Creating Value for Responsible Investors

OVERVIEW OF HANG SENG SUSTAINABILITY INDEX RATING MODEL

Ms Connie Sham

Senior Manager of Strategic Business, HKQAA

Corporate Social Responsibility (CSR)

SUSTAINABILITY
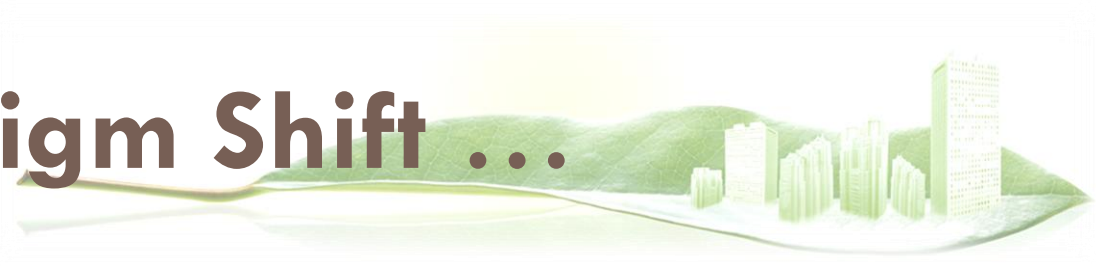
CIVIL SOCIETY   PRIVATE SECTOR   PUBLIC SECTOR

Source: Bill Valentino
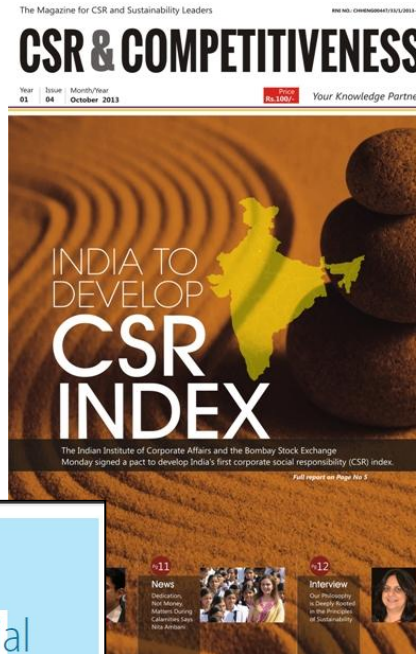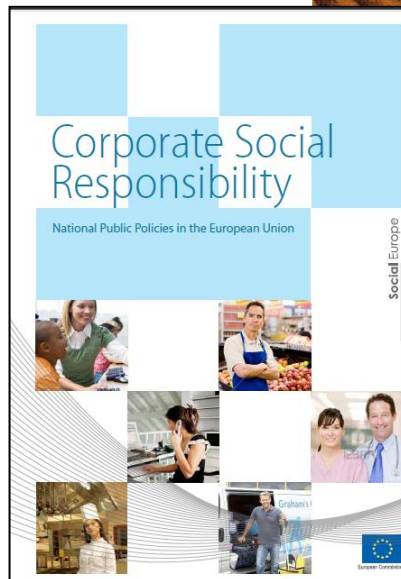
IT ALL STARTS WITH INDIVIDUALS

Paradigm Shift …
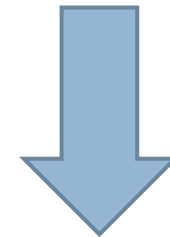
2000

CSR was a

moral issue

2014

CSR is a

strategic/ profit issue

business survival

HKQAA Sustainability Performance Assessment

□ **Methodology:**

- The assessment framework is set out by HKQAA based on:
  - ISO 26000 Social Responsibility Guidelines
  - GRI G4 Sustainability Reporting Guidelines
  - AA 1000 standards

- Covering 7 core subjects:
  - General
  - Industry-specific criteria

- Evaluate company's CSR practices by taking consideration of:
  - Accountability
  - Country/ Industry risk.
  - Media coverage

