CORPORATE SOCIAL RESPONSIBLITY (CSR) SURVEY OF HANG SENG INDEX CONSTITUENT COMPANIES (2017-2018)

11-July-2019

CONTENTS

PREFACE

Oxfam Hong Kong (OHK) has been an advocate for embedding environmental, social, governance (ESG) practices into corporate policies since 2004. We have contributed to the debate on ESG disclosure in Hong Kong not least with our pioneering ESG studies of Hang Seng Index listed companies that helped inform the Stock Exchange of Hong Kong ESG reporting guide that came into effect in 2013. Our first ranking of Hang Seng Index (HSI) constituent companies was published in 2008 and the latest published in 2016.

Our ranking reports have focused on the Hang Seng Index (HSI) constituent companies as they represent the top 90th percentile of the total market capitalisation and the top 90th percentile of the total turnover of the Hong Kong stock market - the fourth single largest stock market in the world. Given their considerable influence in the market, there is great investor interest in understanding constituent companies' financial performance, risk management and governance structures. Increasingly, this is also true of non-financial performance.

2018 was a landmark year for the mainstreaming of environmental, social, governance (ESG) as leading global asset managers publicly stated their support for sustainable investing based on ESG criteria. Globally, sustainable investing assets in the five major markets stood at US$30.7 trillion at the start of 2018, a 34 percent increase in two years.[i]

This wave of support for non-financial disclosure evidences the growing recognition that business as usual is inadequate to meet the challenges faced by societies across the globe. However, the risks inherent in not managing ESG effectively affect more than shareholders. For that reason, stakeholders such as employees, local communities, non-governmental organisations (NGOs) and Hong Kong Exchanges and Clearing, owner of the Stock Exchange of Hong Kong, have an interest in holding companies accountable to standards of responsible business conduct.

Pressure for constituent companies to meet international best practice in ESG reporting is also increasing as reporting by companies in Asia matures. The rise in sustainability reporting in Asia is not only driven by stock exchanges, but also by governments with requirements for ESG disclosure. In the region these include India, Indonesia, Malaysia, Philippines, Thailand and Vietnam.[ii]

While the number of companies adopting ESG reporting is increasing. There is evidence that the quality of disclosures by listed companies in Hong Kong is lacking. Recent studies have shown that only 37% of local business leaders believe that ESG has been integrated into their strategic planning, that companies are yet to demonstrate significant awareness or effective management of ESG risks, and that they often tend to be less transparent about negative issues.[iii] [iv]

The need to scrutinise the ESG disclosures of constituent companies is clear. While our previous reports have captured moments in constituents' reporting journeys, over the past two years we have extended the duration of the survey to capture two reporting cycles in order to identify stagnancy, improvement, or regression in disclosure and transparency over time.

While the temporal scope has been lengthened, the focus on disclosures has been narrowed from previous reports, to a sharpened focus on social indicators. OHK commissioned CSR Asia to conduct a survey with the aim to capture those key performance indicators (KPIs) which fall outside the 'comply or explain' requirements of the listing rules and therefore lack the coercive pressure of regulation that leads to greater transparency through disclosure.

EXECUTIVE SUMMARY

This report presents the results of the Oxfam Hong Kong 2018 ESG Survey of Hang Seng Index constituent companies. The survey encompasses an analysis of the companies' public disclosure using indicators from the Global Reporting Initiative's reporting guidelines (GRI Guidelines).

Overall GRI-relevant disclosure highlights:

Overall, companies are disclosing more information, but the degree of improvement is limited

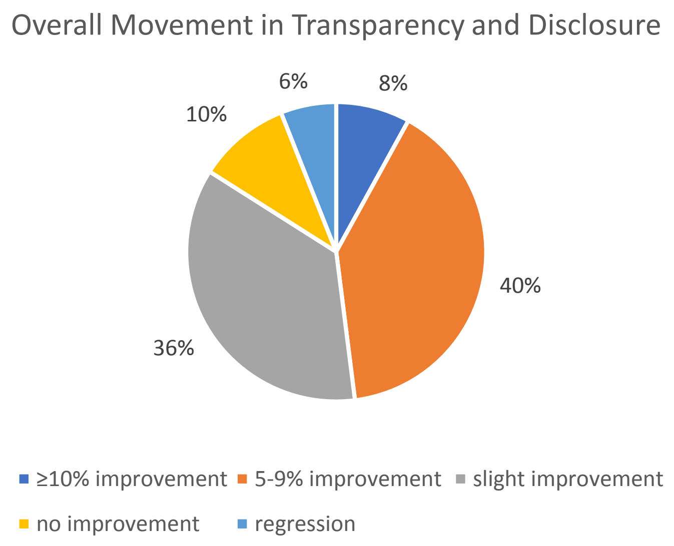
- In total, 84% of companies showed some improvement in disclosures between 2017 and 2018.
- 8% of companies had year on year improvements of more than 10% or above.
- 76% of companies had year on year improvements between 5-9%.

A significant proportion of companies show stagnancy

- 16% of companies showed no sign of improvement overall. The majority of these companies performed poorly with regards to transparency and disclosure in both 2017 and 2018.

Changing reporting format can negatively impact disclosures

- Instances of regression were few (3) and were minimal (-1 to -2% decrease in score) however, it is notable that two of the three companies changed reporting format; one to a more simplified design style and the other to a web-based approach. When opting for brevity in disclosure, useful information was omitted.



Topic highlights

Companies are disclosing more on topics relating to society, labour and decent work and human rights

- More than half of companies showed at least a 5% improvement in disclosures relating to society.
- Almost half of the constituents improved disclosures by at least 5% on labour and decent work.
- 38% of companies disclosed more information relating to human rights.

Economic disclosures remain constant and outperform social disclosures

- Around two thirds of companies disclosed no more economic information in 2018 than they did in 2017. Financial disclosures are the typically stronger than non-financial disclosures and this survey found that on average three times as many companies disclosed 50% of the GRI-relevant information than disclosed the same quantity of social information.
- Despite more than a third of companies disclosing more human rights information in 2018 than in 2017, constituent's performance on this topic paled when compared to economic disclosures. Only 3 companies reported information that would cover 50% of the human rights disclosures possible.

Going forward

We hope that the results of this survey will provide companies, NGOs and HKEX with key insights into the ESG disclosure of constituent companies to facilitate engagement and monitoring, and support constituent companies in their drive towards greater transparency and meeting international best practice.

Framed by past findings, Oxfam Hong Kong calls for comprehensive and transparent disclosure of how companies promote inclusive and sustainable economic growth, manage their impacts on society, and enable full and productive employment and decent work for all.

Oxfam Hong Kong puts forward a set of recommendations to help HSI constituent companies meet international best practice and demonstrating greater transparency in addressing diverse stakeholder concerns, from employees, local communities, NGOs and governing bodies.

