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Sustainable Futures: ESG Mastery for NGOs and SEs

永續未來：非政府機構與社企ESG訣要

7 November 2025

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EY HK Climate Change and Sustainability Services

Contact us to find out more

Ee Sin Tan

Partner

Ee-Sin.Tan@hk.ey.com

Justin Cheung

Executive Director

Justin.J.Cheung@hk.ey.com

Freddy Cheng

Manager

Freddy.Cheng@hk.ey.com

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Evolution of ESG Reporting

Evolving ESG reporting trends

From:
- We contribute to society because we are successful
- We give back

To:
- We are successful because we contribute to society
- We create shared value

Adapted from WBSCD

Defining ESG

ESG covers a broad spectrum of non-financial performance criteria. The scope of topics covered by ESG includes, but is not limited to, the following:

Environmental
- Adaptation to climate change
- GHG and climate mitigation
- Energy efficiency
- Pollution and waste management
- Environmental education
- Use of natural resources
- Clean energy and technologies

Social
- Employee development and retention
- Diversity agenda
- Employee health and safety
- Product/customer quality and safety
- Human rights and work conditions
- Privacy and data security

Governance
- Accountability and transparency
- Business ethics and good governance
- Digital transformation and innovation
- IT resilience
- Quality assurance and governance

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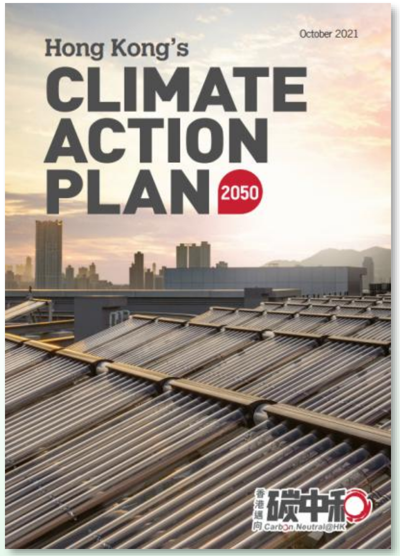
Reason why organizations should consider ESG

Alignment with governmental policy agenda

- Furthermore, the HKSAR Government has also established various blueprints, which highlights the strategies in sustainability management in Hong Kong. Below highlights three notable blueprints from an environmental, social and governance aspects.

Environment
Climate Action Plan

Highlights the overall strategies, plans, targets and actions for Hong Kong to achieve carbon neutrality before 2050.



- Net-zero electricity generation
- Energy saving and green buildings
- Green transport
- Waste reduction

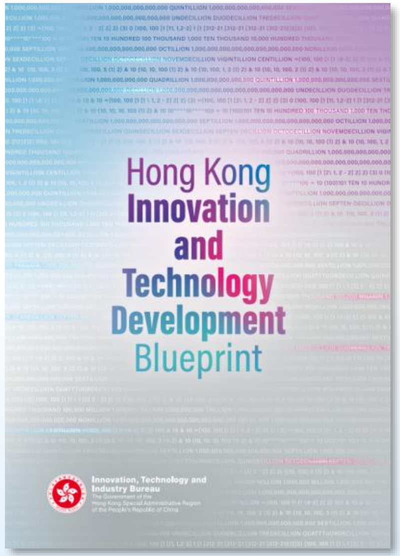
Social
Primary Healthcare Blueprint

Sets out a strategic road map towards establishing a primary healthcare system that can improve the overall health and quality of life for population in a sustainable manner.

- Develop community-based system
- Consolidate resources
- Reinforce manpower
- Improve connectivity
- Strengthen governance

Governance
Innovation & Technology Development Blueprint

Aims to promote digital innovation in developing a diversified economy and to improve quality of life.



- InnoHK Research Clusters established to promote global research collaboration, specializing in biomedicine, AI and more.

Convergence - the ISSB and its purpose

The International Sustainability Standards Board (ISSB) was established by the IFRS in 2021 with the purpose to develop, in the public interest, a comprehensive global baseline of sustainability disclosures for the financial markets.

The ISSB has a global and **multi-location presence** and focuses on developing a **global baseline of sustainability disclosures** and **a digital taxonomy.**

The ISSB enables companies to provide **comprehensive sustainability information** for the **global capital markets.**

The building blocks approach facilitates additional requirements that are **jurisdiction-specific** or aimed at a broader group of stakeholders.

As of June 2025, **36** jurisdictions have adopted or referenced the ISSB in their ESG reporting regulations**.**

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Latest trend in local ESG landscape

Hong Kong Financial Reporting Standards (HKFRS) Sustainability Disclosure Standards

- HKSAR officially launched the "Roadmap on Sustainability Disclosure in Hong Kong" in December 2024 to support consistent disclosure of climate and sustainable development-related information in accordance with global standards.
- The Roadmap sets out Hong Kong's approach to require publicly accountable entities (PAEs) to adopt the HKICPA's HKFRS S1 and S2, which are fully aligned with the ISSB Standards, by 2028.

