



VALPLUS
CONSULTING

ENVIRONMENTAL SOCIAL GOVERNANCE

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next great project!

UPDATED REQUIREMENT BY THE
STOCK EXCHANGE OF HONG KONG
LIMITED (HKEX) COMMENCING ON
OR AFTER 1 JULY 2020

ARE YOU WELL PREPARED TO RESPOND TO THE ENHANCED ESG DISCLOSURE REQUIREMENTS?

POINT SYSTEM

5 points for fulfilment of each bullet point

01. Enhanced ESG oversight responsibilities for boards

- Is the Board aware of its responsibilities for the company's ESG-related matters?
- Has the Board held any discussions on the appropriate governance structure for overseeing the company's ESG-related matters (e.g. establishing a separate ESG committee)?
- Has the company considered the possibility of appointing an ESG specialist to sit on the Board?
- Does the company know how to develop an ESG oversight framework (e.g. definition of roles and responsibilities, oversight procedures, performance management)?

02. Required to disclose significant ESG-related risks

- Have any ESG-related issues (e.g. climate change) been identified as having a significant impact on the company?
- Does the company have sufficient knowledge of the international standards and frameworks for ESG risk management (e.g. TCFD1 , COSO2)?
- Does the company know how to systematically manage ESG risks (governance and culture, strategy and objective-setting, performance, review and revision, communication and reporting)?

POINT SYSTEM

5 points for fulfilment of each bullet point

03. Required to disclose management targets for ESG topics and additional indicators

- Does the company know what targets its peers have set?
- Is it necessary to set a target for each ESG topic?
- Is the company well positioned to meet the challenges arising from the new or existing disclosure requirements (e.g. lack of a relevant management function, unclear methodologies for calculation or collection of data)?

04. Required to explain the application of the reporting principles and the reporting boundary

- Is the company aware of the reporting principles that must be complied with?
- Does the company know how to demonstrate its compliance with the reporting principles?
- Is the company able to clearly identify the entities covered in the report and explain the coverage?

05. Shortened publication timeframe to within five months from the year-end date

- Is the company able to publish the ESG report within the shortened timeframe?
- Has a detailed timeline been created for the reporting project (e.g. division of work, milestones)?
- Has the company assigned adequate staff and resources?
- How successful is the cross-functional collaboration (e.g. attitude, efficiency)?

POINT SYSTEM

5 points for fulfilment of each bullet point

06. Encouraged to seek independent assurance

- Is the company aware of any peers that have sought independent assurance?
- Does the company know whether the assurance should cover the entire report or some of the key performance indicators?
- Does the company have any knowledge of ESG report assurance (e.g. types of assurance, assurance service providers, assurance standards, procedures)?

80-100 points

The company is well prepared to respond to the enhanced disclosure requirements in the revised ESG Reporting Guide

60-80 points

The company is in a position to respond to most of the disclosure requirements. It is recommended that the company focus on addressing the weaknesses

Below 60 points

It is recommended that the company perform an evaluation of its current ESG management as soon as possible and take actions to improve accordingly, or it may face significant compliance risks.