Hong Kong Exchanges and Clearing Limited

- Promote international best practice on ESG disclosure
- Push disclosure on ESG aspects which are material but challenging

HSI constituent companies

- Increase transparency in general, and particularly on topics related to society and human rights
- Measure progress on gender equality and diversity
- Identify gender pay gap issues, develop management approach to address this issue and prepare to disclose this information
- Manage impacts across the value chain
- Address human rights risks in the supply chain
- Provide and disclose on grievance mechanisms available for the communities in which you operate
- Understand your business' role in achieving the Sustainable Development Goals

ABOUT THIS SURVEY

Objectives and limitations

The objective of the survey is to provide an indication of the breadth of social disclosures by HSI constituent companies. Throughout the report we highlight reporting gaps as well as examples of disclosure to support the progress of all constituent companies toward comprehensive disclosure and greater transparency.

The comparative approach used enables the survey to capture developments in disclosure over a two-year period to determine whether constituents are increasing the disclosure of information determined important by GRI and OHK.

The survey is exclusively based on publicly available information and thus does not capture a company's complete ESG strategies and impacts. Results do not provide a measure of sustainability performance but an indication of the extent of public disclosure.

Given significant differences in methodologies and indicator sets, the results of the 2018 ESG Survey of Hang Seng Index Constituent Companies are not comparable to previous surveys.

Data collection

The fifty Hang Seng Index constituent companies were surveyed based on publicly available information such as ESG reports, annual reports. Direction to corporate website content was followed when included in the reports. The survey does not include press release or media coverage.

The survey incorporates an indicator framework based on the Global Reporting Initiative. Companies are scored based on their ESG disclosure for the annual years 2017 and 2018 or financial year concluding in 2017 and 2018.[1]

Each year, companies included in the survey were also issued with a comprehensive questionnaire to provide evidence of disclosure relevant to the indicators.[2] Submissions for information relating to 2018 were accepted between 17 December 2018 and 11 January 2019. Four companies completed the questionnaire in 2017, and four in 2018.

Survey indicators and scores calculation

In devising the scoring methodology and indicator set for this survey, the goal was to measure disclosure beyond policies and procedures and focus on impacts and progress. The survey comprises a total of 48 indicators which are taken from GRI reporting (Table 1).

Table 1 GRI disclosures included in HSI ESG Survey 2018

Economic (9)	Labor & decent work (16)	Human rights (12)	Society (11)
• Economic Performance (4) • Market Presence (2) • Indirect Economic Impacts (2) • Procurement Practices (1)	• Employment (3) • Labour/Management Relations (1) • Occupational Health and Safety (4) • Training and Education (3) • Diversity and Equal Opportunity (1) • Equal Remuneration for Women and Men (1) • Supplier Social Assessment (2) • Labour Practices & Grievance Mechanisms (1)	• Investment (2) • Non-discrimination (1) • Freedom of association and collective bargaining (1) • Child Labour (1) • Forced or compulsory work (1) • Security practices (1) • Indigenous rights (1) • Assessment (1) • Supplier Human Rights Assessment (2) • Human Rights Grievance Mechanisms (1)	• Local Communities (2) • Anti-corruption (3) • Public Policy (1) • Anti-competitive Behaviour (1) • Compliance (1) • Supplier Social Assessment (1) • Grievance mechanisms for impacts on society (2)

[1] Sino Land Co Ltd was scored based on the company's 2016/17 Annual Report, the only annual report extending into the year 2017 available at the time of the 2017 survey.

[2] This excludes Country Garden Holdings and Sunny Optical Technology in 2017, which joint the Hang Seng Index at the end of the scoring process.

Table 1 provides an overview of the four GRI topics and 29 sustainability subcategories encompassed in the survey's indicator framework. The subcategories are of no relevance to the scoring and only included to indicate the breadth of sustainability aspects covered. The total number of disclosures per category is provided in parenthesis. A full list of the disclosures has been included in Annex 3.

For each indicator, companies were awarded scores based on completeness of disclosure in relation to GRI requirements. A scoring system of 0 (no disclosure), 1 (partial disclosure), and 2 (complete disclosure) was used. Companies were scored based on GRI requirements regardless of the reporting framework their ESG reports referenced or were produced in accordance with.

Calculation of category scores: Indicator scores for each category were aggregated to produce category scores. Category scores were converted to percentages using the maximum achievable indicator scores in each respective category. As an example, the maximum achievable score for the category 'human rights' is 24, which equals the maximum category score a company could achieve if it scored 2 for all twelve 'human rights' indicators. A company achieving 24 in this category, would therefore achieve a category score of 100 percent.

Calculation of overall company scores: For the ranking of constituent companies, an overall performance score was calculated by adding up the equally weighted category scores to a composite score.

KEY FINDINGS: OVERALL DISCLOSURE

Profile of Hang Seng Index constituent companies

The 50 constituent companies encompass various industry sectors with the most prominent sectors being finance (11 companies) and properties and construction (11 companies).

Three quarters of constituents (74 percent) issue standalone ESG reports, separate from annual financial reports. All companies reference Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (HKEX) in word or through the inclusion of a HKEX index. Fourteen of the constituents report in accordance with the GRI Standards core option, 4 companies report in accordance with GRI G4 Guidelines[3] and 16 companies reference GRI frameworks in their reporting.

Around of a fifth of the constituents are signatories of the United Nations Global Compact (UNGC), displaying a commitment to operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. There was no correlation between the companies that are UNGC signatories and level of transparency.

Close to half of the companies (22) sought external assurance on ESG disclosure. Companies that do not seek external assurance are less able to demonstrate a strong commitment towards ESG disclosure as they cannot guarantee credibility and accuracy of data.

Most and least extensively disclosed subcategories

Economic information is the most extensively disclosed information. This includes information about community investment. Likewise, as workforce data is also captured in annual financial reporting, so to training and education and employment disclosures are strongly reported upon by constituents. Diversity and equal opportunity information is disclosed by 43 of the 50 constituents, however having an equal employment or anti-discrimination policy in place is not regarded in the same manner as equal remuneration.

Table 2 Most extensively disclosed subcategories by number of companies not disclosing index-relevant information

Rank	Topic	Subcategory	Number of companies
1	Economic	Economic Performance	0
2	Labour and decent work	Training and Education	3
3	Labour and decent work	Employment	5
4	Society	Anti-corruption	7
4	Labour and decent work	Diversity and Equal Opportunity	7
5	Economic	Indirect Economic Impacts	9
6	Labour and decent work	Occupational Health and Safety	14

[3] Three companies did not clarify the reporting standard.

Relevant information for several disclosures relating to social subcategories is not reported upon by 40 or more companies. Human rights disclosures represent 4 of these subcategories. This may in part be accounted for by disclosures such as indigenous rights and security practices being immaterial to constituent companies. However, other disclosures such as equal remuneration for women and men have relevance for any business that employs both sexes, as should procurement practices and grievance mechanisms for impacts on society.