Details of HKFRS S1 and S2	
Effective date	1 August 2025
Reporting boundary	All entities covered by the consolidated financial statements must be included in ESG report
Applicable entities	Prioritise PAEs, including listed entities and regulated financial institutions
Implementation reliefs	HKFRS S1 and S2 provide implementation relief (transition) for entities to ease their adoption in providing certain disclosures

Key points in HKFRS

- Disclosure indicators are required on a mandatory basis, not a 'comply or explain' basis
- Scope of sustainability reporting to include all entities covered by consolidated financial statements

Scope of Prioritised PAEs*

- Listed companies
- Non-listed PAEs being Financial Institutions

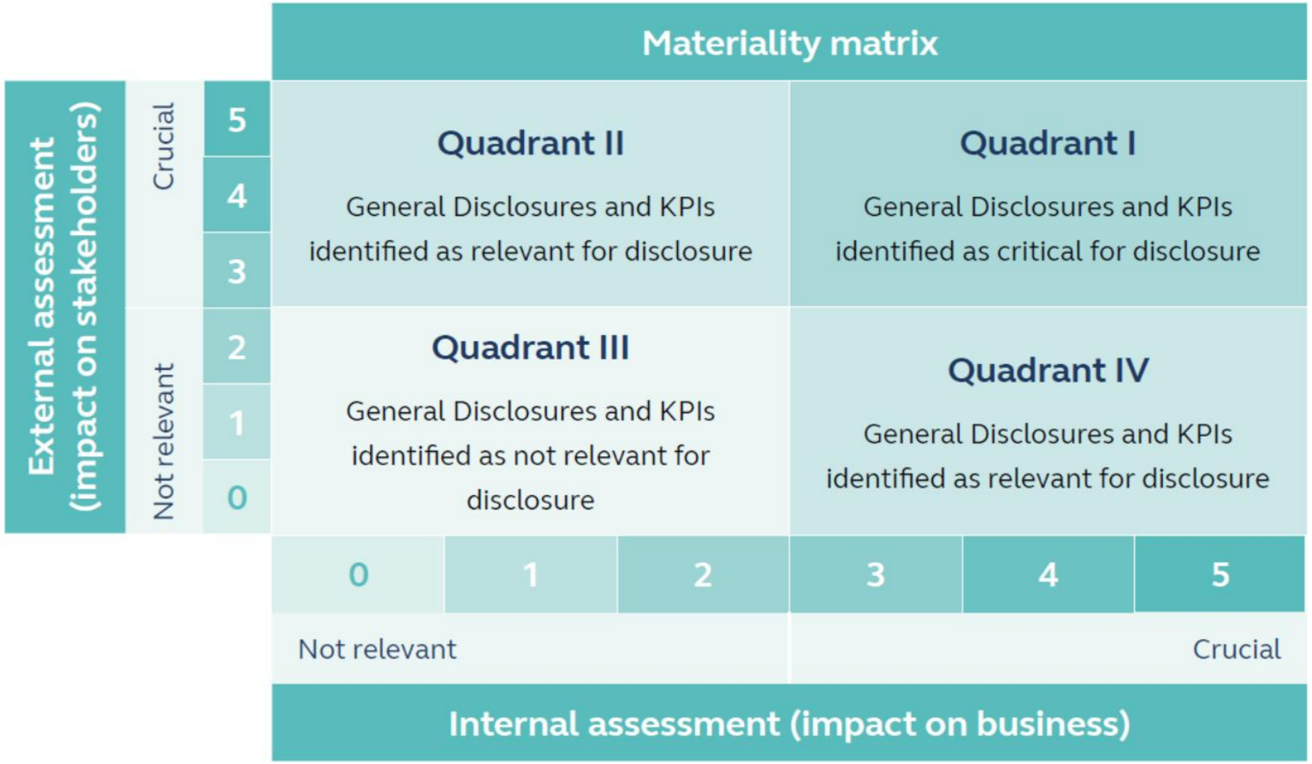
HKSAR encourages businesses not within the definition of PAEs to apply HKFRS on a voluntary basis

Hong Kong Sustainability Disclosure Standards
Core principles

1) The concept of materiality -

HKEX Appendix 27: A step-by-step guide

The diagram below illustrates how the position of each ESG topic on the materiality matrix represents the board's view of its relative importance to the issuer:

