

# ESG-EMPOWERED STRATEGIES FOR UPLIFTING BRAND VALUE

## ESG賦能：革新品牌的經營範式和增值策略

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# ABOUT THE CENTRE FOR BUSINESS SUSTAINABILITY



Nurture

Cultivate Sustainability Management researchers and business leaders



Insight

Provide impactful research and practical knowledge



Inspire

Transfer knowledge of Sustainability Management to both academic and business communities

Founded in June 2018

Joint effort between the Department of Management and the Department of Government and Public Administration of The Chinese University of Hong Kong



# OUR ACTIVITIES

## Research and Publications

- Investigate the relevance of responsible business practices in promoting corporate performance

## Sustainability Assessment

- Comply 7 Business Sustainability Indices, assessing over 300 listed companies and SMEs over the globe

## Benchmarking and Rating

- Support Corporates' Sustainability endeavor with a data-backed approach

## Knowledge Transfer

- Host annual conferences, seasonal seminars, executive trainings and experiences sharing

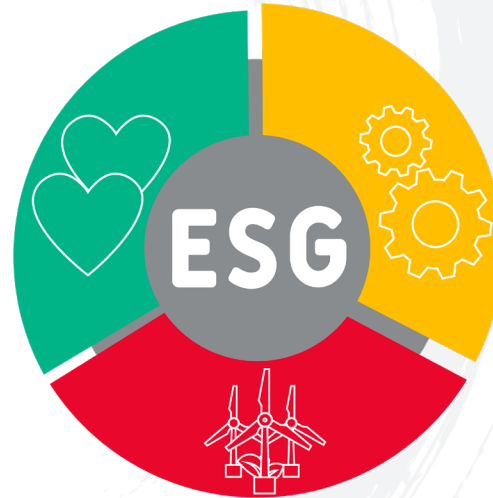
# ESG-AS BUSINESS STRATEGIES



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# Environment, Social and Governance

First mentioned in 2006 United Nation's Principles for Responsible Investment (PRI), providing **guidelines and recommendations** on how to better integrate environmental, social and governance (ESG) issues in asset management, securities brokerage services and associated research functions.



**ENVIRONMENTAL SOCIAL GOVERNANCE**



# Corporate Social Responsibility

Actions that appear to further some **Social Good**, beyond the interests of the firm and that which is required by law



PEOPLE



PLANET



PROFIT



# Fundamentals of Sustainability/ESG Brand Building: Strategies, Positionings and Approaches

## Strategies

- Image building – publicity and advertisement: Greenwashing risk
- Sustainability/ESG as means for business: instrumental
- Sustainability/ESG as foundation for business: embedding in corporate culture
- Sustainability/ESG as core for full integration: sustainability leadership

## Positioning

- Business instrument: business level
- Corporate value: corporate level
- Industrial leadership: industry level

## Approaches

- Depth
- Width



# ESG/Sustainability Brand Building: Core Questions

Why

corporate adopt sustainability/ESG Practices

How

corporate undertake sustainability/ESG practices

When

to introduce sustainability/ESG initiatives

What

Sustainability/ESG practices to undertake

What

results can be achieve from sustainability/ESG efforts



# Possible (positive) effects achieved by a Socially Responsible Corporation



Better financial performance



Customer satisfaction and loyalty



Building corporate reputation –  
brand & image



Government policy support



Employee commitment



Reducing business risks



Cost saving



Competitive advantage

# Handle with Care in Brand Building!!

## The Matters

- Identify issues that are core to your key stakeholders and business.

