

Cantonese Workshop 1
Deep Dive into CASG SME Questionnaire

Practical Considerations for SMEs on Sustainability Reporting

7 September 2023



Content

Practical Considerations for SMEs on

1. Governance

2. Climate-related Risks

3. Business Strategy

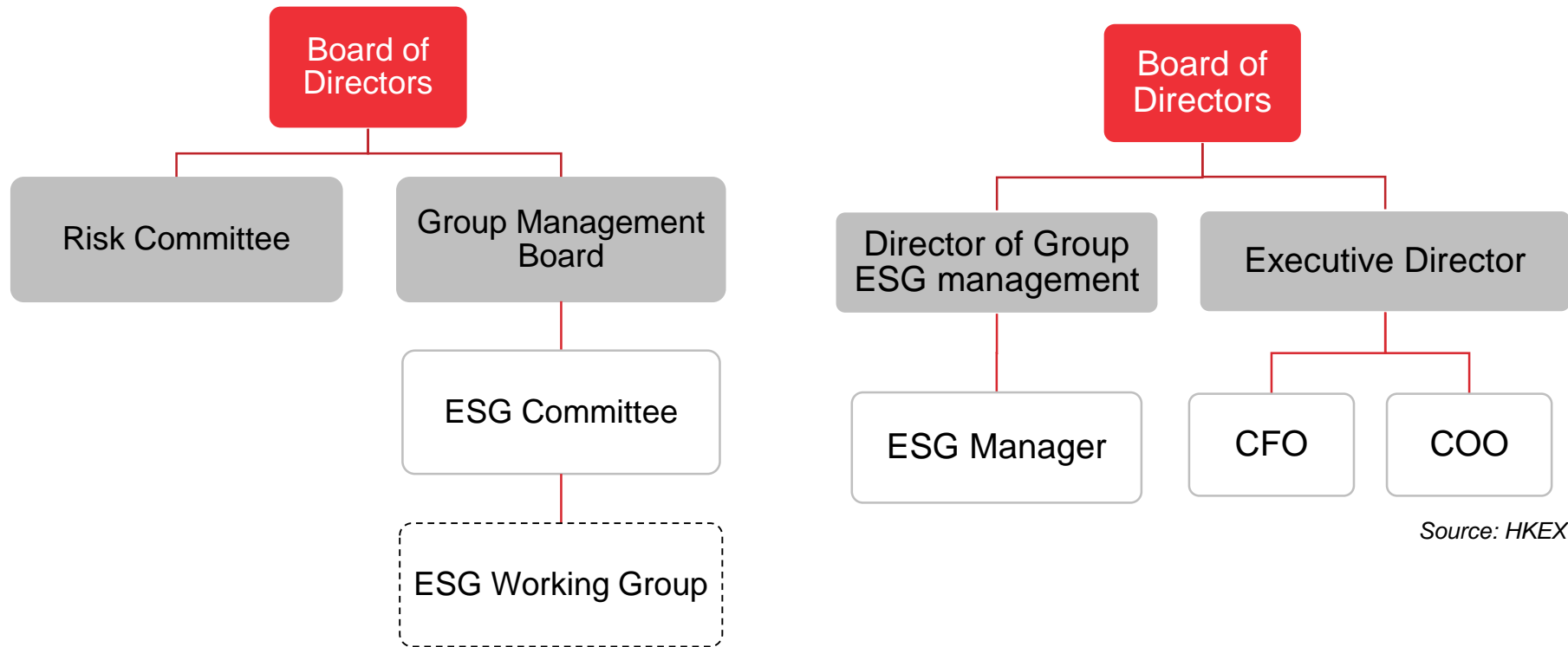




Governance

Governance Structure

A strong ESG governance framework helps companies carry out ESG plans across the organization. The board and executives must lead on key ESG issues and oversee execution. Investor relations should be involved, as with other board matters.