Table 3 Least extensively disclosed subcategories by number of companies not disclosing index-relevant information

Rank	Topic	Subcategory	Number of companies
1	Human rights	Indigenous rights	48
2	Human rights	Assessment	48
3	Labour and decent work	Equal Remuneration for Women and Men	45
3	Human rights	Investment	45
3	Human rights	Security practices	45
4	Society	Public Policy	44
5	Society	Anti-competitive Behaviour	43
5	Economic	Market Presence	43
6	Economic	Procurement Practices	42
7	Society	Grievance mechanisms for impacts on society	41
8	Labour and decent work	Labour/Management Relations	40

Closely following these least disclosed subcategories are the human rights issues of ‘child labour’ and the Hong Kong-relevant ‘forced or compulsory work’, with 31 out of the 50 constituents failing to disclose relevant information for these indicators. Moreover, disclosure-fulfilling information on the society subcategory ‘compliance’ was not disclosed by 33 out of the 50 companies on the Hang Seng Index. These and other disclosure gaps are discussed in the subcategory key findings sections of this report.

KEY FINDINGS: DISCLOSURE ON TOPIC SUBCATEGORIES

'The public expectations of your company have never been greater," wrote Mr Fink, CEO, Blackrock – the largest investor in the world - in an open letter to CEOs in 2018. "Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."

At Oxfam, we envision a world free of poverty and related injustices, where everyone enjoys wellbeing and rights. It is a sign of the times when leading investment firms also recognise that businesses too must act to positively impact society at large.

The disclosures chosen for this survey hold importance for capturing companies impacts and if they are reporting how they are contributing to society beyond tax payments. They aim to highlight how constituents are managing their operations in a manner that protects and fairly remunerates their employees, the degree to which they are managing modern risks like forced labour, and whether they are using their influence to encourage responsible business practices along their supply chains.

In Hong Kong, addressing these issues is closely linked to reducing inequalities in society. The Gini-coefficient gauges economic inequality, measuring income distribution among a population. The most recent Gini-coefficient data produced for Hong Kong was 0.539, with zero indicating equality.[v] The result was the highest in 45 years, underscoring the urgent need for businesses to help address rising inequality.

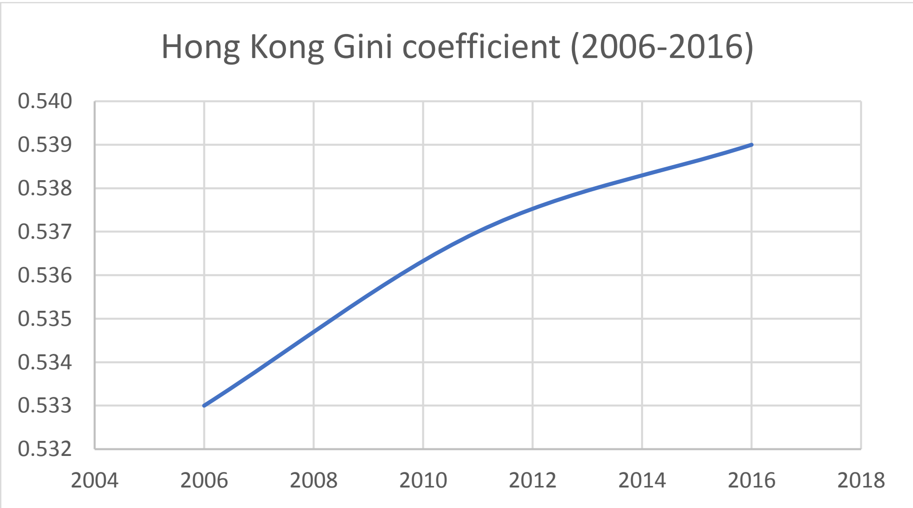


Figure 1 Increasing disparity in income distribution in Hong Kong as measured by the Gini coefficient

In a corporate reporting environment where reporting social KPIs is voluntary, this survey aims to provide insight on whether, without the coercive force of regulation, constituents are publicly disclosing relevant information. Strong performance would be encouraging for concerned stakeholder. Poor performance should prompt regulators, investors, NGOs, local communities and employees need to demand increased disclosure as proof that the largest companies listing in Hong Kong are contributing to the sustainable development of this territory and the locations where they operate.

Disclosure on economic aspects

According to Hong Kong government statistics, per capita GDP at current market prices reached $360,220 (US$46,218) by the end of 2017.[vi] Yet, as is displayed in the Figure 1, inequality in Hong Kong is rising. As of 2017, the percentage of the local population living in poverty stands at 14.7%.[vii] The companies operating and in Hong Kong and benefiting from the labour and social license to operate provided by the local population have a responsibility to ensure their success positively contributes to local communities, through tax, employment, business relationships and indirect benefits.

The majority of the constituents' economic information is disclosed in annual financial reporting and subject to the listing rules of the Stock Exchange of Hong Kong. For this reason, disclosures such as direct economic value generated and distributed and defined benefit plan obligations and other retirement plans are well covered by all constituents. Variations for economic performance scores are the result of the extent to which companies disclose this information.

An example of this is the defined benefit plan obligations disclosure. Some companies report that all eligible employees participate in local defined contribution schemes or defined benefit plans. Others will add a layer of information to this, disclosing the monetary range or percentage of contributions the company is required to make.

In general, constituents perform relatively well for economic performance, with the only other subcategories in which companies perform similarly being indirect economic impacts, diversity and inclusion, and training and education. To put this in context, this is a total of only 4 subcategories out of 29 based on GRI in which the average disclosure score is more than 40 percent.

Table 4 Average economic disclosure scores (2017-2018)

	Subcategories	Average disclosure score 2018	Average disclosure score 2017
Most extensively disclosed	Economic performance	64%	61%
	Indirect economic impacts	46%	40%
Least extensively disclosed	Procurement practices	14%	15%
	Market presence	4%	4%

Year on year improvement in economic disclosure was limited. In part this can be explained by the fact that companies are reporting some GRI-relevant information, for example direct economic value generated and distributed, in annual reports regardless of whether they are referencing GRI reporting frameworks. However, no progress was identified for increased disclosure of information required for market presence and procurement practices has seen in Table 4.

Gaps in economic disclosures

All companies describe the direct economic value generated and 78 percent of the companies report on infrastructure services supported that primarily serve a public benefit. However, only half of the companies report on significant indirect economic benefits such as inclusive products and services or investments in areas of high poverty.

Only 8 companies provide information on the percentage of spending on local suppliers, and less extensively covered are disclosures on the number of senior management hired from local communities.

Most companies fail to demonstrate the positive socio-economic benefits created for the communities they operate in beyond direct impacts in the form of employee wages or total monetary value of donations. No HSI constituent reports the ratios of standard entry level wage by gender compared to local minimum wage.

Lack of disclosure on the areas of local contributions to the economy through supply chains and workforce implies that constituents may believe this information, if reported, may give a negative impression and therefore poses reputational risk. Alternatively, it may be that companies are not collecting or monitoring this information, which may mean they are not managing their contributions to society through these channels.