## Be Sincere

- If the company was perceived to engage in CSR only for egoistic reasons or to please stakeholders, negative effects were found

## Be Consistence

- Communication and action, internal and external

## Be Innovative

- First mover advantage

## Assess your Impact

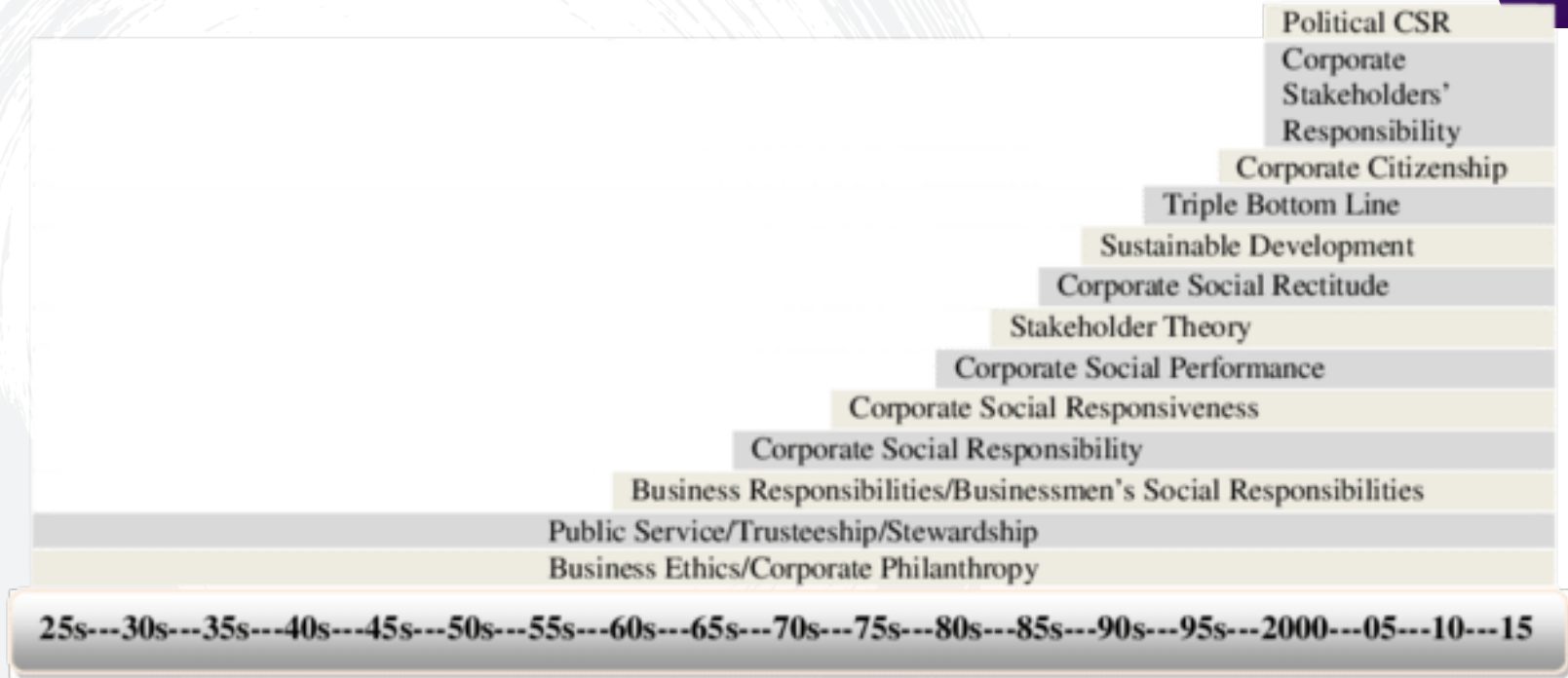
- Review regularly and improve



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# Understanding ESG, CSR & Sustainability

# The Evolution in CSR



Adapted from Mohan (2003, p.75), and Gond and Moon (2011, p.11)

# CSR Recent Trends

- CSR: stakeholder perspective – theoretical/conceptual foundation
- Sustainability: triple bottom line
- CSR & business sustainability: mean-end relations
- Strategic approaches to CSR: Responsible business
  - CSV: Creating Shared Values
  - ESG: Environment, Social, and Governance
  - SDGs: Sustainable Development Goals
  - Responsible investment: ESG investment
- CSR as a business model/strategy: for achieving business sustainability

# Sustainable Development Goals

- 17 SDGs, 169 targets
- The blueprint to achieve a better and more sustainable future for all
- National goals
- Raising trend that corporations aligning their sustainability effort with SDGs