Source: HKEX

Board of Directors

Board Composition
and Diversity

ESG Oversight

Executive
Compensation

Shareholder
Engagement



Transparency and
Disclosure

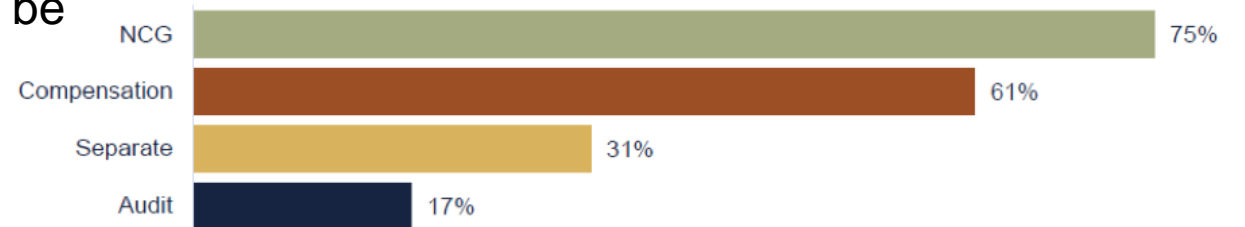
Board Committee

As ESG is so broad, oversight responsibilities may be **split across** committees, for example:

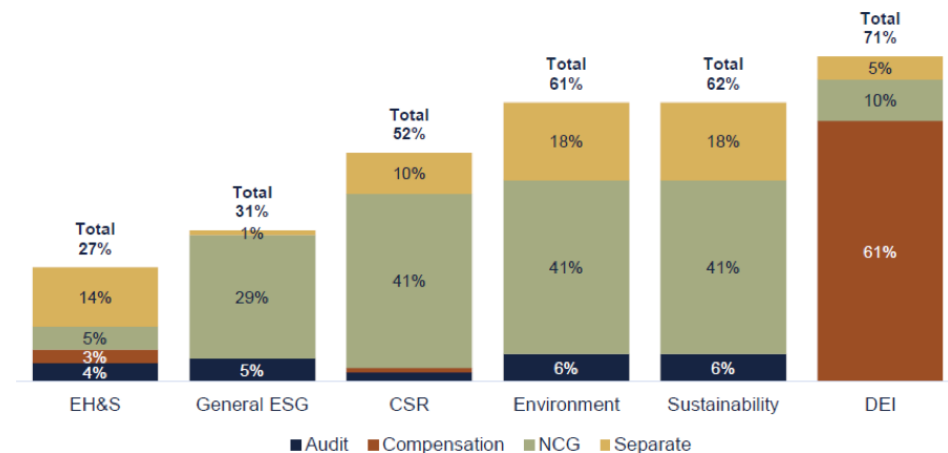
- The **nomination and/ or corporate governance** committee overseeing the governance.
- The **audit and/or risk** committee overseeing risk management.
- The **audit** committee overseeing disclosure against standards and regulations and related assurance.
- The **remuneration** committee incorporating ESG priorities into compensation and incentives.
- The **investment** committee considering ESG-related financing and investment decisions.

There is an emerging trend for companies renaming committees to convey a specific ESG focus by adding “Sustainability.”

Which Committees Oversee ESG?



Prevalence of ESG Oversight Across Committees



Note: Percentages of individual committees do not sum to the total prevalence due to overlapping responsibilities between committees.

Source: <https://clsbluesky.law.columbia.edu/2022/03/30/exequity-discusses-board-committee-oversight-of-esg/>

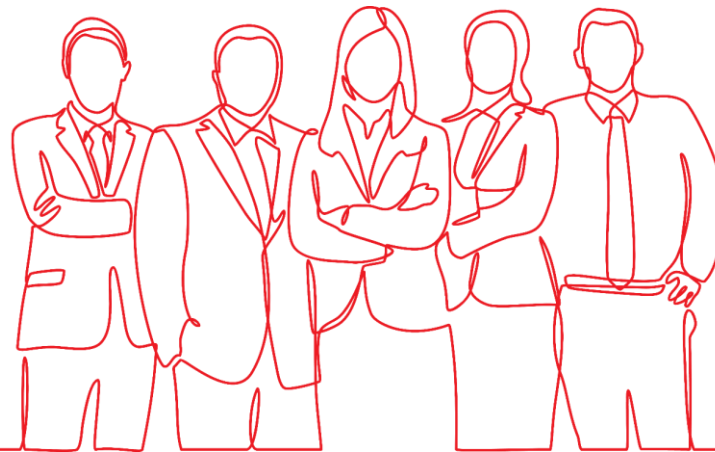
ESG team

ESG Strategy

ESG Expertise

ESG Reporting

ESG Integration



ESG Engagement

What if there are no dedicated ESG team?

Procurement
Team?

Finance
Department?

