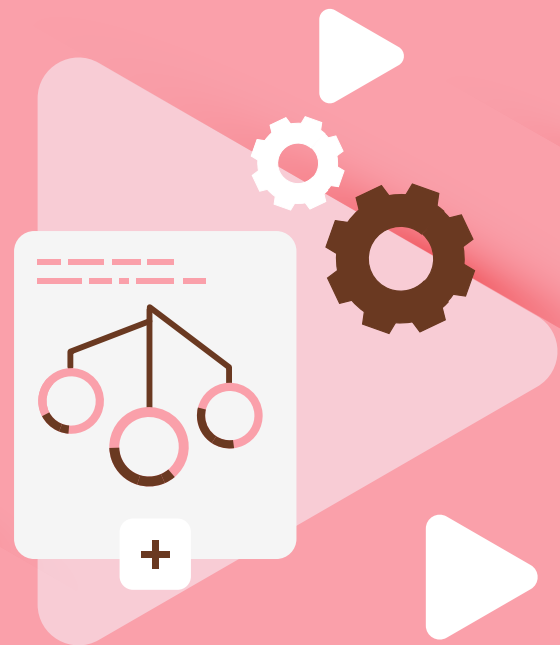


○ Enabler 2

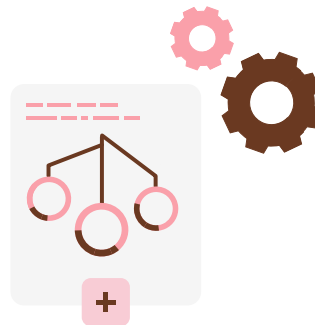


Establishing Sustainability Management Committee and Policies



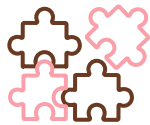
About Enabler 2

As top management of your SME, you may think that establishing sustainability-governing committee as well as written, standalone sustainability policies not required by regulations are only for large corporates. Afterall, they have more resources and larger organisational structure than yours. However, they are important for your company's sustainability management as the former, with the leadership of the top management, can foster the integration of sustainability strategy across business operations and the latter can list the principles or rules for your staff to refer to and follow when dealing with particular subjects, without the need of full involvement from the top management. Read further to learn about how you can develop sustainability management committee and policies for your company.



② What are Sustainability Management Committee and Policies

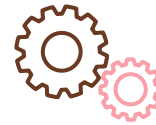
Sustainability management committee is a formal governance structure to provide oversight of the company-wide sustainability management. In general, the committee meets regularly to carry out duties including formulating sustainability strategy, managing sustainability risk and reviewing compliance on sustainability matters. A sustainability management committee can:



demonstrate leadership
commitment to
sustainability management



clarify the roles and
responsibilities in
sustainability management

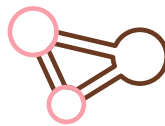


integrate sustainability
into different
business aspects

On the other hand, sustainability policies are a means for the top management of a company to set the tone to consistently manage sustainability issues in the operations throughout the organisation. Business sustainability covers a vast range of issues, such as energy, water, waste, climate change, biodiversity, occupational health and safety, sustainable procurement and human rights. By stating the principles and rules, the documents provide standards for your employees and/or suppliers to adhere to. They also guide your employees to think about how their daily work can support the company's sustainability objectives. Simply put, establishing sustainability policies can help your company:



consistently
manage major
sustainability risks



demonstrate commitment
both internally and externally
(if published)



satisfy tender
requirements from
large corporates

Characteristics of Sustainability Management Committee and Policies

Being a governance structure, sustainability management committee typically includes personnel at the senior and top management level (e.g. senior management, executive and director) from different functions. Some companies have formally documented in the terms of reference the composition, meeting frequency, attendance, responsibilities and authority of the committee. For example:

Table 5: **Real-world examples of sustainability management committee**

Company	Terms of Reference
CK Hutchison Holdings Limited	https://www.ckh.com.hk/upload/assets/downloads/en/e_SC_TOR.pdf
Hysan Development Company Limited	https://www.hysan.com.hk/app/uploads/2021/01/e_Board-Sustainability-Committee-TOR-Jan-2021.pdf
Vitasoy International Holdings Limited	https://www.vitasoy.com/wp-content/uploads/2015/01/ESG-Committee-Terms-of-Reference-Board-approved_0422.pdf