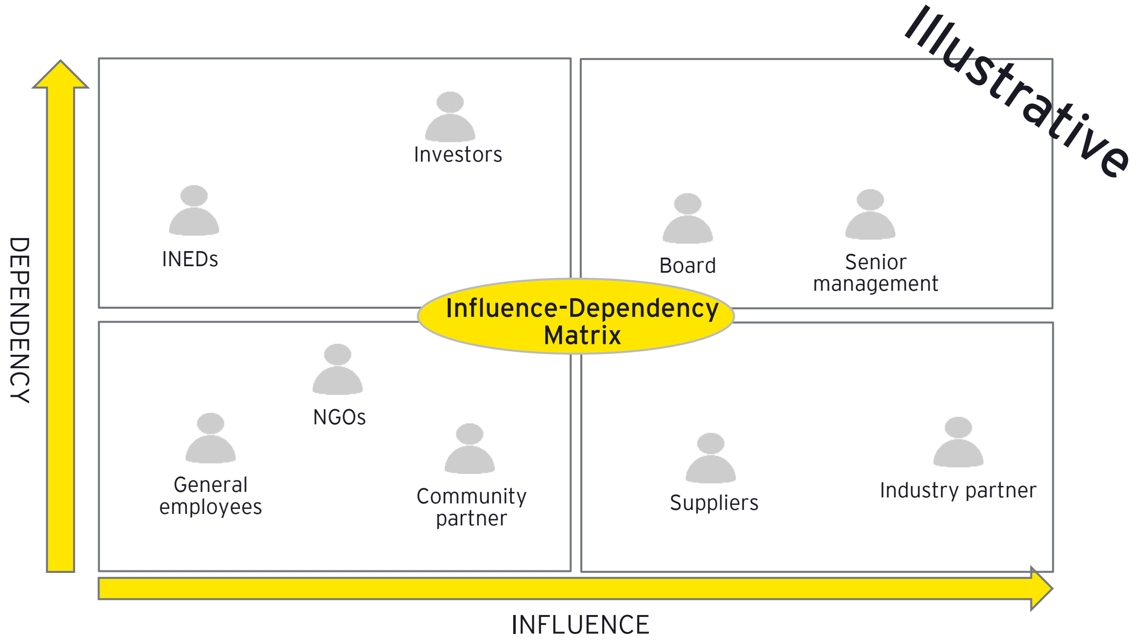


- Traditional sustainability reporting aims to identify "material topics", often using a materiality matrix
- This helps identify which topics a company should prioritize for disclosure and sets out what are the key ESG issues relevant to the issuer
- However, the S1 concept of materiality goes beyond "material topics", instead focusing on "material information"

Assessing materiality
Engaging with stakeholders

Typically, to assess materiality, stakeholder engagement is used. The selection of stakeholders is key to assessing materiality.

In the Step-by-step guide, the HKEX introduced the Stakeholder Influence – Dependency Matrix, in order to identify key stakeholders for an entity and recreated below.



3 common engagement approaches are used to engage stakeholders in a comprehensive manner:

Individual interviews	Focus group panels	Online survey
Understand the decision-making and strategy of each stakeholder group	Explore different perspectives	Collect quantitative data for statistical analysis
Stakeholder groups:	**Stakeholder groups:**	**Stakeholder groups:**
Directors Senior management Advisers Suppliers Distributors Investors	General staff & middle management Community partners Suppliers Distributors Academics Industry partners	Senior management General staff Community partners Suppliers Distributors Investors Industry partners

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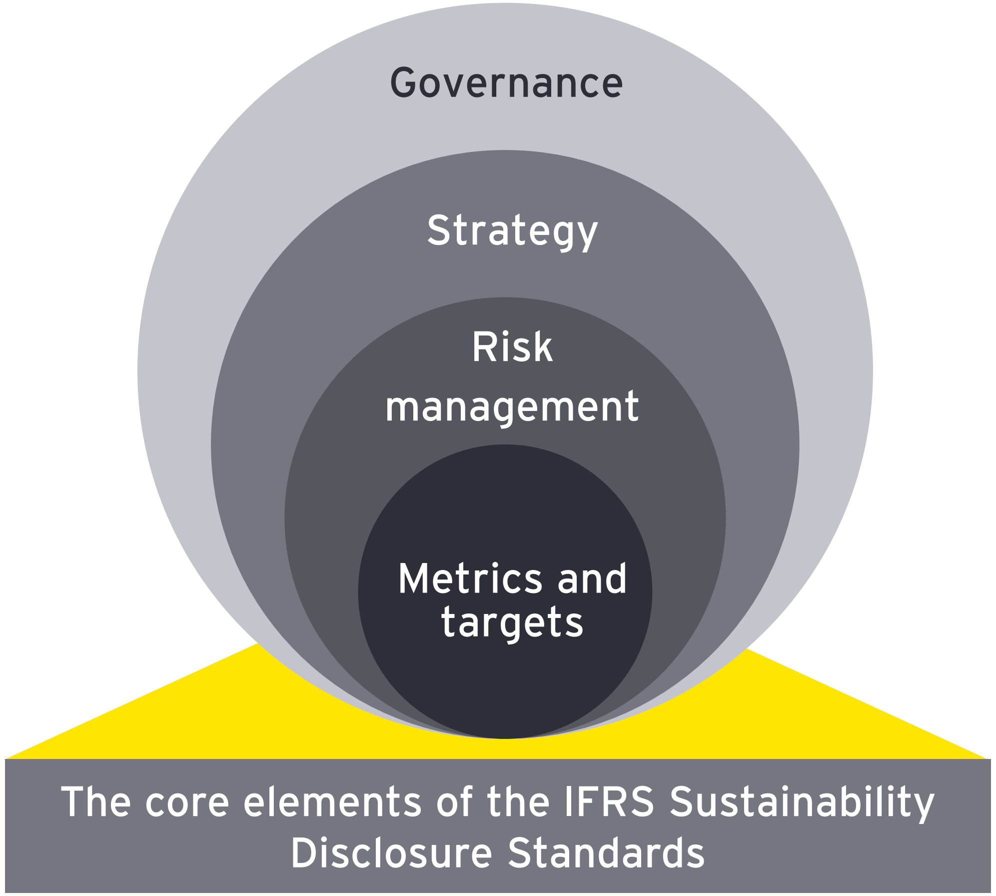
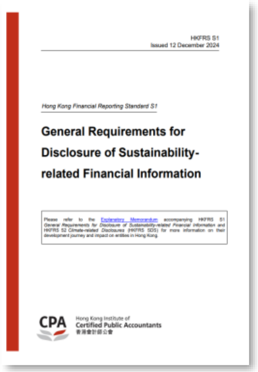
Hong Kong Sustainability Disclosure Standards