# CSR, SDGs and Sustainability:

## A Stakeholder Perspective

### Social sustainability:



### Environmental sustainability



### Economic sustainability:



# Sustainability is

- **Beyond an ethical category**
- **A business model/strategy for achieving sustainability**
- **A Stakeholder perspective**
- **Impact oriented**
- **A management perspective** of sustainability/ESG: vs social (community) and economic (shareholders) perspective
- **Context specific** (not the same for every company or everyone: corporate set their own objectives based on value & context e.g. stakeholder's expectation, business environment etc, design own initiatives & measures)





# Understanding Sustainability/ESG through CSR

All companies  
should embrace

Business value vs  
corporate strategy

From legal  
compliance to  
beyond legal  
compliance

From costs to  
benefits

From heavy burden  
to achievable

A portfolio build  
with core business  
& competence

A risk management  
tool

Rewards for first  
movers

A moving targets

# **ESG In Practice: Brand Building Effects**

# Case studies



Health Supplement brand  
1<sup>st</sup> place in HKSMEBSI for 2 consecutive rounds

## Our mission

“Meiriki Japan focuses on what is needed by the people and is dedicated to improving public health. We uphold our traditions and position the company core values centered on professionalism and innovation. We produce premium quality products with the pursuit of high quality and innovation of natural health supplements and offer heartfelt service by the effort of our pharmacist and nutritionists who missioned to establish a “Body, Mind, Spirit” well-being community. We valued both business development and corporate social responsibility. The idea of “Sustainable development” is incorporated into every aspect of production management. We, together, guard the future of the nature and humans.”

網上購物 天然食品 活動推廣 關社命力 展覽諮詢 榮譽獎項 企業社會責任



得獎嘉賓 嘉賓分享 榮譽獎項



社區發展 環境保護

企業社會責任活動

11/08/2023  
10/08/2023

【日本命力 x 糧食基金會】 >  
「中經香港企業低碳環保領先大獎」2022 >

## Sustainability Strategy

精工服務 網上購物



全球身心健康為日本命力實踐企業社會責任的強大推動力。日本命力致力運用企業獨特的專業、服務、健康的角度教育大眾，回饋社區，除了身體力行，我們亦期望可以發揮企業力量，藉一個連結各界及持份者的平台，聚合各界的資源及優勢，為社會帶來更多正面改變。

**建立全民健康社區**

日本命力在過去數年開展了多個重點活動項目，持續將營養資訊帶到社區，提高大眾對健康飲食的知識。

**命力營全城 推廣社區營養教育**

「命力營全城健康大賞」始於2014年，由日本命力主辦，與香港中文大學食品及營養系合作，為全港首屆向大學發給，以推廣社區營養教育為題的健康大賞。活動旨在為學生提供平台，運用專業知識及學生的創意，設計出一個與別不同的大型社區健康策劃計劃，以推廣全港健康營養及推廣社區健康文化。健康大賞主題每年不同，包括「5個香港健康常見新市價」、「Happy Aging Healthy Aging」、「Stay Young」、「健康飲食：新地獄」等。

[瀏覽「命力營全城」活動回顧](#)

## Practices

Melki Issue has covered an effort in promoting sustainable development. The "Sustainability Committee" has been established since 2019. Internally, we promote policy to make innovation in business, and to commit to the UN Sustainable Development Goals for the community and the environment. Externally, we share experience with other organizations, and promote stakeholders and industry to work together to build a better community and environment.



## Goals

網上購物 天然食品 活動推廣 關社命力 展覽諮詢 榮譽獎項 企業社會責任

登入 購物車 (0) 搜尋

企業榮譽 企業榮譽

企業榮譽

國際大獎 學術認證 榮譽肯定 社會公益 可持續發展數據 企業聲譽

 <b>Caring Company</b> 商界展關懷 (連續17年) 可持續發展指數 2012-2022  香港傑出企業獎 民生獎 - 香港生產力促進局 2018-2019	 <b>TVB Quality Award</b> 最強大氣品牌大獎 - TVB周刊, 2008-2018
 家好女強人獎 勳章計劃 2013-2018  共融轉機 15週年紀念  有能後神之約章 2014-2017  「產製協動計劃」可持續發展目標獎 (金牌)	 秉承價值列外的宗旨，不斷強化貼身專業服務，日本命力經歷多機構的口碑認同，以獲得廣大客戶群的信任。從2008年至2018年，連續11年榮獲TVB周刊頒發的「最強大氣品牌大獎」，TVB周刊成立及環球華人社區，多年榮膺民心，憑此獎項，為日本命力實踐了大動力，繼續把健康生活的概念實踐下去。
 香港綠色無懼日 2022-2024  社會資本動力獎 2022-2024  香港環境卓越大獎 獎金牌 2020	