Transparency score – economic disclosures

As can be seen from Table 5, the level of coverage of economic disclosures increased by an average of 6 percent year on year for the constituents performing in the upper quartile. China Mobile Ltd. improved significantly in 2018. Its gains were due to providing more GRI-relevant information that fulfilled requirements for lesser covered disclosures such as financial implications and other risks and opportunities due to climate change, and more detailed information on significant indirect economic impacts. Sun Hung Kai Properties provided a good example of how to disclose on local supplier spending.

Of the 41 companies that fell outside of the upper quartile, 31 made no improvement on economic disclosure between the reports published in 2017 and 2018. This shows that while the leaders and a limited number of other companies are improving, the vast majority of companies that should be improving their disclosures, are not.

Table 5 Companies performing in the upper quartile (score 50 or above) - economic disclosures 2017-2018

Constituent	2018 Score	Constituent	2017 Score
China Mobile Ltd	72%	CLP Holdings Ltd	67%
CLP Holdings Ltd	67%	Sinopec Corp	61%
Ping An Insurance Group Co of China Ltd	61%	China Mobile Ltd	56%
Sinopec Corp	61%	PetroChina Co Ltd	56%
Bank of Communications Co Ltd	61%	CK Infrastructure Holdings Ltd	56%
PetroChina Co Ltd	61%	MTR Corporation Ltd	56%
Hang Lung Properties Ltd	61%	Hang Lung Properties Ltd	56%
MTR Corporation Ltd	56%	China Unicom Hong Kong Ltd	50%
CK Infrastructure Holdings Ltd	56%	CNOOC Ltd	50%
Geely Automobile Holdings Ltd	56%	Sun Hung Kai Properties Ltd	50%
CNOOC Ltd	50%		
Sun Hung Kai Properties Ltd	50%		
HSBC Holdings PLC	50%		
Hong Kong Exchanges & Clearing Ltd	50%		
CK Hutchinson Holdings Ltd	50%		

Disclosure example: Significant indirect economic impact

China Mobile Limited

Why Sun Hung Kai Properties represents good practice on this disclosure:

- Described the programme and provided the impact of the programme i.e. what changed as a result of the company's presence.

We helped villagers build sales outlets for agricultural products by providing "And-Xiaobao" our self-developed e-commerce platform and provided one-to- one trainings for them. The platform helped villagers leverage the advantage of fertile land and transform the sale of agricultural products from retail to centralized sale improving their family income by 18%.

Source: China Mobile Led Sustainability Report 2017

Disclosure example: Proportion of spending on local suppliers

Sun Hung Kai Properties Ltd

Why Sun Hung Kai Properties represents good practice on this disclosure:

- Defined its approach: Choosing local suppliers whenever possible reduces the carbon footprint attributed to product transportation, while contributing to local economic growth
- Included the no. of suppliers and subcontractors, spending and % of local suppliers by operations (head office, construction, hotels and property management

The Group's diverse supplier base helps drive innovation and the delivery of high-quality products and service, while contributing to local economic growth. This year, the Group has engaged more than 5,200 suppliers and subcontractors, paying them a total of HK$8.1 billion. Choosing local suppliers whenever possible reduces the carbon footprint attributed to product transportation. This year, over 95% of our products were sourced locally this year. The Group minimizes risk in its supply chain by avoiding reliance on a single supplier for a particular area, and its five largest suppliers accounted for less than 30% of purchases this year.

	Head Office	Construction	Hotels	Property Management
Number of Suppliers - Hong Kong	50	313	2,307	2,581
Number of Suppliers - Non-Hong Kong	–	7	31	42

Source: Sun Hung Kai Properties Sustainability Report 2017

Disclosure on labour practices and decent work

In their ESG reports, companies frequently state that their employees are their most valued assets. To some degree this may be true, however, ongoing and contemporary issues such as diversity and inclusion and gender pay gap have recently been thrown into sharp focus with the UK introducing compulsory reporting for companies with more than 250 employees to report their gender pay gap figures at the end of every financial year. In addition, emerging macrotrends such as digitalisation and artificial intelligence may impact workforces worldwide, requiring employees to be trained to possess the necessary skills to operate effectively for companies, and in doing so maintain job security and enhance social mobility.

It is therefore necessary for companies to manage the employee experience in a manner that is equitable and mutually beneficial for both employers and employees. Disclosing information related to this topic provides current and prospective employees with insights into how a company truly values its staff and provides investors and customers with decision-useful information.

There is a growing recognition of how critical diversity and inclusion (D&I) is to business performance. Two-thirds of the 10,000 leaders surveyed as part of Deloitte's 2017 Global Human Capital Trends report cited diversity and inclusion as "important" or "very important" to business.[viii] This is also evidenced in this survey, with disclosures for diversity and equal opportunity being among the four most extensively covered by HSI constituents.

Likewise, companies were also relatively forthcoming with information related to training and education. This may be due to the fact that much of this human resources (HR) data falls under the recommended disclosures in Appendix 27 of the listing rules and is also usually readily available from HR departments and therefore easy to disclose. Other disclosures appear to be more challenging for companies to disclose with equal remuneration for women and men being particularly poorly covered. For each of these categories there was limited improvement in disclosure between 2017 and 2018.

Table 6 Average labour and decent work disclosure scores (2017-2018)

	Subcategories	Average disclosure score 2018	Average disclosure score 2017
Most extensively disclosed	Diversity and equal opportunity	54%	50%
	Training and education	43%	40%
Least extensively disclosed	Equal remuneration for women and men	9%	4%

Gaps in disclosure: labour practices and decent work

While most companies state they support equal employment opportunities and a non-discriminating working environment, not all companies disclose relevant key performance indicators.

- Only 12 companies provide a break-down of employees and board members by a comprehensive list of diversity indicators including age, gender, ethnicity and employees with disabilities.
- Only seven companies disclose information related to return to work and retention rates after maternity and parental leave.
- Only five companies, report any information relating to the ratio of basic salary and remuneration of women to men.

It has long been unlawful in Hong Kong and in many other jurisdictions to discriminate in respect of employment decisions or to pay women less than men for doing the same job. Moreover, gender parity is in the best interests of corporations. The Global Gender Gap Index 2018, published by the World Resources Institute affirms that gender parity is fundamental to whether and how economies and societies thrive. However, the report found that as of 2018, the average worldwide gender gap remains at 32 percent.

The UK and Australian governments have recently focused their efforts on gender pay gap disclosures, requiring employers to publish data about the difference in average pay between men and women. In the UK, gender pay gap data is made available for public use, whereas in Australia aggregated pay gap data is published by the government providing anonymity to individual companies. In Hong Kong, however, no such legislation on disclosure exists and without regulatory coercion, few constituents report gender pay ratios with the notable exceptions of 5 companies including Hang Lung Properties, whose disclosure is shown below.