Core principles

2) The architectural pillars of sustainability disclosures:



These four core elements are used across the Sustainability Disclosure Standards

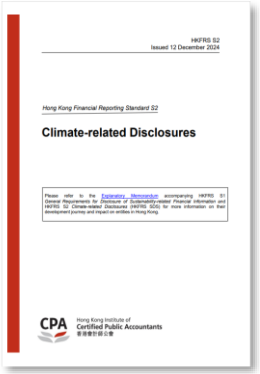

HKFRS S1
Issued 12 December 2024

Hong Kong Financial Reporting Standard S1

General Requirements for Disclosure of Sustainability-related Financial Information

CPA Hong Kong Institute of Certified Public Accountants

- S1 is the 'conceptual foundation' – it provides a framework for the disclosure of ALL sustainability-related risks and opportunities


HKFRS S2
Issued 12 December 2024

Hong Kong Financial Reporting Standard S2

Climate-related Disclosures

CPA Hong Kong Institute of Certified Public Accountants

- S2 is the climate-specific disclosure standard for all disclosures to do with climate (with more topic-based or industry-specific standards expected in the future)

Reporting pillars

Capturing the management of topics

GRI STANDARDS

These architectural pillars are similar to what is expected under the previous global-focused standard: the Global Reporting Initiative (GRI), which asks companies to disclose, among other things:

i. the impacts from the organization to the economy, environment, and people
ii. the organization's policies or commitments on the material topic
iii. mitigation, remediation and other actions to manage the topic and its impacts
iv. tracking of the actions, including goals and indicators to evaluate progress, and its effectiveness

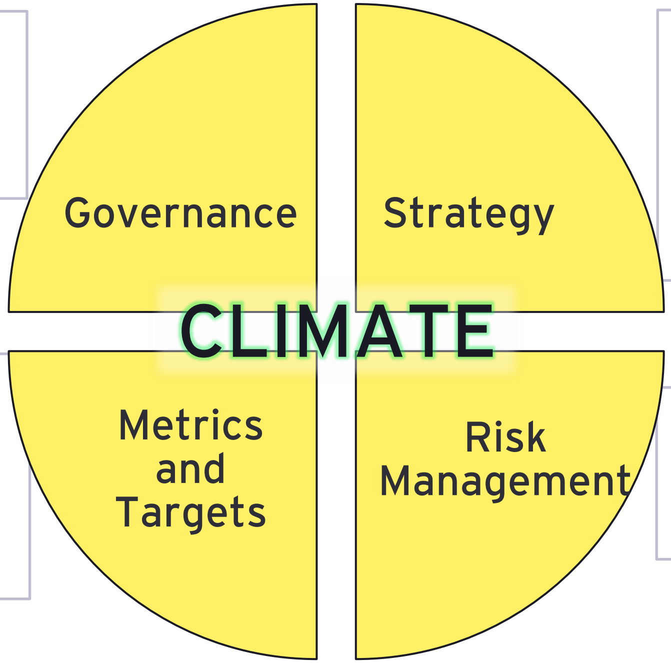
Aligning the 4 pillars – using climate as an example (S2)

Who is responsible for monitoring and managing climate-related risks and opportunities

Identify climate risks and opportunities

What is the plan to manage climate-related risks and opportunities, and assumptions

Such as resource allocation or investments in mitigation measures



Any commitment or goal (e.g. GHG reduction target)

Review GHG emissions data

Track impact of climate disruption

Methodology used to identify, assess and manage climate-related risks and opportunities

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Applying the ESG framework (with examples)

Applying ESG frameworks with practical examples
Social-related risks and opportunities

- Below showcases disclosure examples from local NGOs and/or corporations regarding the four pillars on social-related risks and opportunities, such as employee training and development.

Governance

Our committees include:

- a finance and audit committee that monitors and advises on financial management and internal and external audit matters.
- a people committee that supports the board's oversight of the organisational people (staff and volunteers) strategy and culture development in line with British Red Cross values and fundamental principles.
- a risk and assurance committee that ensures that operational and compliance risks are identified, assessed, managed and monitored.

We publish the full list and terms of reference for our committees on our website in the interests of transparency.

British Red Cross Annual Report 2024 p. 47

- The British Red Cross established a robust governance structure for overseeing organizational people strategy and its culture development

Strategy

Employee Development
員工發展

The Club is committed to employee development, both to support career advancement and to ensure employees are fully aligned with its corporate goals.

The Club was honoured, therefore, to be recognised this year as a "Super Manpower Developer" by the Employees Retraining Board, a statutory body which co-ordinates, funds and monitors training courses and services. The honour is awarded to companies which have provided first-rate staff training over ten consecutive years.

Fundamental to employee development are the Club's competency models, which help employees diagnose their development needs and ensure alignment with the Club's business goals. Having been refreshed and launched for managerial employees, this year the framework was extended to all employees to support their capability development.