## Impact and Recognition



# Case studies



Energy /public utility

1<sup>st</sup> place in Hong Kong BSI for 5 consecutive rounds

## Mission

“To provide our customers with safe, reliable, clean and smart energy along with quality services, while committed to fulfilling our social responsibility, ensuring sustainable business growth, enhancing our shareholders' return on investment, and bringing long-term benefit for our planet, society, and stakeholders.”



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# Recognitions

## Major Corporate Awards and Recognitions in 2021

### The 1<sup>st</sup> Greater China Business Sustainability Index

- Ranked First
- Exemplar Level

The Chinese University of Hong Kong



### The 2<sup>nd</sup> Greater Bay Area Business Sustainability Index

- Ranked First
- Exemplar Level

The Chinese University of Hong Kong



### The 6<sup>th</sup> Hong Kong Business Sustainability Index

- Ranked First
- Exemplar Level

The Chinese University of Hong Kong



### The 20<sup>th</sup> Hong Kong Occupational Safety and Health Award

- OSH MVP Award 15 Years PLUS
- OSH Enhancement Program Award - Gold
- OSH Innovation Award - Gold
- Safety Performance Award

1. The Hong Kong and China Gas Company Limited - Gas Production Stream
2. ECO - HK LPG Filling Station
3. P-Tech Engineering Company Limited
4. Towngas Telecommunications Company Limited
5. U-Tech Engineering Company Limited

Occupational Safety and Health Council



### 2020/21 Hong Kong Sustainability Award

- Hong Kong Sustainability Award - Grand Award (Large Organisations)
- Hong Kong Sustainability Award (Large Organisations)
- Most Respected Organisations Award

The Hong Kong Management Association



### 2021 Best Corporate Governance and ESG Awards

- ESG Awards: Special Mention (Hang Seng Index Category)

The Hong Kong Institute of Certified Public Accountants



### Award for Excellence in Training and Development 2021

- Campaign Awards - Gold Award
- Excellence in Cultural Change

The Hong Kong Management Association



### Industry Cares Recognition Scheme 2021

- Outstanding Caring Award (Enterprise Group)
- The Most Innovative Award (Enterprise Group)

Federation of Hong Kong Industries



### Best Project Award 2020-2021 (New Design in Covid-19 Age)

Institution of Mechanical Engineers (Hong Kong Branch)



### Innovative Energy Project of the Year Award 2021

The Association of Energy Engineers



## 2021 AWARD HIGHLIGHTS

### Towngas Wins Three HKMA Sustainability Awards

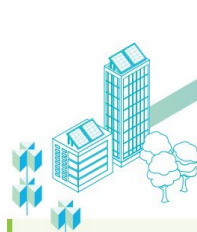
At the 2020/21 Sustainability Award Presentation Ceremony of The Hong Kong Management Association (HKMA), Towngas received three prestigious sustainability awards in recognition of our environmental, economic and social performance, as well as for promoting a low-carbon future.

1. Grand Award (Large Organisations)
2. Hong Kong Sustainability Award (Large Organisations)
3. Most Respected Organisations Award

Out of the many corporations in the awards competition, Towngas was the sole winner of the Grand Award in the Large Organisations category.

The three awards recognise the innovation and environmental protection measures Towngas has initiated, as well as the substantial resources we have invested in multiple sustainable projects such as the development of smart energy, zero-carbon industrial parks and food waste treatment, as well as corporate social responsibility.

As a socially responsible company, Towngas has provided assistance to seniors and the underprivileged, promoted public health and worked towards an inclusive society through the Towngas Volunteer Services Team.