Most companies also fail to disclose how they hold their suppliers accountable to good labour practices. Only 15 companies (30 percent) disclose the extent to which they screen new suppliers using social criteria and less than half this number (14 percent) disclose negative impacts in the supply chain and actions taken.

This implies that the majority of HSI constituents are not yet handling social risk in their supply chains such as product- or process-related aspects of operations that affect human safety, welfare and community development. The benefit of reporting on these issues is that it encourages companies to look into these risks and potential opportunities to improve processes and build business relationships that encourage responsible practices along value chains to the benefit of the company and the communities where they operate.

Transparency score – category 'labour and decent work'

In keeping with the highest ranked companies for other topics, the leaders in 2017 were also the strongest performing in 2018. The average increase between the two years for the leaders was nominal, however the average improvement in disclosure for all constituents was 5% - a small increase but one that shows the gap between the leaders and the rest of the constituents was closed slightly in 2018.

Table 7 Companies performing in the upper quartile (score 50 or above) - labour and decent work disclosures 2017-2018

Constituent	**2018 Score**	**Constituent**	**2017 Score**
Hong Kong Exchanges & Clearing Ltd	84%	Hong Kong Exchanges & Clearing Ltd	84%
Hang Seng Bank Ltd	72%	Link REIT	69%
CLP Holdings Ltd	69%	Hang Seng Bank Ltd	59%
MTR Corporation Ltd	56%	CLP Holdings Ltd	56%
Link REIT	56%	MTR Corporation Ltd	50%
Hang Lung Properties Ltd	53%		

Of note in Table 7 is the year on year decrease in disclosure score by Link REIT. During the survey period Link REIT changed reporting format to a web-based approach. GRI-relent information disclosed in 2017 was in some cases not included on the website and at the time of scoring, one of the data tables would not load. This negatively impacted Link REIT's score, however it still held its position as a leader among HSI constituents. In large part we determine this to be a result of reporting in accordance with the comprehensive option of GRI G4 guidelines.

More companies that fell outside of the upper quartile in 2018 showed improvement on their labour and decent work disclosures than showed no improvement. In total, 17 companies showed no improvement. Five of these companies scored 6 percent in reports published in each of the years of the survey, underscoring the significant reporting gap between the strongest performing and weakest performing companies for this topic.

Disclosure example: Ratio of basic salary and remuneration of women to men

Sun Hung Kai Properties Limited

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
New hires										
Total new hires	Number	314	1,089	1,403	279	594	873	268	705	973
New hire rate	%	25.91	30.30	29.19	22.20	17.05	18.42	20.95	20.80	20.84
By age										
Under 30	Number	106	544	650	93	239	332	85	310	395
30 – 50		177	523	700	140	344	484	142	379	521
Over 50		31	22	53	46	11	57	41	16	57
By gender										
Male	Number	151	742	893	133	352	485	129	389	518
Female		163	347	510	146	242	388	139	316	455
Turnover										
Total turnover	Number	249	769	1,018	235	704	939	252	798	1,050
Turnover rate [18]	%	20.54	21.40	21.18	18.70	20.00	19.81	19.70	23.54	22.49
By age										
Under 30	Number	59	367	426	52	251	303	62	283	345
30 – 50		157	380	537	130	422	552	147	491	638
Over 50		33	22	55	53	31	84	43	24	67
By gender										
Male	Number	128	501	629	119	420	539	121	501	622
Female		121	268	389	116	284	400	131	297	428
Compensation										
Ratio of basic salary and remuneration of women to men by employee category										
Executive staff	N/A	1:1.933	1:1.519	N/A	1:1.946	1:1.516	N/A	1:1.841	1:1.376	N/A
Administrative staff		1:1.219	1:1.485	N/A	1:1.211	1:1.470	N/A	1:1.226	1:1.353	N/A
Operational staff		1:1.135	1:1.074	N/A	1:1.148	1:1.077	N/A	1:1.163	1:1.079	N/A

Disclosure on human rights

In recent years, the United Nations Office of the High Commissioner for Human Rights (OHCR) launched the United Nations Guiding Principles on Business and Human Rights (UNGP). To date, 22 states have developed a related National Action Plan however, none of these are in Asia. As a leading financial hub where almost 1.4 million[ix] companies are registered, it is regrettable that the HKSAR Government has not announced any public actions it will take to fulfil the UNGP and there remains no comprehensive law on the prevention, prosecution, and protection to victims of human trafficking and forced labour in the territory, nor are there no laws requiring the disclosure of actions, policies or due diligence behaviour of companies to combat human trafficking.

The ESG reporting requirements for companies listed in Hong Kong make it mandatory for constituents to make general disclosures on their ESG policies and explain how they deal with issues such as discrimination and operational risks including the prevention of child and forced labour.

Disclosure on these issues by HSI constituents is limited, underscored by an average disclosure score for human rights grievance mechanisms and non-discrimination being around a third of the total disclosure scores available. These scores, which are the highest in the human rights category, are around 30% poorer than disclosures for economic subcategories.

Table 8 Average human rights disclosure scores (2017-2018)

	Subcategories	Average disclosure score 2018	Average disclosure score 2017
Most extensively disclosed	Human rights grievance mechanisms	36%	36%
	Non-discrimination	30%	24%
Least extensively disclosed	Investment	below 10%	below 10%
	Security practices		
	Indigenous rights		
	Assessment		

Information that would fulfil disclosure requirements for the subcategories that achieve the weakest coverage, is not reported due these topics not being material to the majority of the listed companies. For example, these subcategories require constituents to report on the incidents of violations involving rights of indigenous peoples, or security personnel trained in human rights policies or procedures. There has been no significant improvement in human rights disclosure during the time of this survey.

Gaps in disclosure: implementation of human rights commitments

Human rights risks vary by company and indicators covered in this survey thus encompass a diverse set of aspects (i.e. non-discrimination, gender equality, freedom of association, collective bargaining, child labour, forced or compulsory labour, and indigenous rights). There are tangible risks of human rights violations within the supply chain of many HSI constituent companies. For example, there are risks of labour rights violations related to the use of construction or factory workers in mainland China where many of the constituent companies have operations. Companies in the finance sector are exposed to risks from human rights violations conducted by the organisations they lend to or invest in.

Only 9 companies explicitly refer to screening potential suppliers and contractors for human rights risks and only three companies have conducted human right impact assessments in their supply chains (namely CLP, Lenovo, and Power Assets).

Twenty percent of constituents do not disclose any information on human rights related key performance indicators.

Transparency score – category 'human rights'

Three companies in particular have performed strongly for disclosures related to human rights over the past two years. The increased disclosure by these companies accounted for an 8 percent average increased for companies in the upper quartile. This improvement is 5 percent more than the average improvement for the rest of the constituents. It is also a significant level of disclosure when considering the average disclosure score for human rights only reached 16 percent in 2018.