The Club's People Management Excellence Programme has accelerated leadership development. As a reflection of its business impact, it was recognised at this year's HR Distinction Awards and also at the Hong Kong Institute of Human Resource Management HR Excellence Awards.

Hong Kong Jockey Club Annual Report 2025 p. 177

- Strategies are developed to enhance employee development, such as launching the competency models to assist employees in diagnosing their development needs and introduction of People Management Excellence Programme

Applying ESG frameworks with practical examples

Social-related risks and opportunities

Risk Management

Risk management framework

The British Red Cross is exposed to a range of risks through both the work we do to deliver our mission and the nature of our operational environment, particularly in the context of our work overseas. We have a risk management framework in place to ensure risks are identified, assessed, managed and actively monitored.

This is supported by a risk register in each of our directorates and an overarching corporate risk register, which sets out our top risks and is reviewed regularly by the executive leadership team. Risk management also forms part of our strategic and business planning processes.

The trustees have considered risk by assessing our strategic objectives, particularly in regard to the rise in the cost of living, cuts to international aid, and international conflicts.

They have also reviewed the risk framework and risk appetite of the organisation to ensure its continued appropriateness, and regularly reviewed the corporate risk register during 2024.

Committees of the board, along with other internal steering groups, provide regular in-year oversight of specific risks. In particular, the board's risk and assurance committee conduct deep dives to scrutinise the management of key risk areas.

The 'going concern' section of the finance review describes how key risks are incorporated in the going concern assessment undertaken by the trustees.

Health, safety, and security (HSS)	- Health and safety policy annual review and HSS report to the board. - HSS management procedures – UK and international. - Mandatory health and safety training. - Security monitoring. - Incident reporting system, including a serious incident management process (domestic and overseas). - Annual Planned Preventative Maintenance programme. - Annual plan and budget to drive improvement of fire risk assessment profile.
Capability and capacity	- People programmes (end-to-end talent, career, wellbeing, inclusion and diversity, engagement). - Strategic workforce planning linked to updated recruitment ways of working. - Pay and benefits review. - Volunteer and youth strategy development.

British Red Cross Annual Report 2024 p. 46

- Social-related risk management is embedded in strategic and business planning, where risks are identified, assessed, managed and monitored
- Risk framework and appetite are regularly reviewed by the trustees of the organization

Metrics and Targets

Future-ready workforce

Diversity and inclusion

Achieve gender balance in leadership positions by 2030

2024 performance
Women in Leadership improved from 22% (2016 baseline) to 30%

Achieve 30% of engineers to be female by 2030

2024 performance
Women in Engineering improved from 9% (2016 baseline) to 13.3%

Ensure equal pay for work of equal value is maintained in all CLP businesses

2024 performance
On track

CLP Sustainability Report 2024 p.98

- Metric and targets are established to measure social-related material topics, including diversity and inclusion
- Progress is monitored and tracked annually, and relevant initiatives are established and guided by established metrics and targets

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Applying ESG frameworks with practical examples

Climate-related risks and opportunities

- The following examples illustrate how the four pillars of ESG framework can be integrated into the governance of local NGOs to enhance the management of environmental performance, especially climate-related risks and opportunities.

Governance

Example of Sustainable Governance Structure:

董事局 The Board

- 監督東華三院環境政策的制定
  To oversee the formulation of the Environmental Policy of TWGHs
- 批准及通過環保措施及計劃，並確保安排足夠資源
  To approve and endorse environmental initiatives and programmes, while ensuring sufficient resources are arranged

↓

環境督導委員會 Environmental Steering Committee

↓

環境工作小組 Environmental Working Group

↓

各科 / 辦公室 / 組的可持續代表
Sustainability Representatives from Each Division / Office / Section

Tung Wah Group of Hospitals ESG Report 2023/24 p.22-23

- Top-down sustainability governance structure enables effective management of ESG-related issues among the company

Strategy

Develop strategy to handle climate-related risks

Noting that Hong Kong will be subject to more frequent and extreme weather conditions (such as rainstorm and typhoons) in the future as a result of climate change, we are aware that some of our facilities in low-lying or coastal areas may be exposed to higher risks. Such events might lead to power shortages, facility damage, operational disruptions, or even casualties. In response to these risks, YMCA has developed a climate mitigation plan for our facilities to enhance their extreme climate resilience and minimise the impacts. We also closely monitor the latest weather updates and recommendations issued by the Hong Kong Observatory, and we have made work arrangements when typhoon and rainstorm signals are announced to prevent chaos and ensure the safety of our staff and members.

YMCA ESG Report 2023/24 p.89

- Strategies are developed to mitigate and adapt to the extreme effects of climate change, for example: climate mitigation plan for its facilities, as well as extreme weather work arrangements

Applying ESG frameworks with practical examples

Climate-related risks and opportunities

Metrics and targets

Targets can be a commitment, goal or reduction %. But should be specific, measurable and timely.

Entity A aspires to be net zero emissions by 2050.

Entity A does not have a strategy or plan on how it will achieve this.

Entity B has a scope 1 and 2 net zero emissions by 2040 target

In its climate transition plan, the entity details its strategy to achieve this target including an interim target to reduce scope 1 and 2 emissions by 45% by 2030 against a 2015 baseline

Entity C is covered by local regulations which require the entity to reduce emissions by 5% each year.