### Towngas Ranked First on Three Sustainability Indexes

Towngas took the top spot in three sustainability indexes, compiled by the Centre for Business Sustainability of The Chinese University of Hong Kong's Business School.

1. Greater China Business Sustainability Index, Exemplar Level (GCBSI)
2. Greater Bay Area Business Sustainability Index, Exemplar Level (GBABSI)
3. Hong Kong Business Sustainability Index, Exemplar Level (HKBSI)

The Inaugural GCBSI assessed 200 constituent companies of the Hang Seng Index, FTSE TWSE Taiwan 50 Index, Shenzhen 100 Index and Shanghai Stock Exchange SSE 50 A Share Index on their sustainability performance.

Towngas has been ranked first on the GBABSI for two consecutive years and on the HKBSI for three consecutive years.

The three awards affirm Towngas' commitment to sustainability in areas such as smart energy in Hong Kong and the Chinese mainland, as well as our environmental solutions in distributed energy systems, photovoltaic power generation, energy storage and batteries, all of which contribute towards the Chinese mainland's 2030/2060 dual carbon goals. Corporate governance and social responsibility are also taken into consideration.

The three indexes are formulated under the Values-Process-Impact (VPI) model, with corporations assessed on and ranked according to their performance in sustainable development.

# Corporate Sustainability/ESG Brand Building: Case Analysis

- Pathways perspective – Brand building as a process
  - Business pathway: Core business – responsible business as foundation
  - Corporate Sustainability/ESG pathway: stakeholders responsible/caring projects/practices – exemplary model
  - Sustainability leadership pathway: industry-wide demonstration and impact
- Optimum sustainability/ESG brand building: Full integration of three pathways

# Building a Sustainability/ ESG Company in Action



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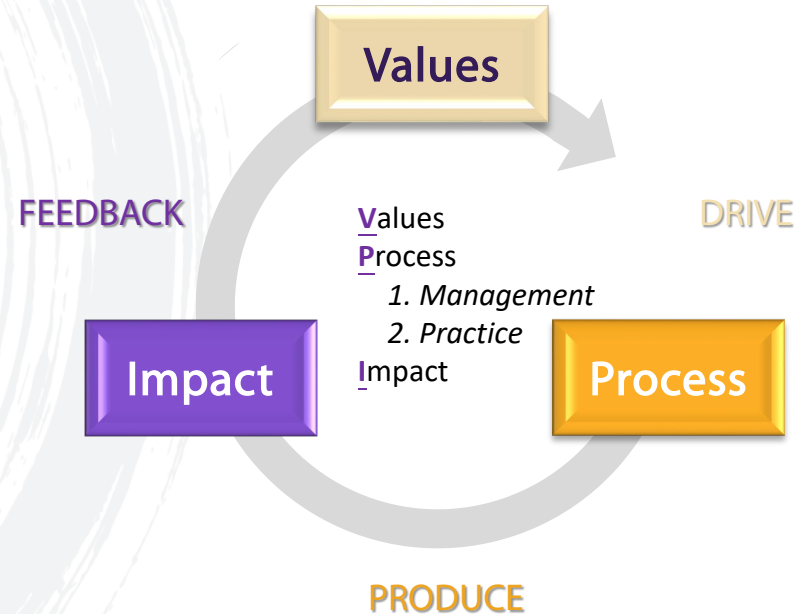


# VPI Framework

**VALUES (V)** – required the formulation of a vision and mission of corporate sustainability that are conceptually sufficient to inform its strategic positioning.

**PROCESS (P)** of practicing CSR- as a company to institutionalize the management of CSR and deliver projects that translate its vision and mission into action.

**IMPACT (I)**- obliges a corporate to evaluate the contribution of its CSR endeavors to economic, social and environmental sustainability in terms of the well-being of various stakeholder groups.