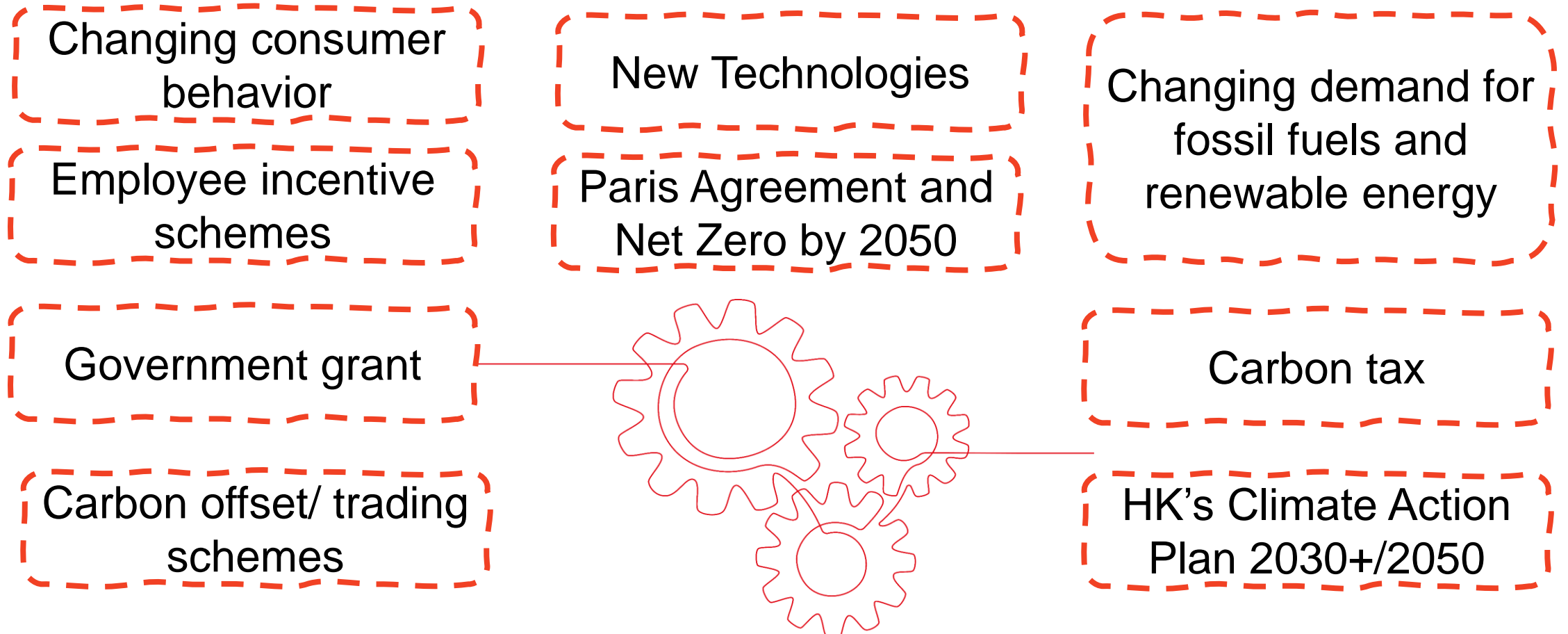
Human
Resources &
Administration
Department?