Table 9 Companies performing in the upper quartile (score 50 or above) - human rights disclosures 2017-2018

Constituent	2018 Score	Constituent	2017 Score
Hang Seng Bank Ltd	79%	CLP Holdings Ltd	71%
CLP Holdings Ltd	71%	Hang Seng Bank Ltd	63%
Link REIT	63%	Link REIT	54%

Ten constituents' reports lacked any disclosure on human rights that would fulfil any part of the GRI disclosures for this topic. In addition to these, 20 other constituents who fell outside the upper quartile showed no improvement between the two years to the survey. These figures suggest that regulatory coercion is required to ensure constituents are effectively managing their human rights risks, and that vulnerable groups are provided protection by the policies and procedures that govern how constituents operate.

Disclosure example: human rights grievance mechanism

WH Group

Smithfield recognizes and respects employees' rights and their freedom to choose whether or not to join third-party organizations or to associate freely and bargain collectively. The company has specifically formulated the Smithfield "Human Rights Policy", which clarifies expectations for the areas of employees' equal opportunities, health, environment and safety, harassment and violence, employees' rights and other key topics to ensure the fair treatment of employees; we encourage workers to call a toll-free hotline number to report any violations. Smithfield also communicates this "Human Rights Policy" with all major suppliers and expects them to comply with it.

Source: WH Group Sustainability Report 2017

Disclosure example: human rights due diligence

CLP Holdings

Working in partnership with the independent Danish Institute for Human Rights (DIHR), CLP commenced a pilot due diligence exercise focused on the use of contractor labour in Hong Kong, its largest operational location, and India. The objectives of this exercise are to identify any salient human rights issues, and to build CLP's organisational capability to manage human rights issues proactively and systematically.

The work carried out by the DIHR includes confidential interviews with a sample of contractor employees to ensure independence. The due diligence exercise will continue in 2017, and report to the Group Executive Committee and the Sustainability Committee. As part of this exercise, 59 employees received human rights training from external consultants.

"We recognise that we are taking the first step on a journey to embed human rights considerations into our policies and management processes, and the due diligence exercise is intended to be a foundation for future initiatives."

Source: CLP Sustainability Report 2016

Disclosure example: significant investments with human rights clauses

CLP Holdings

To provide an indication of whether our significant investment agreements and contracts include human rights clauses, CLP reports the percentage of funding for all non-recourse financing and refinancing that was provided by banks which have adopted the Equator Principles. In 2017, around 60% of this funding came from these Equator Principle banks.

Source: CLP Sustainability Report 2017

Disclosure on society

Disclosures on society focus on how companies manage operations with local community engagement, development programs and operations with significant actual or potential impacts on society. They also related to corruption and political contributions. These aspects influence how the wider community experience a company's impact. For other stakeholders such as businesses in a company's network, anti-competitive behaviour and anti-trust practices are also captured.

At present, there is no specific legislation in Hong Kong which protects or rewards whistleblowers. However, a number of measures exist which ensure the confidentiality of corruption reports to the police and the Independent Commission Against Corruption to protect the anonymity and personal safety of informers, grant immunity to witnesses and prevent unfair treatment. Section 30A of the Prevention of Bribery Ordinance provides a framework under which the names and addresses of informers are protected from use in civil or criminal proceedings.

While it is common for HSI constituents to report on grievance mechanisms for staff, including whistleblowing. It is less common to report on grievance mechanisms available to external parties to report issues related to anti-corruption or negative impacts on society as can be seen in Table 10.

Table 10 Average society disclosure scores (2017-2018)

<table>
<tr><th colspan="2">Subcategories</th><th>Average disclosure score 2018</th><th>Average disclosure score 2017</th></tr>
<tr><td rowspan="2">Most extensively disclosed</td><td>Anti-corruption</td><td>33%</td><td>24%</td></tr>
<tr><td>Compliance</td><td>32%</td><td>33%</td></tr>
<tr><td rowspan="5">Least extensively disclosed</td><td>Local communities</td><td rowspan="5">below 20%</td><td rowspan="5">below 20%</td></tr>
<tr><td>Public policy</td></tr>
<tr><td>Anti-competitive behaviour</td></tr>
<tr><td>Supplier social assessment</td></tr>
<tr><td>Grievance mechanisms for impacts on society</td></tr>
</table>

Also commonplace among reporting companies are generic statements such as, 'We were not imposed any significant fine or sanctions for any noncompliance with laws and regulations in the social and economic area.' This simple inclusion is sufficient for fulfilling the related GRI disclosure, and similar information was reported by 21 of the constituents, it falls short of the expectations of HKEX. In 2018, the guidance document, 'How to Prepare an ESG Report?', was updated to set out what the Exchange expects for disclosure on compliance with relevant laws and regulations.

It states that a company must not use blanket statements of compliance or absence of non-compliance, but should specify the relevant laws and regulations, disclose their potential impact on the issuer, and disclose ways in which the issuer has ensured compliance with such laws and regulations. This survey found that no constituents were meeting these levels of disclosure.

The stronger performance of constituents on disclosures related to anti-corruption are largely due to the inclusion of blanket statements of no incidence of non-compliance, however some companies such as New World Development and Sinopec Corp disclosed information on anti-corruption training.

Strong disclosure on corruption but lack of disclosure on impacts on society

Less than half of the companies (20) reported conducting anti-corruption training to build the internal awareness and capacity to combat corruption in 2018. Only around a third of the companies (15) also describe measures taken to assess operations for risks of corruption. HKEX is the only company that held an anti-corruption seminar for its suppliers and business partners.

Adverse impacts on communities is an aspect that most companies do not address in their ESG disclosure. Only 16 companies (32 percent) disclose how they consult or engage with local communities on matters relating to impacts of business operations beyond environmental impact assessments.

In the first year of the survey, two companies reported on incidences of grievances about impacts on society, Link REIT stated that there were no such incidents and HSBC addressed an incident, demonstrating transparency and accountability.

HSBC Holdings plc

"In January 2017, Greenpeace commenced an activist campaign against HSBC on deforestation in the palm oil sector. Greenpeace alleged that we broke our existing policy on palm oil and demanded that we improve our policy to include NDPE standards. While we do not believe we broke our policy, we did recognise the potential to improve our policy and have now done so. HSBC will not agree financing facilities to customers in the sector who have not made NDPE commitments."

Source: HSBC Holdings plc Environmental, Social and Governance (ESG) Update April, 2017

Transparency score – category 'society'

The top performing companies in 2018 were again reflective of the top performers in 2017. However, more interesting is that several companies improved their disclosure by 14% or more.