On the other hand, different companies may take different approaches when making the policies. Some would put all relevant sustainability issues within one policy#. Others would address one issue in one policy ^. The examples below may give you more ideas of the approaches:

Table 6: **Real-world examples of sustainability policies**

Policy	Example
Corporate social responsibility policy#	Hutchison Telecommunications Hong Kong Holdings Limited – https://www.hthkh.com/en/esg/csr.pdf
Sustainability policy#	HKR International Limited – https://www.hkri.com/en/CSR/Sustainability-Policy
Health, safety and environmental policy ^	The Hong Kong and China Gas Company Limited – https://www.towngas.com/getmedia/f244d84a-d945-4726-8ab7-a995428f9449/CHSE_Policy_ver10_Poster_Eng.pdf.aspx
Environmental policy ^	CLP Power Hong Kong Limited – https://www.clp.com.hk/en/community-and-environment/sustainable-future/environmental-policy
Climate change policy ^	Swire Properties Limited – https://www.swireproperties.com/en/sustainable-development/policies/climate-change-policy.aspx
Occupational health and safety policy ^	HK Electric Investments Limited – https://www.hkelectric.com/en/CorporateInformation/Documents/HKEI%20Policy_Health%20and%20Safety%20Policy_E.pdf
Responsible procurement policy ^	Vitasoy International Holdings Limited – https://www.vitasoy.com/wp-content/uploads/2019/03/Vitasoy-Group-Responsible-Procurement-Policy.pdf
Speak up policy ^	The Hongkong and Shanghai Hotels Limited – https://www.hshgroup.com/en/corporate-governance/speak-up-policy

Figure 4: **Swire Properties' Climate Change Policy**

1. As a developer, owner and operator of mixed-use properties, Swire Properties Limited (the “Company”) is committed to managing climate change risks across its operations and developing strategies in line with global best practices to mitigate the impact of climate change on its operations, to adapt its operations to climate change and to increase its resilience to climate change.

1
2

2. It is the policy of the Company to:

Mitigation

- (a) reduce its carbon footprint through the establishment and implementation of long-term carbon emissions reduction targets;
- (b) adopt industry best practices to improve energy efficiency across its operations – from development of green buildings to energy and carbon management of its buildings;
- (c) increase the use of renewable energy in its buildings through on-site energy generation, purchase of renewable energy supplied externally and other methods where applicable;
- ...
- (k) ensure that relevant information and resources are available for building adaptive capacity for monitoring climate change impact on its operations and carbon management objectives and targets;
- (l) communicate with those with whom the Company works, including employees, suppliers, tenants, other customers and local communities, regarding climate change impacts and the Company's climate change strategies in order to help improve their resilience against future climate change; and
- (m) disclose to the public its climate-related risks and how these risks are managed.

3

3. The Company will review this Climate Change Policy from time to time as appropriate, and in any event, once every three years.

4

By referring to the screenshots of the policies in Figure 4 and 5, a policy typically consists of the following elements:

1.

Company’s commitment on the issue
2.

Scope of the policy
3.

Approach and principles
4.

Review of policy

Figure 5: **The Hongkong and Shanghai Hotels' Speak Up Policy**

We are committed to the highest standards of openness, probity and accountability. In line with that commitment, we welcome suppliers, customers, and all other people with whom the Group engages in business relations to express any concerns they have about suspected illegal or illegitimate practices.

1
2

Internally, we encourage colleagues to speak up if they suspect wrongdoing of any kind. All queries about the interpretations and application of our Code of Conduct will be treated seriously and respectfully and assessed with confidentiality in a timely manner.

When making a report, this must be done in good faith and not for the purposes of spreading false information or making a report with malicious intent. Please provide as much information and be as specific as possible so we can follow up efficiently. It is our policy that retaliation is not permissible against any person raising a concern in good faith.

