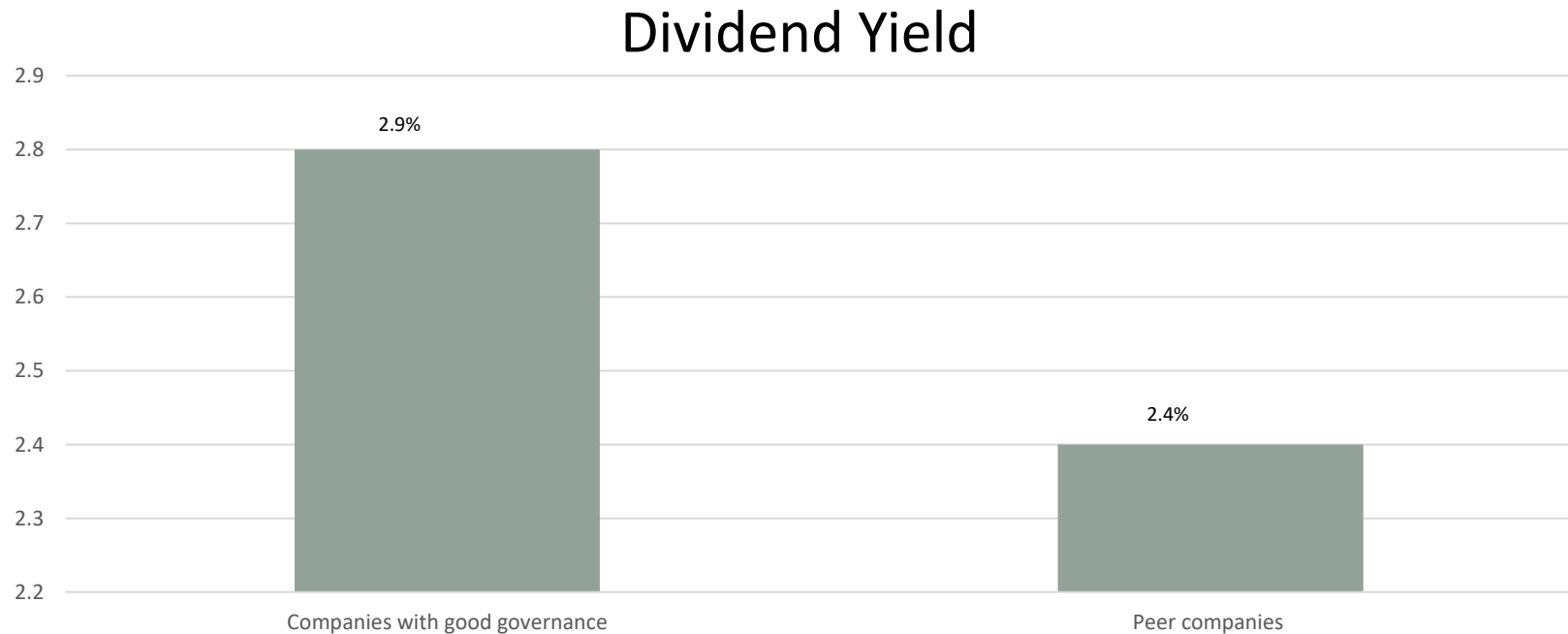
Daily Volume of Shares Traded in US\$ Million Dollars



Continue – comparison of good governance listed companies to their peers in LA 2008



Continue – comparison of good governance listed companies to their peers in LA 2008



Major ESG rating agency

- MSCI ESG Rating
- Morningstar Sustainalytics
- Bloomberg sustainability Scores
- ISS ESG Corporate Rating
- Fitch General ESG Approach
- S&P Global CSA (Corporate Sustainability Assessment)
- Moody's ESG Solutions
- Syn Tao Green Finance ESG Ratings
- CDP Score
- Ecovadis

Limits and challenges of ESG ratings

- **Lack of standardization:** each agency applies its own methodology
- **Partial transparency:** weighting criteria are not always disclosed
- **Inconsistent results:** a single company can receive very different scores depending on the agency
- **Risk of “greenwashing”:** if published data are not independently verified

Key challenge for investors: learn how to interpret ESG scores, cross-check multiple sources, and prioritize agencies whose methodologies align best with their ESG priorities.