Entity C relies on the local gird and electricity supplier to achieve this reduction.

Energy conservation

With over 120 years of establishment in Hong Kong, YMCA's environmental footprint continues to grow as we expand. To effectively manage energy usage within the Association, YMCA has implemented the "Energy Saving Programme for All Service Units", which targets a 10% reduction in electricity consumption by the financial year 2026-2027, using the financial year 2018-2019 as a baseline. The effectiveness and progress will be reviewed at the end of each financial year.

Set quantitative targets

In response to this target, the Association's units have actively adopted various energy-saving measures. In recent years, the electricity consumption of the headquarters buildings has accounted for as much as 40% of the total electricity usage of the Association. To identify potential energy-saving opportunities, the Association has engaged a third party this Year to conduct an energy audit at the headquarters buildings (including The Cityview, Kowloon Centre, YMCA College of

Identify emission hot spot(s)

Track the emission

分類 Classification	單位 Un[illegible]	2023/24
直接能源用量 Direct energy consumption • 化石燃料消耗 Fossil fuel consumption	兆瓦時 MWh	19,217.7
間接能源用量 Indirect energy consumption • 電力消耗 Electricity consumption	兆瓦時 MWh	16,385.9
總計 Total	兆瓦時 MWh	35,603.6
密度 Intensity	千瓦時／平方米 kWh/m²	336.93

YMCA ESG Report 2023/24 p.92, 95

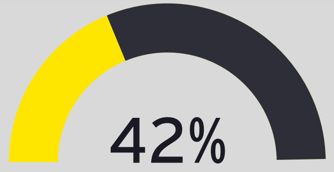
- **Metrics and targets** are set to manage the organization's environmental performance

Applying ESG frameworks with practical examples

Greenwashing risk and mitigation

Types of Greenwashing

- False Labelling or Advertising
- False Disclosure or Representation
- False/Disingenuous Pledges
- Failure to Disclose or Report



of respondents believe green claims online are exaggerated, false or deceptive

Source: 2023 EY - How good governance can keep corporates clean from greenwashing

Potential risks

Loss of customer trust
- Trust erodes due to unverified ESG claims
- E.g., No evidence to document

Legal/ regulatory consequences
- Risks of fines for false claims
- E.g., Unverified emission reduction targets

Damage to brand reputation
- Greenwashing accusations harm reputation
- E.g., Vague claims without data

Operational inefficiencies
- Inaccurate ESG data
- E.g., Failing to disclose energy consumption progress

Outcomes

- Decline in customer confidence
- Regulatory scrutiny
- Negative media coverage
- Uninformed decision-making

Truthfulness: Ensure all ESG claims are **accurate and substantiated with evidence**

Avoid Exaggeration: Refrain from **overstating** our environmental efforts to **prevent damaging the firm's credibility**

Transparency: Highlight only **verifiable, concrete ESG initiatives** in communications

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MAXIM'S
SAVOURING OUR FUTURE
美心·未來一起嚐