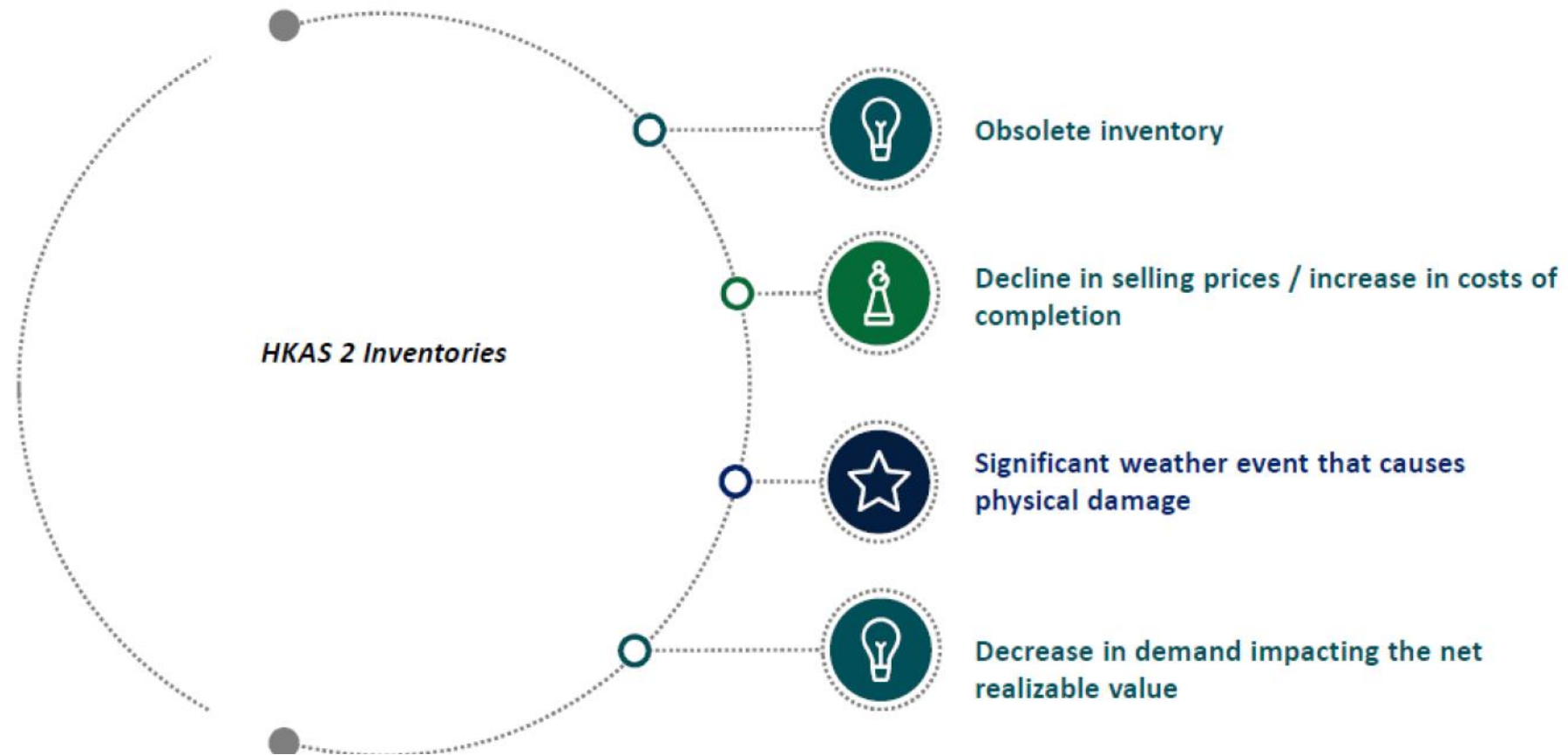
Senior
Management?

Climate-related Risks

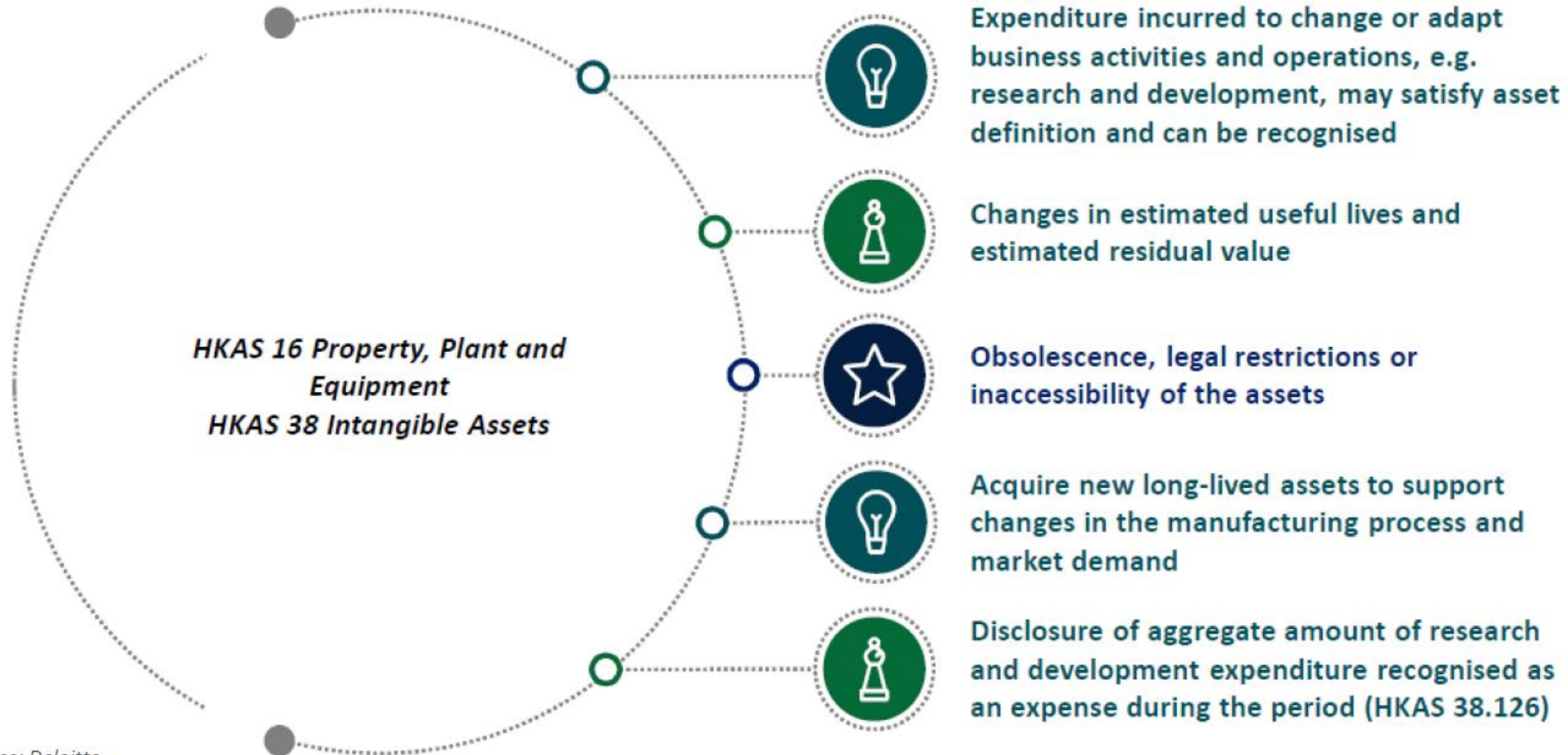
Impact of Climate-related Risks on Financial Reporting