# The Ten Steps

- **Step 1:** Stock take existing corporate caring and responsible practices to each major stakeholders (that go beyond legal requirements)
- **Step 2:** Identify the company's core stakeholder group(s): list them in terms of priority and provide reasons with reference to company's **core business**
- **Step 3:** Formulate a Sustainability/ESG vision and provide a set of sustainability policy: social responsibility concept and policy/motivation; and the nature of vision/mission
- **Step 4:** Prepare a long-term Sustainability/ESG plan with targets and standards for gradual and steady implementation
- **Step 5:** Establish a CSR management system: the organization chart to indicate hierarchal location of the setup, CSR office and its management executive, division of work across departments, and CSR manpower and budget for implementing CSR projects
  - Appoint a board member/a high level executive responsible for CSR management/CSR background

# The Ten Steps

- **Step 6:** Formulate a CSR portfolio: stakeholder groups to be taken care and the responsibility practices/measure to be adopted in regard to company's **core competency**
- **Step 7:** Publish social responsibility targets and action plans: specifics and details
- **Step 8:** Set up a monitoring mechanism to assess the results of CSR projects to individual stakeholders
  - Introduce a review mechanism of the CSR management system and seek continuous improvement
- **Step 9:** Adopt the practice of social responsibility audit and reporting
- **Step 10:** Seek regular/continuous improvements



# **Sustainability/ESG Brand Building: Business Sustainability Indices and Benching Mark Scheme**

# What is Business Sustainability Index?

## ANNUAL CSR PERFORMANCE ASSESSMENT

Reflects the performance for the financial /calendar year

R E F L E C T I V E

## VPI MODEL

A comprehensive assessment framework focus on Value-Process-Impact aspects

S Y S T E M A T I C

## STAKEHOLDER PERSPECTIVE

Evaluate the practices towards 7 key stakeholder groups

E F F E C T I V E

## OPEN INFORMATION

Based solely on publicly available information, including Sustainability/ ESG/ Annual report

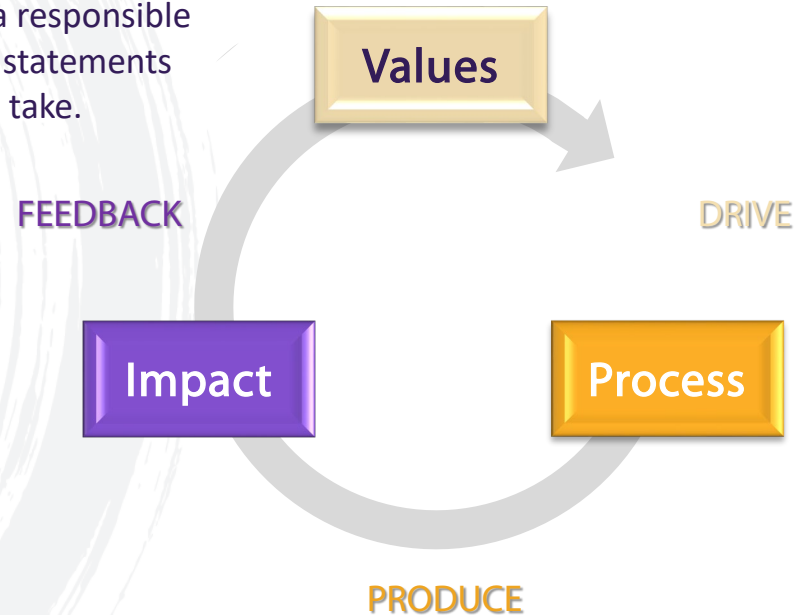
T R A N S P A R E N T

# Assessment Framework- VPI Model

**Sustainability Values (V)** - The philosophical orientation of a responsible organization. This should be reflected in the vision and mission statements that indicate a well-defined sense of direction that the firm will take.

**Process (P)** – include Management and Practice; reflect in the management skills, including planning and coordinating; and the practices employed which balance the stakeholder’s interests

**Impact (I)** - evaluate the contribution of its CSR endeavors to economic, social and environmental sustainability in terms of the well-being of various stakeholder group