3

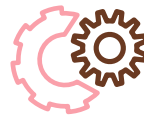
No matter how many sustainability issues you are going to include in a policy, the policy should be:



Specific
(what topics to address,
which stakeholders to include)



Clear
(policy structure,
wording, review)



Operation-focused
(commitment-operation
alignment)

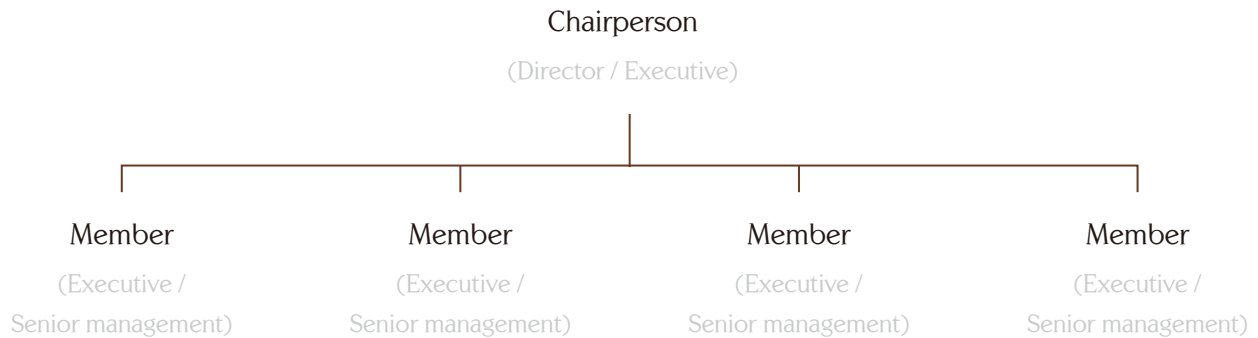
Establish Your Sustainability Management Committee and Policies

Having read the above information, you are now ready to establish sustainability management committee and policy(ies) for your company.

You will first need to form a director- or executive-led sustainability management committee with the suitable mix and number for your company. The use of the following questions and organisational chart will facilitate the process:

- Which director(s) and / or executive(s) should I include in the committee?
- Who should I further include in the committee?
- Who should be the secretary of the committee?
- Can the people in the committee represent all the major aspects of my business?
- How often should the committee meet?
- What sustainability issues that are of my company's concerns should be discussed in the committee meeting?

[Company Name] Sustainability Management Committee



Secretary:

Meeting frequency: 

Duties:

Now you can arrange a meeting with the members of the sustainability management committee and develop sustainability policies. Depending on your commitment and desired level of practice to business sustainability management, you can choose which policy(ies) to work on as indicated by the tags below:

Policy to address industry-specific sustainability issue
(e.g. green building, sustainable investment, animal welfare)

Company's Letterhead
POLICY TITLE

Commitment

[Company name] recognises that

Approach

Review

We will review this policy as deemed appropriate or every _____ year(s) / months.

SUSTAINABLE PROCUREMENT POLICY

Commitment

[Company name] is committed to managing the environmental and social impacts arising from our operations. This commitment also extends to our supply chain as we procure goods and services. By integrating environmental and social considerations into our procurement policy and practices, we strive to improve our procurement performance and work with our suppliers for sustainable development.

Approach

In addition to working only with suppliers who adhere to applicable law and regulations, we will:

[Elaborate on the following issues concerning sustainable procurement where applicable:]

- Buying decisions integrating environmental considerations (e.g. energy efficiency, pollution, toxicity, recycled content, use of natural resources)
- Buying decisions integrating social considerations (e.g. working hours, salary and benefits, occupational health and safety, non-discrimination of contractors' workers)
- Product innovation with suppliers
- Preference to suppliers with recognised certifications (e.g. FSC®, ENERGY STAR®, Fairtrade), management systems (e.g. ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety Management)
- Supplier's acknowledge to the company's supplier code of conduct
- Regular supplier monitoring, audit, assessment and engagement

Review

We will review this policy as deemed appropriate or every _____ year(s) / months.

For **Beginner**

For **High Performer**

For **Leader**

Company's Letterhead

ENVIRONMENTAL POLICY

Commitment

[Company name] recognises that our business activities impact the environment. We are committed to reducing the adverse impact and continually improving the environmental performance from our day-to-day operations. We will encourage customers, suppliers and other stakeholders to do the same.