Maxim's Group & EY Sustainability Engagement

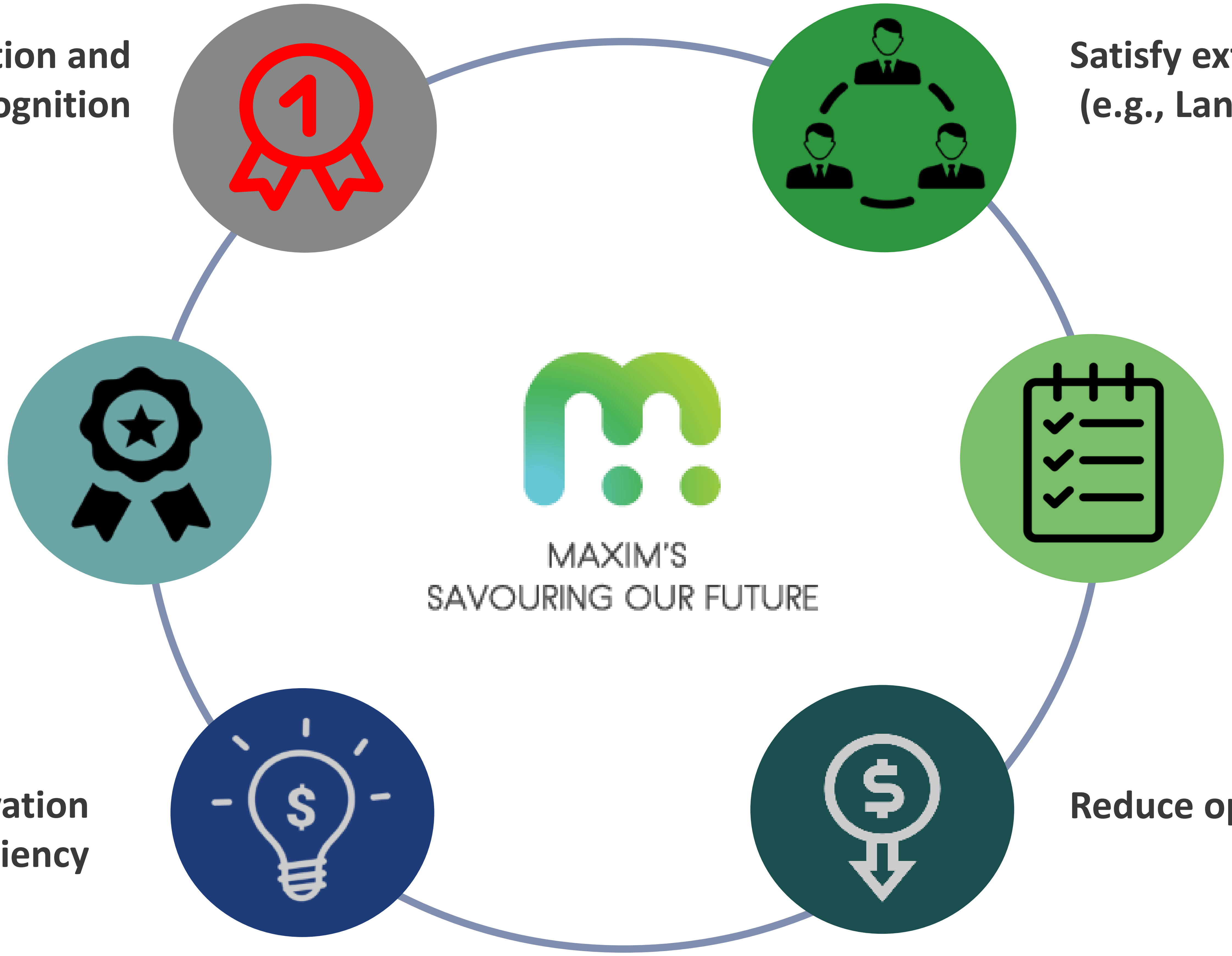
07 . 11 . 2025

Key Reasons for Launching Sustainability Initiatives at Maxim's

Enhance reputation and brand recognition

Satisfy external stakeholder demands (e.g., Landlords, Governments)

Meet investor expectations (e.g., Jardine, DFI)



Align with global standards (HKEX, SASB)

Drive innovation and efficiency

Reduce operational costs

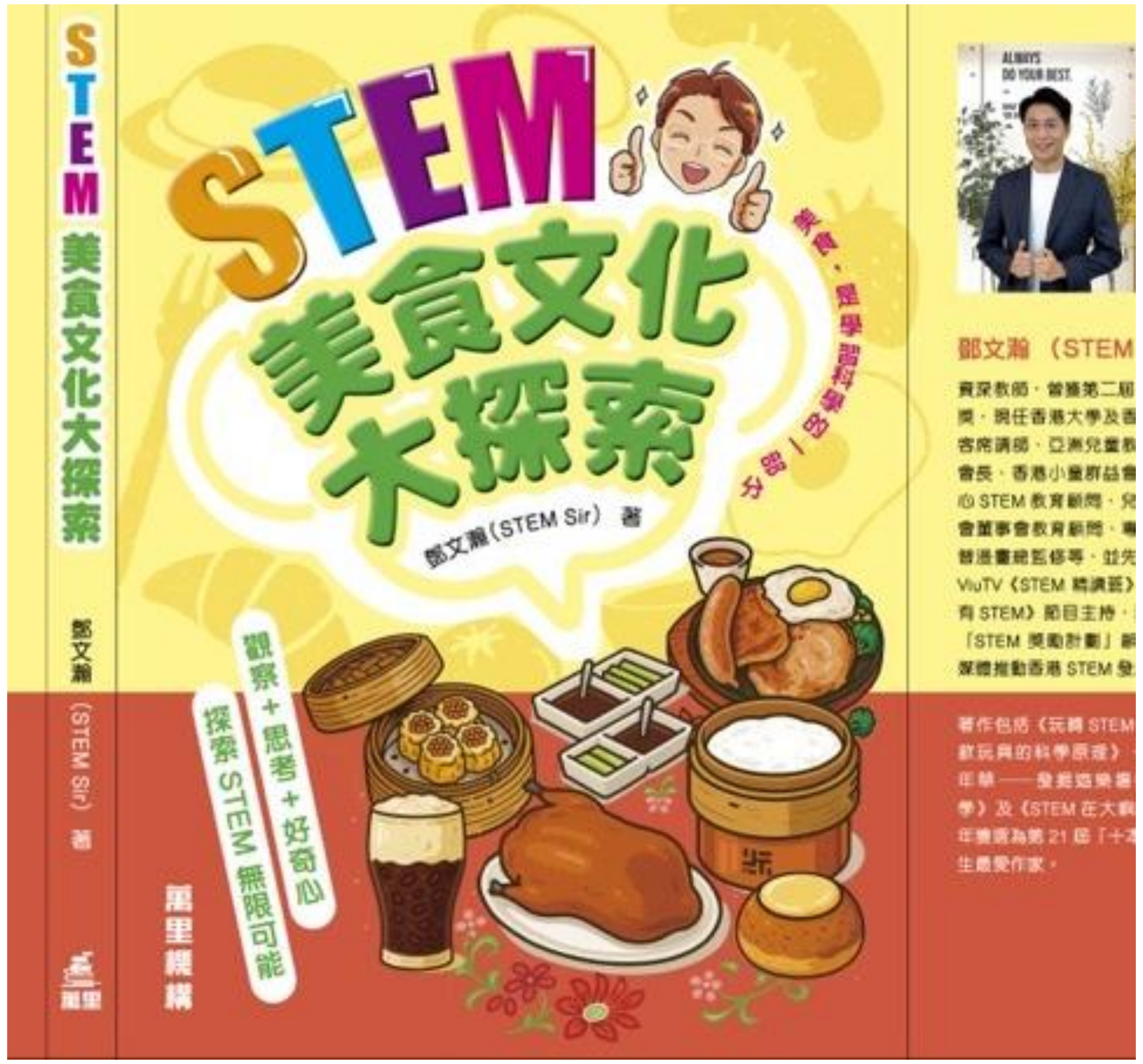
Maxim's Green Initiatives: A Unique Approach to Sustainability