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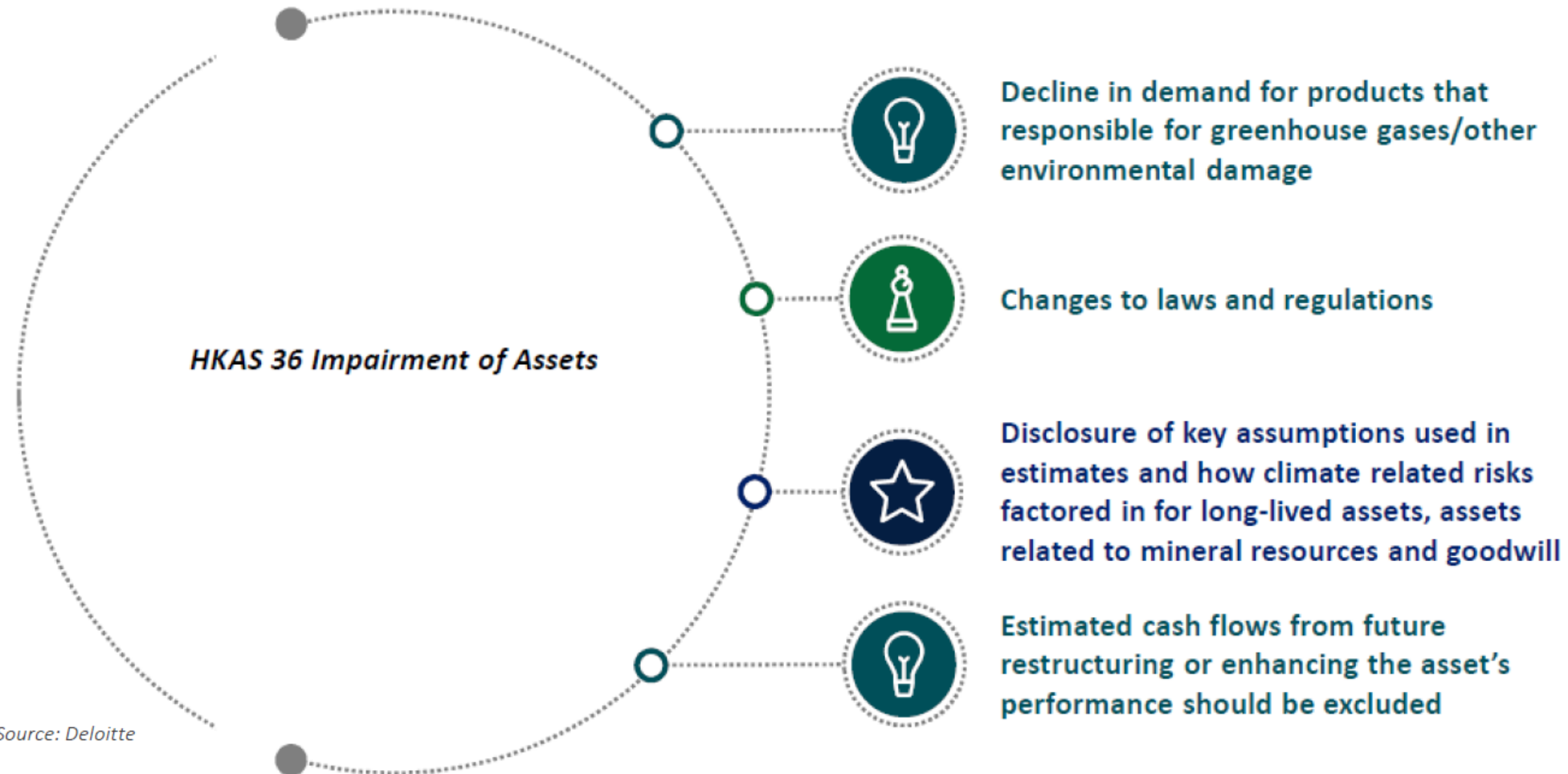