Table 11 Companies performing in the upper quartile (score 50 or above) - society disclosures 2017-2018

Constituent	2018 Score	Constituent	2017 Score
Link REIT	82%	Link REIT	73%
CLP Holdings Ltd	68%	CLP Holdings Ltd	68%
Hong Kong Exchanges & Clearing Ltd	64%	Hang Seng Bank Ltd.	68%
Hang Lung Properties Ltd	55%	Hong Kong Exchanges & Clearing Ltd	55%
New World Development Co Ltd	50%	Hang Lung Properties Ltd	55%

Companies that improved most significantly were New World Development Co Ltd and Sands China, whose scores improved by 41% and 27% for society. New World Development improved in large part due to increased disclosure on the subcategory of anti-corruption. In 2018, it reported information on risk management for anti-corruption and the number of hours of training on anti-corruption and ESG risks that were administered to staff.

In total, 15 of the lowest performing companies in 2017 showed no improvement for society disclosures in 2018. With the revision to the HKEX reporting guidelines we at least anticipate improved disclosures on compliance in future reporting cycles.

RECOMMENDATIONS

While HSI constituent companies' ESG disclosure has progressed since our first survey in 2008, this survey has shown that significant social disclosure gaps remain. Across all topics covered in this survey, significant numbers of companies performing outside of the upper quartile have shown no improvement in their disclosures.

Most companies fail to provide a balanced and complete account of their performance and are selective as to what level of disclosure they provide for the social and economic aspects they address in their reports. Few companies are transparent about their operations' adverse impacts on society or are able to demonstrate how they drive performance improvements.

GRI provides the globally acknowledged best practice for ESG disclosure. Despite 34 HSI constituents referencing or reporting in accordance with GRI reporting frameworks, disclosures which partially fulfilled requirements were more prevalent than complete disclosures. While not every indicator set out by GRI is relevant to every business, Oxfam Hong Kong proposes that companies disclose consider the full requirements for disclosures for relevant material topics and heed the revised recommendations for HKEX ESG reporting to provide more detail to stakeholders. Recommendations that push for greater transparency and the adoption of international best practice are outlined below.

Recommendations for HSI constituent companies:

Increase transparency: Oxfam Hong Kong believes that constituent companies need to inform their ESG disclosure based on the concerns, interests and aspirations of their wide range of stakeholders. To hold themselves accountable to wide ranging stakeholders, companies need to be able to provide a complete review of their economic, social and environmental impacts. New forms of reporting and communication provide an opportunity for companies to address the diverse concerns of stakeholders and show greater transparency while not compromising the legibility of their ESG disclosure.

Ensure effective materiality assessment and stakeholder engagement: Materiality assessments should not be used as a means for companies to be selective of the ESG aspects disclosed to stakeholders. With companies being in control of the materiality assessment process, there is scope for companies to employ selectivity in stakeholder inclusion and the disclosure of results. Companies need to adhere to global standards for materiality assessment and stakeholder engagement, integrate these processes into risk management systems and disclose the methodology and results.

Drive performance improvements: Companies need to demonstrate that their ESG policies and management systems are effective and lead to performance improvements. This requires companies to set time-bound targets that allow measuring and reporting progress on an annual basis.

Address gender equality and diversity: Workplace diversity holds significant benefits for talent management. Constituent companies need to increase their efforts in ensuring the effective implementation of gender equality and diversity policies at all levels within the business. Beyond own operations most constituent companies can also influence chance within their suppliers or use their purchasing power to support businesses run by women or minority groups. Few companies are uniquely positioned to influence the role and rights of women and minority groups in society through advertising.

Manage impacts across the value chain: Given their significance in the market, constituent companies need to move beyond a narrow focus on direct impacts, and measure and manage their impacts along their entire value chain. HSI constituent companies are uniquely positioned to influence change within their suppliers, contractors, business partners as well as customers. This can also support the building of better relationships and communication with business partners and help capture emerging risks.

Address human rights risks in the supply chain: There is no doubt about the importance for constituent companies to uphold human right principles and ensure that they are not complicit in human rights violations. Internationally operating companies are exposed to increasing regulations requiring companies to report on how they prevent labour rights violations and incidents of forced labour, child labour and human trafficking in their businesses and value chains. Increasing attention needs to be given to reporting on mitigation measures for modern slavery.

Understand your business' role in achieving the Sustainable Development Goals (SDGs): There is a need for companies to embrace their wider responsibilities to the societies in which they operate. This involves making positive contributions towards socio-economic development and addressing key areas of tension between commercial practices and the development priorities set out in the SDGs.

Recommendations for Hong Kong Exchanges and Clearing:

Promote international best practice: Hong Kong Exchanges and Clearing Limited plays a key role in driving the quality of ESG disclosure in Hong Kong. While latest adaptations to the ESG Guide are laudable, they are not resulting in advancing ESG reporting in Hong Kong to international best practice. Globally and within the region, Exchanges are stepping up efforts to inform ESG disclosure of listed companies. Taiwan is the first market to have implemented mandatory disclosure adhering to GRI for specified listed companies. To demonstrate leadership, Hong Kong Exchanges and Clearing Limited needs to hold companies accountable to international best practice and adopt the complete list of ESG aspects outlined in the GRI.

Push disclosure on ESG aspects which are material but challenging: Companies have much leeway in deciding which aspects are material and to be included in their disclosures. There is an important role for Hong Kong Exchanges and Clearing Limited to drive transparent and complete disclosure of ESG risks including those in the value chain, such as human rights violations or the environmental impact of products and services.

ANNEX 1: GRI INDICATORS TRANSPARENCY INDEX

Constituents	2018 GRI Index Score
CLP Holdings Ltd	66%
Hong Kong Exchanges & Clearing Ltd	57%
Link REIT	55%
Hang Seng Bank Ltd	51%
Hang Lung Properties Ltd	46%
MTR Corporation Ltd	40%
HSBC Holdings PLC	35%
China Mobile Ltd	34%
New World Development Co Ltd	34%
Geely Automobile Holdings Ltd	31%
China Unicom Hong Kong Ltd	31%
Sun Hung Kai Properties Ltd	30%
BOC Hong Kong Holdings Ltd	29%
CK Asset Holdings Ltd	28%
Sands China Ltd	28%
Wharf REIC Ltd	28%
China Resources Land Ltd	27%
PetroChina Co Ltd	27%
Hong Kong & China Gas Co Ltd	27%
CK Infrastructure Holdings Ltd	26%
Sino Land Co Ltd	26%
Sinopec Corp	25%
AIA Group Ltd	25%
CNOOC Ltd	24%
Swire Pacific Ltd	24%
AAC Technologies Holdings Inc	23%
China Shenhua Energy Co Ltd	23%
Bank of Communications Co Ltd	23%
China Resources Power Holdings Co Ltd	22%
WH Group Ltd	21%
Ping An Insurance Group Co of China Ltd	21%
Henderson Land Development Co Ltd	21%
CK Hutchinson Holdings Ltd	20%
Country Garden Holdings Co Ltd	20%
China Overseas Land & Investment Ltd	19%
Hengan International Group Co Ltd	17%
Mengniu Dairy Co Ltd	17%
Tencent Holdings Ltd	17%
China Construction Bank Corp	16%
ICBC Ltd	16%
China Life Insurance Co Ltd	15%
Power Assets Holdings Ltd	15%
Galaxy Entertainment Group Ltd	15%
Sunny Optical Technology Co Ltd	15%

