

# Sustainability

## ESG Reporting

Good corporate citizenship is increasingly important in today's changing world and economy. Shareholders, employees, and other stakeholders are demanding evidence of a company's commitment to environmental and social responsibility, as well as financial performance. Regardless of where you are starting from, Intertek can help your company present credible and measurable indicators of its performance.



### How Sustainability Reporting Benefits Business

- Streamline processes, reduce costs, improve efficiency and competitiveness
- Key communication tool to reassure stakeholders, consumers and governing agencies
- Develop KPI's to help you measure, manage and understand your business activities to enable decision making.
- Improving your reputation, brand loyalty and credibility in the marketplace
- Benchmark performance and compliance with respect to laws, standards, codes and supply contracts
- Raises awareness, motivates staff and helps attract talent

### Reporting Framework

Effective sustainability reporting allows you to allocate resources and improve future sustainability initiatives, empowering true organizational transformation.

Whether you are looking for a stakeholder engagement, or simply need help strategizing your approach to corporate social responsibility (CSR), we can help you.

Intertek staff is experienced in designing industry-specific sustainability reports tailored to meet each client's needs. Clients use our reports for a variety of purposes - to respond to shareholder requests, identify potential new sustainability initiatives, increase employee engagement, enhance reputation, increase client loyalty, and achieve competitive advantage.

### GRI Reporting

Global Reporting Initiative (GRI) - G4 sustainability framework - the most widely accepted reporting framework that measures economic, environmental, and social performance.

In G4, organizations will be required to report only what matters -- and where it matters. Though it was never the intent of the G3/G3.1 framework, the perception of reporting options over the last few years has centered on the difference in the number of indicators required for different levels of reporting. While materiality is not new, the G4 framework more explicitly requires reporting efforts to center on materiality -- impacts, risks and opportunities. The first step G4 requires is a systematic materiality assessment followed by disclosure of what those material topics are.

A company now has two options (levels) for reporting "in accordance with" the GRI guidelines: "core" and "comprehensive" reports. The most substantial difference between a core and a comprehensive report will be the number of governance and strategy disclosures.

### For More Information

400 886 9926  
service.china@intertek.com

intertek.com.cn

# Sustainability

## ESG Reporting

### HKEX ESG Reporting

In July 2015, the Hong Kong Stock Exchange ("HKEx") released a consultation paper regarding requirements for Environmental, Social and Governance ("ESG") reporting for listed companies. In this consultation, the HKEx proposes the following requirements:

- 1. Timeline:** Listed companies must disclose ESG information on an annual basis for the same period covered in their annual reports, starting from financial years commencing on or after 1 January 2016.
- 2. Responsibility:** Boards have overall responsibility for their companies' ESG strategy and reporting. They are also responsible for evaluating and determining their companies' ESG-related risks and for ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management should report to Boards on the effectiveness of these systems.
- 3. Reporting format:** An ESG report may be presented as information in the company's annual report, in a separate report or on its website. Whichever format is adopted, the ESG report should be published on the HKEx's website and the company's website. Where not presented in the company's annual report, it should publish this information as close as possible to, and in any event no later than three months after, the publication of its annual report.
- 4. Scope of entity:** An ESG report should also state which entities in the company's group and/or which operations have been included in the report. If there is any change in such scope, the company should describe them and explain the reasons for them.
- 5. Reporting principles:** Materiality, Quantitative, Balance and Consistency.

### ESG Subject Areas

A. Environmental		B. Social	
<u>Aspects</u>		<u>Aspects</u>	
<ul style="list-style-type: none"> <li>◆ Emissions</li> <li>◆ Use of resources</li> <li>◆ Environment and natural resources</li> </ul>	<u>Employment and Labour Practices</u> <ul style="list-style-type: none"> <li>◆ Employment</li> <li>◆ Health and safety</li> <li>◆ Development and training</li> <li>◆ Labour standards</li> </ul>	<u>Operating Practices</u> <ul style="list-style-type: none"> <li>◆ Supply chain management</li> <li>◆ Product responsibility</li> <li>◆ Anti-corruption</li> </ul>	<u>Community</u> <ul style="list-style-type: none"> <li>◆ Community investment</li> </ul>

### 6. Report contents:

- The ESG report should state the company's approach, strategy, priorities and objectives for the management of ESG and explain how these relate to its business.
- Narratives descriptions of policies and practices relating to eleven environmental and social aspects, as well as disclosures of key performance indicators ("KPIs") relating to the environment, on a "comply or explain" basis.

The above proposed requirements indicate the increasing public concern regarding companies' ESG performance in addition to financial and operational performance. ESG reporting can help a company to manage the expectations of its stakeholders, including investors, customers, employees and the wider community, with respect to its ESG performance, communicate any strong aspects of this performance and thereby enhance the level of trust in its brand and its reputation.

The experienced team at Intertek can help you strategically align business development with sustainability goals. Service areas cover:

- Development of CSR and sustainability strategy
- Stakeholder engagement
- Materiality assessment
- Data collection
- Report writing (Bilingual English or Chinese)
- Training and education

Furthermore, our team will use our detailed approach to drill down on the specific indicators most relevant to your organization and your corporate culture, develop targets relevant to those indicators, and determine what resources your company need to achieve those targets.

### For More Information

400 886 9926  
service.china@intertek.com

intertek.com.cn