Impact of Climate-related Risks on Financial Reporting



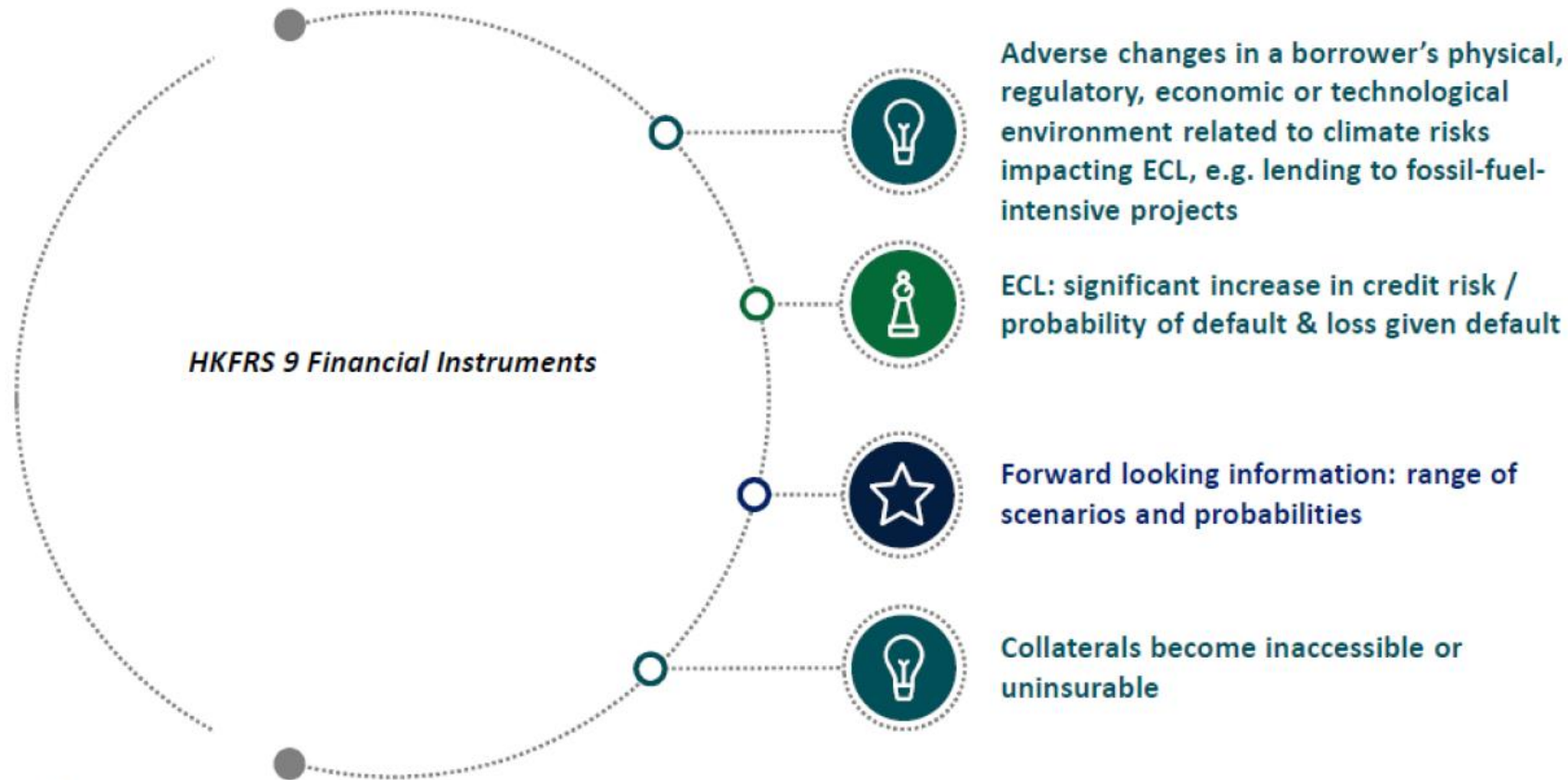
Source: Deloitte

Impact of Climate-related Risks on Financial Reporting



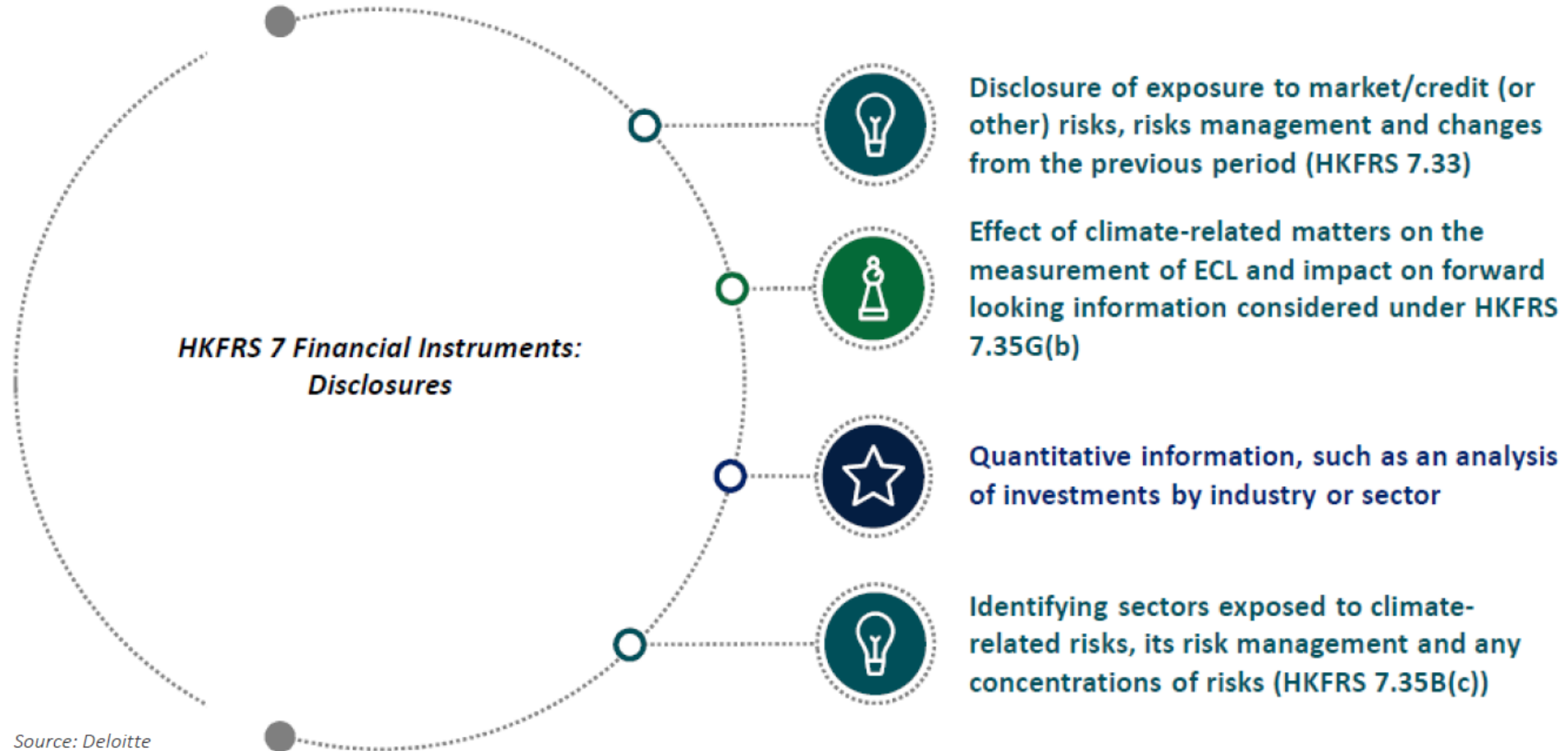
Source: Deloitte