Seven Core Subjects
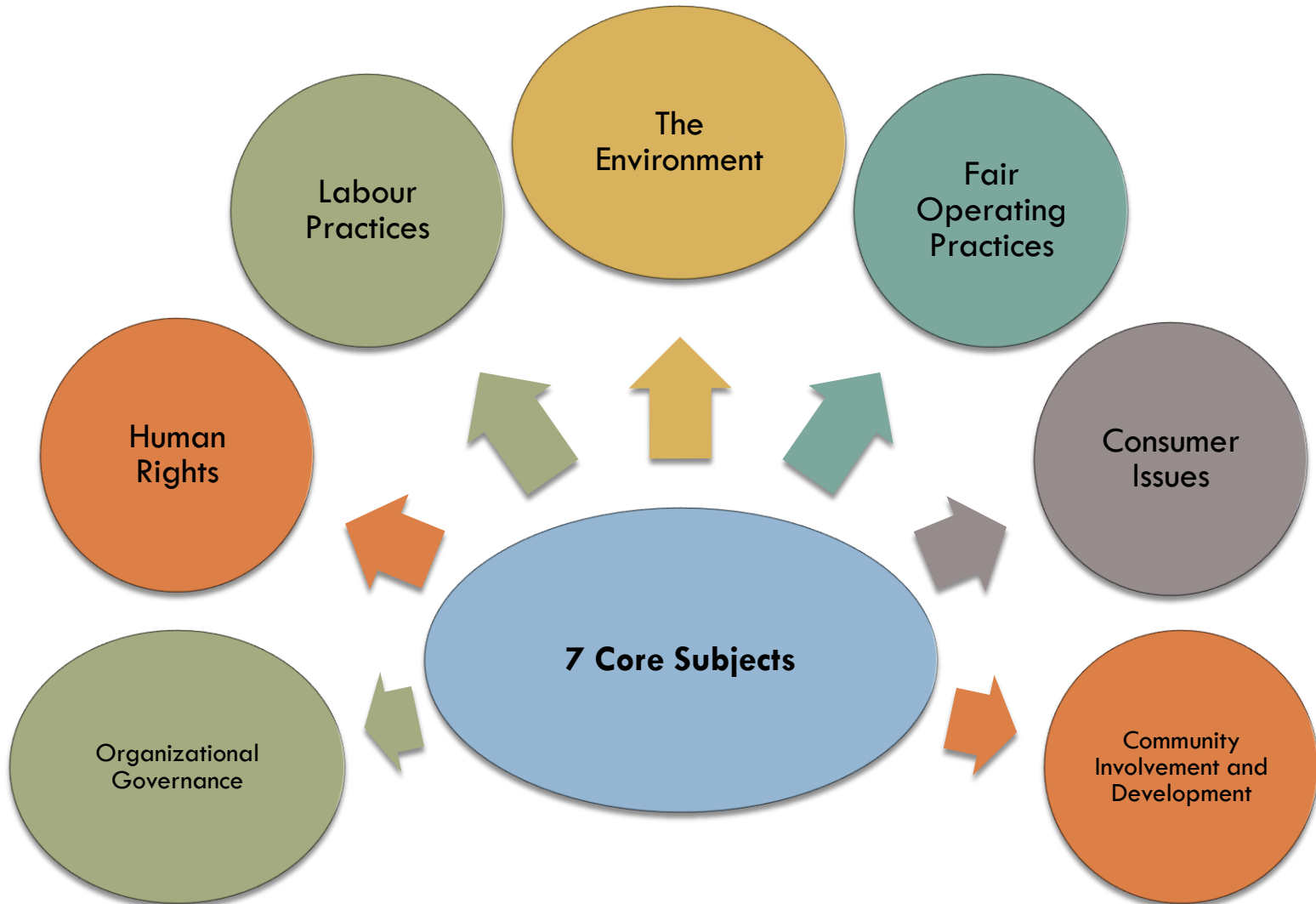
HKQAA sustainability performance assessment questionnaire for Hang Seng Corporate Sustainability Indexes

Version 0.1

1.0 Basic Information

Company Name:		公司名稱:
Stock Number:	(HK / SZ / SH)	
Address: 公司地址:		
Country:		
Phone:		
Fax:		
Email:		
Web:		
Contact Person:		
Position:		
Department:		
Phone:		
Fax:		
Email:		

1.1 Industry Type (If there are more than 1 industries, please indicate the details of each subsidiary and associate which materially affects the results or assets of the Group):

Please refer to Hang Seng Industry Classification System: http://www.hsi.com.hk

	Company Name	Industry Code & Type	Sector Code & Type	Subsector Code & Type	Percentage of Issued Capital Owned	Participated in its financial and operating policy decisions? (Y/N)	Included in CSR report ? (Y/N)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

Remarks: Please provide the company list if acquired 10% or more of issued capital **OR** the industry is upstream resource sector, adult entertainment, armaments, nuclear, tobacco and gambling, e.g..: industry codes 00 Energy, 05 Materials, 20 Consumer goods, 204040 Alcohols, 40 Utilities, 6020 Construction, Aerospace & Defence and 302010 Casinos & Gaming .