ESG Data Management

ESG data Scope and definitions

- Define which ESG standard you intend to comply (e.g., HKEx, GRI, SASB, TCFD, TNFD, etc).
- Map which **reporting requirements** you need to satisfy (internal targets + investor reporting + any external frameworks your organization uses).
- Create a **data dictionary**:
 - metric name
 - calculation logic / formulas
 - units (tCO₂e, kWh, Kj, tons, etc)
 - boundary (which sites/entities are included)
 - source systems
 - assumptions and exclusion rules
 - data quality level expectations

Build data Governance Model

Who:

- Responsible for producing data
- Accountable for correctness
- Consulted for methodology
- Informed for downstream use

Create end-to-end lineage (source – processing – reporting)

For each metric, document:

1. Source (utility meters, ERP bills, HRIS, incident systems, supplier questionnaires, etc.)
2. Extraction method (manual export, API, ETL process, spreadsheet)
3. Processing (cleaning, unit conversion, mapping, calculations)
4. Review steps (validation checks, approvals)
5. Final reporting dataset (where it lands and how it's versioned)

A simple “lineage map” helps you answer:

- *Where did this number come from?*
- *What changed?*
- *What evidence supports it?*

Standardize calculation methods and boundaries

Common ways organizations reduce risk:

- Use consistent operational and organizational boundaries (e.g., owned vs leased, consolidation approach).
- Lock in emission factors / conversion factors (and store the version used).
- Define estimation rules (e.g., if meter data missing → fallback method).
- Use consistent time granularity (monthly vs annual) and cut-off rules.

Tip: Maintain a “methodology change log” each reporting cycle.

Implement strong data quality controls (like financial controls)

Minimum control set per metric:

- Completeness checks: missing sites/regions/entities.
- Validity checks: unit conversions, impossible values (e.g., negative emissions).
- Reconciliation: totals tie out to source totals (or explained variances).
- Trend/outlier review: flag large changes vs prior year.
- Approval workflow: who signs off before aggregation.
- Version control: which workbook/table version produced the final number.

If you have the capacity, align control language with internal control frameworks (similar rigor to financial reporting).

Choose the right tool strategy (don't over-engineer)

You typically need 3 layers:

- Source systems (ERP, HRIS, EHS, procurement, utility data)
- ESG data repository / platform
Options range from:
 - structured databases + controlled spreadsheets
 - dedicated ESG data platforms
- Reporting outputs (dashboards, disclosures packs)

A common failure mode is “Excel everywhere.” If spreadsheets remain, enforce:

- standardized templates
- locked formula logic
- controlled submissions
- centralized versioning and audit trails

Control supplier and third-party ESG data

For supplier-related metrics:

- Use a supplier segmentation (high-risk/high-impact prioritized first).
- Require suppliers to submit using standardized templates and definitions.
- Establish verification tiers:
 - self-reported
 - limited assurance-ready evidence
 - independently verified data (where available)
- Maintain a “supplier data quality rating” and document how you treat missing data.

Use an audit-ready evidence pack

For assurance readiness (both internal and third-party), keep:

- supporting documents for key metrics (meter reports, contracts, HR extracts, incident logs)
- calculation workpapers or model exports
- change logs, factor versions, assumptions
- approval records (who reviewed/approved and when)

The goal is that someone else could reproduce the number.

Establish a repeatable reporting calendar and close process

Create an ESG “close” timeline similar to finance:

- metric owner submission window
- data review window
- reconciliation/approval window
- final freeze date for disclosures
- post-close lessons learned

Include:

- contingency rules if data is late (e.g., use estimates with explicit disclosure)

Train people and continuous improve

ESG data quality is as much people/process as it is systems:

- train data owners on definitions and templates
- run periodic internal reviews
- track “top recurring issues” and fix root causes (not just rework)

Examples on some mistakes and problems during the reporting process

- Generic names that can hardly define the real product. E.g. natural gas, charcoal
- Miss understand the usage of some material. E.g. natural gas in a chemical fertilizer plant
- Some fuel or material not commonly appeared in the notes of standard. E.g. steam (moreover, how to calculate)



Another very typical problem:

- Discrepancy between measure and calculation

FEEDBACK SURVEY



<https://forms.gle/rwTZitBL4J5yW4n67>

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