Leveraging F&B Skills for Sustainability

Harnessing F&B expertise to create innovative products.

Self-Funding Mechanisms

Profits from sales are reinvested into the initiatives, promoting continual growth.



Enhancing Brand Impact

Positioning Maxim's as a leader in sustainability and corporate responsibility, attracting both consumers and potential investors.

Maxim's Green Initiatives: A Unique Approach to Sustainability

Creating Commercial Value

Appeal to eco-conscious consumers, creating a strong market presence.

Cost Savings

Reduce operational costs through efficient resource use and waste reduction.

Soliciting Funding from Business Partners

Leveraging external financial support to scale impact and reach.

Maxim's Green Initiatives: A Unique Approach to Sustainability

GentleMeal

Tailored soft meals to enhance elderly nutrition and sustainability

Target Group:
Elderly with swallowing difficulties, a significant market due to Hong Kong's aging population.

WeGen Farming

Innovative farming techniques to grow produce by using enzymes transformed from pre-consumer food waste

Target Group:
Health and environmentally conscious consumers.

All You Can Cook BOB Series

Food innovation using surplus food to help reduce waste

Target Group:
Cost-conscious consumers and those interested in reducing food waste.

Kiddy Heart Canteen STEM Book

Engaging young minds with food and sustainable cooking practices

Target Group:
Children and their families, creating early brand loyalty and a positive association with Maxim's.

GENTLEMEAL – Silver Hair Economy & Community Care

2025 Highlights

1 Sponsorship from Partners

- Providing 15,000 meals across 150 care homes
- Impact: 90% satisfaction rate among elderly recipients

2 Sales Performance

- Total meal sold: 1,000+ meals at outlets and elderly centres

2026 Initiatives

1 Strategic Partnerships

- Collaborate with the Government and District Care Teams on roving exhibitions to promote GentleMeal

2 Culinary Development

- Partner with the CCI to train young chefs in creating soft meal options

3 Market Expansion

- Increase presence in retail chains to broaden consumer access.

4 Network Enhancement

- Enhance GENTLEMEAL's availability in the Maxim's sales network, adding more stores

軟心膳 GENTLEMEAL

美心中菜 美心皇宮 MAXIM'S PALACE 八月花 JASMINE

美心MX 美心FOOD²

美心推中西軟餐 讓長者再嘗鮮味

丘應樺籲飲食業把握銀髮商機

Partnership

中華人民共和國香港特別行政區政府 商務及經濟發展局

香港特別行政區政府 民政事務總署

關愛隊

社聯 香港社會服務聯會 The Hong Kong Council of Social Service

中華廚藝學院 CCI

Towngas

SINO GROUP 信和集團

Kiddy Heart Canteen Initiative

2025 Highlights

1 Achievements since 2013

- 250,000 nutritious meals served to 10,000 beneficiaries
- 40 supportive events, including birthday parties and parenting workshops

2 Current supports

- Services provided: dinners, birthday party coordination and parenting workshops

2026 Initiatives

1 Strategic Collaborations

- Collaborate with business partners to offer comprehensive support to primary school children from low-income families

2 Nutritional Enhancements

- Implement a breakfast programme to improve children's daily diet

3 Education Support

- Provide STEM education resources and essential school supplies

4 Mental Health Initiatives

- Offer mental health support to both children and their parents

Partnership

浸信會愛羣社會服務處 BAPTIST OI KWAN SOCIAL SERVICE

香港教育大學 The Education University of Hong Kong

STEM SIR 工作室

惠康 wellcome

Lenovo

STEM 美食文化大探索

2025 Highlights

1. **Publication Collaboration**
   - Collaborated with award-winning educator, STEM Sir to publish STEM 美食文化大探索 at Book Fair in July.
   - The book explores dishes or products from CRD, QSR and CBD, and details the Group's sustainability initiatives.

2. **Educational Workshops**
   - Conduct cooking workshops for families in Nov and Dec, focusing on integrating STEM principles

2026 Initiatives

1. **Strategic Educational Partnerships**
   - Form strategic partnerships with educators and schools to integrate STEM principles into cooking programmes

2. **Curriculum Enhancement**
   - Enhance and adapt content to serve as educational materials for school curriculums

3. **Engaging Workshops**
   - Develop engaging and educational cooking workshops for children and families

4. **Increase Student Engagement**
   - Increase student engagement by facilitating school talks through our NGO partners


C2 正能量 Lifestyle
hket

舌尖上的科學

STEM 美食文化大探索