Assessment Model
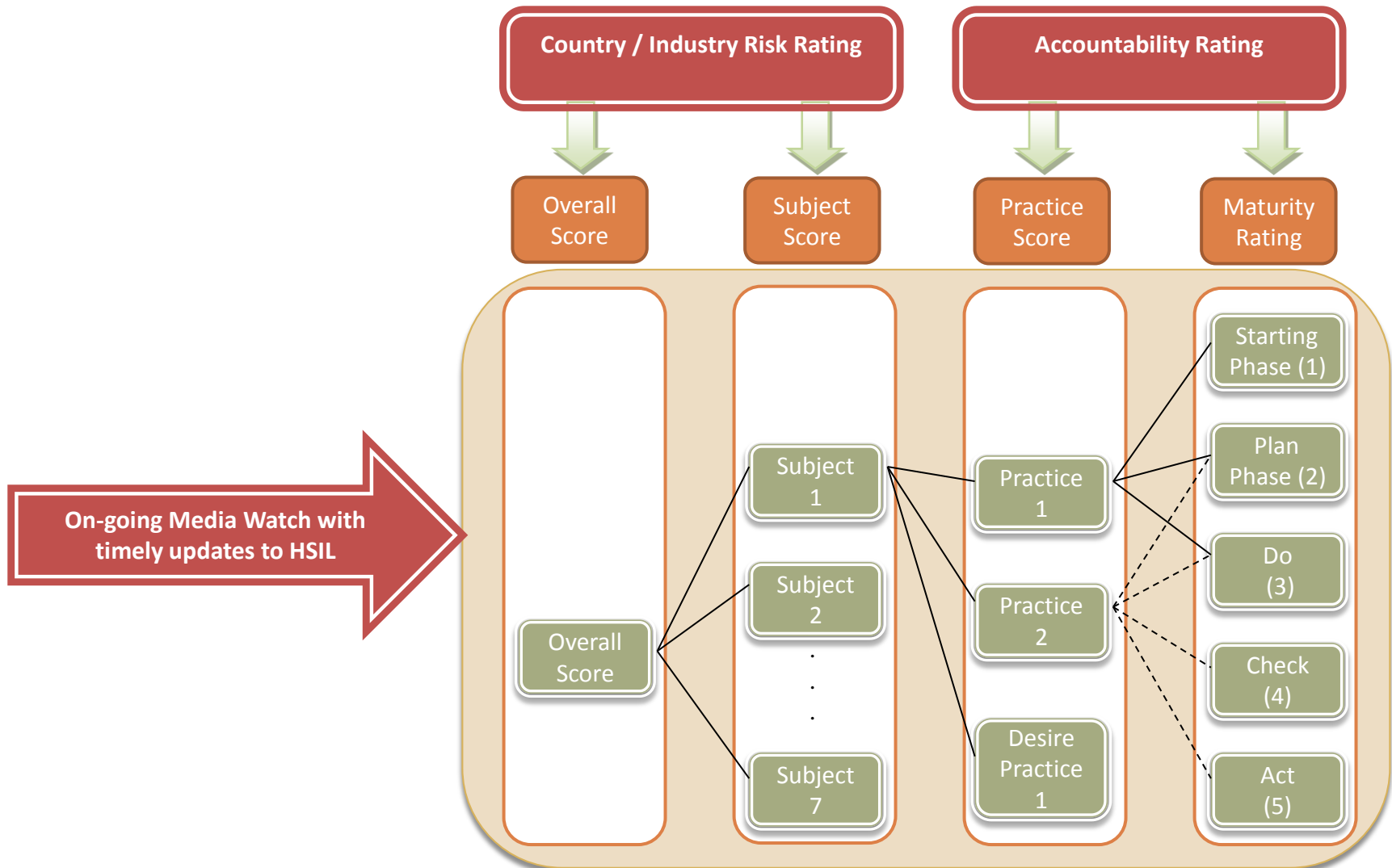
Organizational Governance Issue

- OG1. Organization should set its direction by making sustainability/social responsibility an integral part of its policies, strategies and operations.

- OG2. Organization should establish program or mechanism for raising awareness and building competency for sustainability/social responsibility in the organization.

- OG3. Organization should be aware of applicable social responsibility laws and regulations, to inform those within the organization responsible for observing these laws and regulations and to see that they are observed.