Approach

In addition to complying with the relevant regulatory requirements,

[Choose from the list below¹⁹]

Paper

- We will minimise the use of paper in the office.
- We will reduce packaging as much as possible.
- We will seek to buy recycled and recyclable paper products.
- We will reuse and recycle all paper where possible.

Energy and water

- We will seek to reduce the amount of energy used as much as possible.
- Lights and electrical equipment will be switched off when not in use.
- Air-conditioning will be adjusted with energy consumption in mind.

¹⁹ Adopted from <https://startups.co.uk/sustainability/how-to-create-an-environmental-policy-statement/>

Office supplies

- We will evaluate if renting / sharing is an option before purchasing equipment.
- We will evaluate the environmental impact of any new products we intend to purchase.
- We will favour more environmentally friendly and efficient products wherever possible.
- We will reuse and recycle everything we are able to.

Transportation

- We will reduce the need of business travel.
- We will promote the use of travel alternatives such as e-mail or video / phone conferencing.
- We will favour electric vehicles and maintain them rigorously to ensure ongoing efficiency.

Maintenance and cleaning

- Cleaning materials used will be as environmentally friendly as possible.
- Materials used in office refurbishment will be as environmentally friendly as possible.
- We will only use licensed and appropriate organisations to dispose of waste.

Monitoring and improvement

- We will continually improve and monitor environmental performance.
- We will incorporate environmental factors into business decisions.
- We will increase employee awareness through training.

Culture

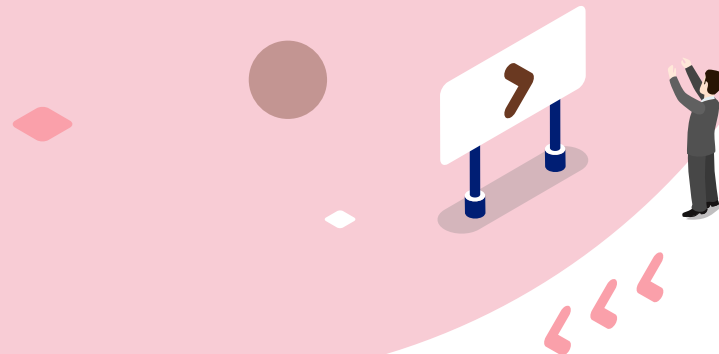
- We will involve staff in the implementation of this policy, for greater commitment and improved performance.
- We will work with suppliers, contractors and sub-contractors to improve their environmental performance.
- We will use local labour and materials where available to help the community and reduce carbon emissions.

Review

We will review this policy as deemed appropriate or every _____ year(s) / months.

➤ What's Next

Having developed a director- or executive-led sustainability management committee, you can set up dedicated working groups (e.g. environmental management working group, occupational health and safety working group) to involve personnel at the working level to facilitate the management of specific sustainability issues in your company. The working groups will meet regularly (e.g. quarterly, biannually) and report to the sustainability management committee. For the working groups to perform their duties, you have to make sure they have adequate resources.



You should officially introduce the sustainability policies you have developed to your employees and other relevant stakeholders, and keep the documents accessible. This can be done by sending internal email, putting them up on the notice board and uploading them to the company's shared folder or Intranet, for example. To make sure the policies can be effectively implemented, you can organise regular training.

Now that you have a strategic approach to manage sustainability issues, your company will be further benefited by having action plans, metrics for monitoring the performance and setting targets to realise the commitments stated in the policies. The subsequent enablers can give you more ideas on these.

Extended Readings

For SMEs wishing to do more for sustainability

While every business is subject to different sustainability risks, climate risks have been suggested to impact all companies. The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to promote climate governance, strategy, risk management, metrics and targets among companies (<https://www.fsb-tcfd.org/recommendations/>).

For SMEs wishing to get listed in Hong Kong

You may refer to HKEX's publication on good corporate governance and sustainability management to understand how you can integrate them into your company's strategies and operations (https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Corporate-Governance-Practices/Practitioners_insights.pdf?la=en).