**The VPI Model**

# Index Family

	Global Business Sustainability Index (Global BSI)	Greater China Business Sustainability Index (GCBSI)	Hong Kong Business Sustainability Index (HKBSI)	Greater Bay Area Business Sustainability Index (GBABSI)
	Asia Pacific sub-index to be launched in 2023	Since 2021	Since 2015	Since 2020
Constituents	<ul style="list-style-type: none"> <li>• HIS (HK)</li> <li>• FTS# 100 (UK)</li> <li>• STI (Singapore)</li> <li>• NASDAQ 100 (US)</li> <li>• DJIA (US)</li> <li>• SPTSX (Canada)</li> <li>• XJO (Australia)</li> </ul>	<ul style="list-style-type: none"> <li>• Hang Seng Index</li> <li>• FTSE TWSE Taiwan 50 Index</li> <li>• Shanghai Stock Exchange SSE 50</li> <li>• Shenzhen Stock Exchange SZSE 100 index</li> </ul>	<ul style="list-style-type: none"> <li>• Hang Seng Stock Connect Hong Kong Greater Bay Area Index</li> </ul>	<ul style="list-style-type: none"> <li>• Hang Seng Index</li> </ul>
No. of Constituents	329 (as on 30 Nov 2022)	200	73 (as on 30 July 2022)	69 (as on 30 July 2022)
Scope	Publicly available CSR information (e.g. sustainability /EGS/CSR report, annual report, company website)			

# Index Family – Industry & SME

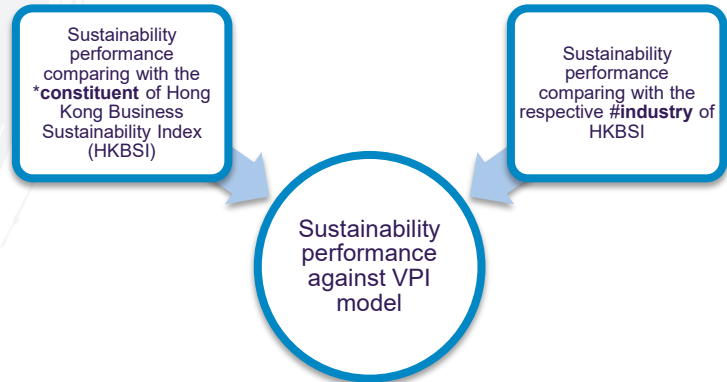
	Real Estate Business Sustainability Index (REBSI)	Greater China Hotel Business Sustainability Index (Hotel BSI)	Hong Kong SME Business Sustainability Index (HKSMEBSI)
	To launch in 2023	Since 2021	Since 2012
Constituents	Properties & Construction / Properties / Property Development companies listed in the Greater China Region Stock Exchanges	Listed Hotel Group & International Hotel Chains	CSR/Sustainability awards winning SMEs
No. of Constituents	TBC	39 (as on Sep 2021)	27 (in the 6th round) up to 50
Scope	Publicly available CSR information (e.g. sustainability /EGS/CSR report, annual report, company website)		Self-declared CSR information



# Strategic Sustainability Benchmarking Scheme

**Strategic Sustainability Benchmarking Scheme (SSBS):** CSR rating and certification for individual (listed companies, non-listed and SMEs) with BSI as the benchmark

- Partnership Project with SGS Hong Kong Limited
- Benchmark Companies' sustainability performance with reference to HKBSI
- Objective Evaluation of Performance
- Provide insight for Effective CSR Strategy formulation & implementation
- Strengthen Risk Management





**SSBS**  
Strategic Sustainability  
Benchmark Scheme

**STRATEGIC  
SUSTAINABILITY  
BENCHMARK SCHEME**

A Data-backed Approach to Sustainability Assessment

Scheme Owner



Professional Partner



Technical Partner





# Conclusion Remark: Capacity Building

# Concluding Remarks: Sustainability/ESG Capacity Building




- A capacity building perspective
  - Executive capacity building: Corporate management leadership
  - Corporate capacity building: Human resource, management, financial
  - Business network capacity building: e.g. SMESS

## About the Centre for Business Sustainability

CBS is a collaboration between the Department of Management and the Department of Government and Public Administration at the Chinese University of Hong Kong. Founded in June 2018, the CBS mission is to promote business sustainability as a viable and profitable business model through conducting innovative research on Corporate Social Responsibility (CSR) and sustainability management practices in the region. We also aim to transfer the acquired knowledge of CSR applications to both academic and business communities.

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