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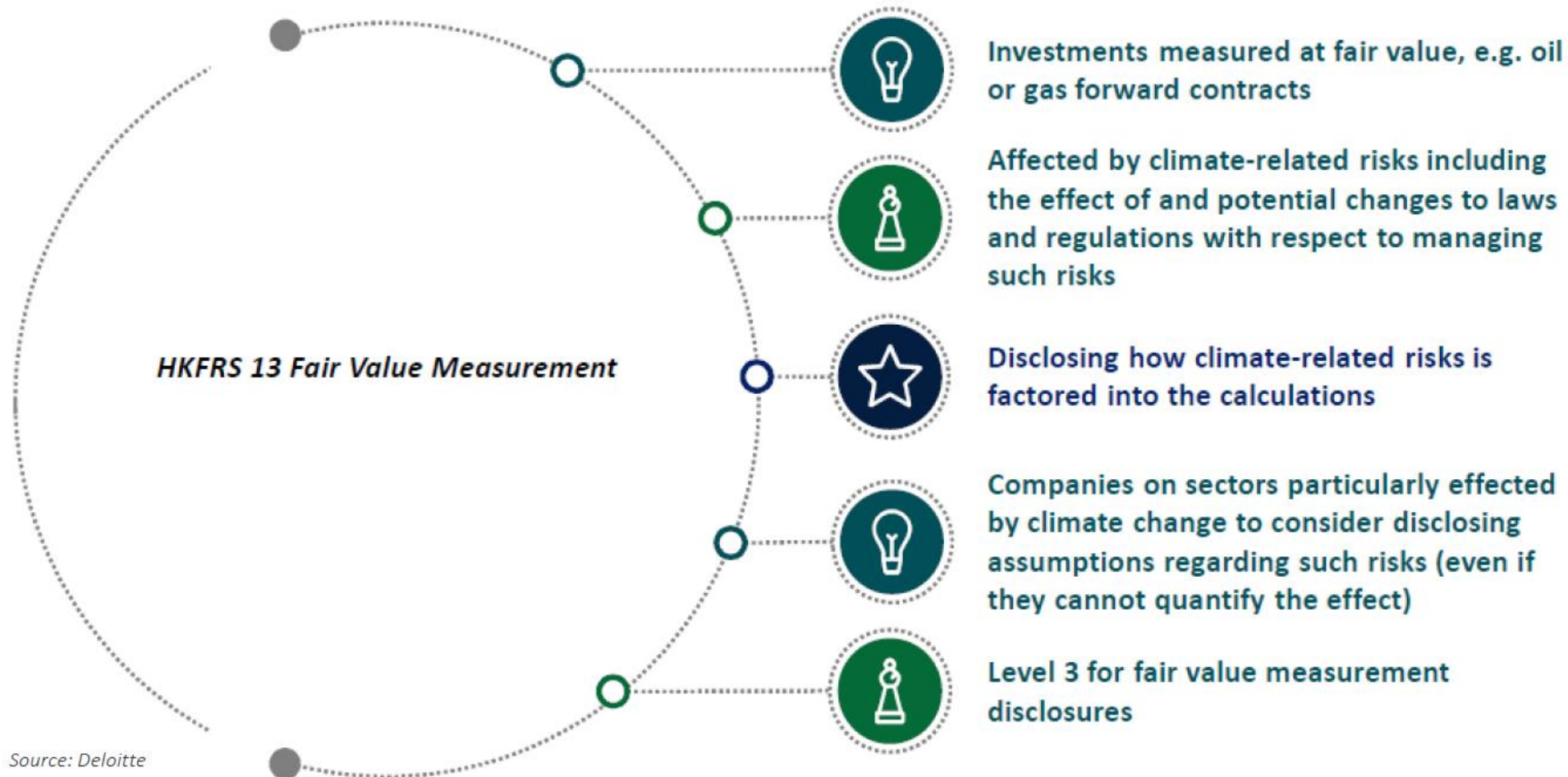


Source: Deloitte

Impact of Climate-related Risks on Financial Reporting



Impact of Climate-related Risks on Financial Reporting





Business Strategy

Take a step today!

Define sustainability purpose

Review operational practices

Make sustainability vital in business decisions

Provide trainings



Incentivise

Nurture ownership

Promote employee ideas

Don't miss out sustainable opportunities