- OG4. Organization should disclose how the highest governance body is established and structured in support of the organization's purpose, and how this purpose related to economic, environmental and social aspects are evaluated and managed.

- OG5. Organization should establish sustainability risk and crisis management mechanism or means.

- OG6. Organization should establish a two-way communication process between the organizations and its stakeholders' interests and assist in identifying areas of agreement and disagreement and in negotiation to resolve possible conflicts.

Human Rights Issues

- HR1. Organization should establish a program or means to resolving grievances.

- HR2. Organization should ensure that it does not discriminate against employees, partners, customers, stakeholders, members and anyone else with whom the organization has any contact or on whom it can have any impact.

- HR3. Organization should ensure the fundamental principles and rights at work.

- HR4. Desired Question: Organization should ensure every person, as a member of society, economic, social and cultural rights necessary for his or her dignity and personal development.

- HR5. Desired Question: Organization should establish a programme or means to face challenges and dilemmas relating to human rights and in which the risk of human rights abuse may be exacerbated.

Human Rights Issues

- HR6. Voluntary question: Organization should respect all individual civil and political rights.

- HR7. Voluntary question: Organization should respect human rights and have a responsibility to exercise due diligence to identify, prevent and address actual or potential human rights impacts resulting from their activities or the activities of those with which they have relationships.

- HR8. Voluntary question: Organization should ensure avoidance of complicity.

Labour Practices Issues

- Lab1. Organization should encourage lawful and proper employment that signifies human development and contribute to the improvement of standards of living through full and secure employment and decent work.

- Lab2. Organization should ensure decent conditions of work and provide social protection.

- Lab3. Organization should ensure health and safety at work.

- Lab4. Organization should encourage human development and training in the workplace.

- Lab5. Voluntary question: Organization should encourage social dialogue. Social dialogue includes all types of negotiation, consultation or exchange of information between or among representatives of governments, employers and workers, on matters of common interest relating to economic and social concerns.

Environmental Issues

- Env1. Organization should implement measures or means to prevent pollution and minimize waste.

- Env2. Organization should promote the sustainable use of renewable resources.

- Env3. Organization should implement measures to adapt to climate change and mitigate its impacts.

- Env4. Organization should be socially responsible by acting to protect the environment and restore natural habitats and the various functions and services that ecosystems provide.

Fair Operating Practices Issues

- FOP1. Organization should develop and implement mechanism or means to prevent corruption.

- FOP2. Organization should promote social responsibility in the value chain.

- FOP3. Organization should develop and implement programme or means to protect the property rights.

- FOP4. (Voluntary question): Organization should prevent engaging in anti-competitive behaviour.

Consumer Issues

- Con1. Organization should ensure that no unfair marketing or misleading information about products and services is delivered to consumers.

- Con2. Organization should reduce and eliminate unsustainable patterns of production and consumption.

- Con3. Organization should develop and implement system on delivery of consumer service and support, complaints handling, and dispute resolution.

- Con4. Organization should implement measures to protect consumer data and privacy.

- Con5. Organization should educate consumers to make knowledgeable purchasing decisions and consume responsibly.

Consumer Issues

- Con6. Desired Question: Organization should ensure that its products and services will not be inherently harmful to consumers' health and safety.

- Con7. Desired Question: Organization should contribute to the right of community to satisfy basic needs.

Community involvement and development

- CID1. Organization should proactively outreach to the community. It is aimed at preventing and solving problems, fostering partnerships with local organizations and stakeholders and aspiring to be a good organizational citizen of the community.

- CID2. Organization should preserve and promote the culture and promote the education compatible with respect for human rights.

- CID3. Organizations should create employment in the community, and develop their skills for employment promotion and securing decent and productive jobs.

- CID4. Organization should create wealth and income, and promote a balanced distribution of the economic benefits among community members.

- CID5. Voluntary question: Organization should contribute to the promotion of public health, prevention of health threats and diseases, and mitigation of any damage to the community.

- CID6. Voluntary question: Organization should promote technology development and access.

Linkages to other local and international sustainability initiatives

☐ Local:

- ☐ HKQAA CSR Advocate Index
- ☐ HKEx ESG Reporting

☐ International:

- ☐ Dow Jones Sustainability Index series (DJSI)
- ☐ FTSE4GOOD series
- ☐ KLD Global Sustainability Index Series (GSI)
- ☐ Global Reporting Initiatives Reporting (GRI)

Thank you!