Constituents	2018 GRI Index Score
Want Want China Holdings Ltd	14%
CSPC Pharmaceutical Group Ltd	14%
CITIC Ltd	14%
Bank of China Ltd	13%
Shenzhou International Group Holdings Ltd	13%
Sino Biopharmaceutical Ltd	12%

ANNEX 2: HSI CONSTITUENT COMPANIES (AS OF 31 DECEMBER 2018)

Stock Code	Company Name	Headquarters
2018	AAC Technologies Holdings Inc	China
1299	AIA Group Ltd	Hong Kong
3988	Bank of China Ltd	China
3328	Bank of Communications Co Ltd	China
2388	BOC Hong Kong Holdings Ltd	Hong Kong
939	China Construction Bank Corp	China
2628	China Life Insurance Co Ltd	China
941	China Mobile Ltd	Hong Kong
688	China Overseas Land & Investment Ltd	Hong Kong
1109	China Resources Land Ltd	Hong Kong
836	China Resources Power Holdings Co Ltd	Hong Kong
1088	China Shenhua Energy Co Ltd	China
762	China Unicom Hong Kong Ltd	Hong Kong
267	CITIC Ltd	Hong Kong
1113	CK Asset Holdings Ltd	Hong Kong
1	CK Hutchinson Holdings Ltd	Hong Kong
1038	CK Infrastructure Holdings Ltd	Hong Kong
2	CLP Holdings Ltd	Hong Kong
883	CNOOC Ltd	China
2007	Country Garden Holdings Co Ltd	China
1093	CSPC Pharmaceutical Group Ltd	Hong Kong
27	Galaxy Entertainment Group Ltd	Hong Kong
175	Geely Automobile Holdings Ltd	China
101	Hang Lung Properties Ltd	Hong Kong
11	Hang Seng Bank Ltd	Hong Kong

Stock Code	Company Name	Headquarters
12	Henderson Land Development Co Ltd	Hong Kong
1044	Hengan International Group Co Ltd	China
3	Hong Kong & China Gas Co Ltd	Hong Kong
388	HK Exchanges & Clearing Ltd	Hong Kong
5	HSBC Holdings PLC	UK
1398	ICBC Ltd	China
823	Link REIT	Hong Kong
2319	Mengniu Dairy Co Ltd	China
66	MTR Corporation Ltd	Hong Kong
17	New World Development Co Ltd	Hong Kong
857	PetroChina Co Ltd	China
2318	Ping An Insurance Group Co of China Ltd	China
6	Power Assets Holdings Ltd	Hong Kong
1928	Sands China Ltd	Macau
2313	Shenzhou International Group Holdings Ltd	China
386	Sino Biopharmaceutical Ltd	Hong Kong
83	Sino Land Co Ltd	Hong Kong
386	Sinopec Corp	China
16	Sun Hung Kai Properties Ltd	Hong Kong
2382	Sunny Optical Technology Co Ltd	China
19	Swire Pacific Ltd	Hong Kong
700	Tencent Holdings Ltd	China
151	Want Want China Holdings Ltd	China
288	WH Group Ltd	Hong Kong
1997	Wharf REIC Ltd	Hong Kong

ANNEX 3: 2018 ESG SURVEY GRI DISCLOSURES BY CATEGORY

Economic

Indicator	Description
201-1	Direct economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change
201-3	Defined benefit plan obligations and other retirement plans
201-4	Financial assistance received from government
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts
204-1	Proportion of spending on local suppliers

Labour and decent work

Indicator	Description
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
402-1	Minimum notice periods regarding operational changes
403-1	Workers representation in formal joint management–worker health and safety committees
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
403-3	Workers with high incidence or high risk of diseases related to their occupation
403-4	Health and safety topics covered in formal agreements with trade unions
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken
103-2	The management approach and its components

Society

Indicator	Description
413-1	Operations with local community engagement, impact assessments, and development programs
413-2	Operations with significant actual and potential negative impacts on local communities
205-1	Operations assessed for risks related to corruption
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
415-1	Political contributions
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
419-1	Non-compliance with laws and regulations in the social and economic area
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken
103-2	The management approach and its components

Human rights

Indicator	Description
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
412-2	Employee training on human rights policies or procedures
406-1	Incidents of discrimination and corrective actions taken
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
408-1	Operations and suppliers at significant risk for incidents of child labor
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
410-1	Security personnel trained in human rights policies or procedures
411-1	Incidents of violations involving rights of indigenous peoples
412-1	Operations that have been subject to human rights reviews or impact assessments
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken
103-2	The management approach and its components

REFERENCES

[i] Global Sustainable Investment Alliance (2018). Global Sustainable Investment Review 2018 Ussif.org. Retrieved 30 April 2019, from https://www.ussif.org/files/GSIR_Review2018_3_28(2).pdf

[ii] Sustainable Stock Exchange Initiative (2017) "2016 Report on Progress" Retrieved 30 April 2019 from http://unctad.org/en/PublicationsLibrary/unctad_sse_2016d1.pdf

[iii] KPMG (2017). The ESG Journey Begins. *Assets.kpmg*. Retrieved 30 April 2019, from https://assets.kpmg/content/dam/kpmg/cn/pdf/en/2017/11/the-esg-journey-begins.pdf

[iv] ESG: A view from the top, KPMG, CLP Holdings Limited, and The Hong Kong Institute of Chartered Secretaries (September 2018). Retrieved 30 April 2019 from https://assets.kpmg/content/dam/kpmg/cn/pdf/en/2018/09/esg-a-view-from-the-top.pdf

[v] Table E305 : Gini Coefficient by household size, 2006, 2011 and 2016 | Census and Statistics Department. (2019). Censtatd.gov.hk. Retrieved 2 May 2019, from https://www.censtatd.gov.hk/hkstat/sub/sp459.jsp?productCode=D5321605

[vi] Government of the HKSAR (2018). Hong Kong: The Facts. Employment. Gov.hk. Retrieved 3 May 2019, from https://www.gov.hk/en/about/abouthk/factsheets/docs/employment.pdf

[vii] Government of the HKSAR (2018). *Povertyrelief.gov.hk*. Retrieved 3 May 2019, from https://www.povertyrelief.gov.hk/eng/pdf/Hong_Kong_Poverty_Situation_Report_2017(2018.11.19).pdf

[viii] Juliet Bourke, Stacia Sherman Garr, Ardie van Berkel, and Jungle Wong, "Diversity and inclusion: The reality gap," in Rewriting the rules for the Digital Age: Deloitte 2017 Global Human Capital Trends, pp. 107–118.

[ix] Government of the HKSAR (2018). Number of companies registered approaches 1.4 million. (2018). Info.gov.hk. Retrieved 3 May 2019, from https://www.info.gov.hk/gia/general/201801/07/P2018010500550.htm