



香港恒生大學
THE HANG SENG UNIVERSITY
OF HONG KONG



ESG 研究中心
RESEARCH CENTRE FOR ESG

Integrating Sustainability and ESG Concepts into Your Classroom Teaching

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Director of Research Institute for Business
The Hang Seng University of Hong Kong

WE STRIVE TO

Facilitate academic research

Conduct knowledge transfer

Educate the society about ESG
and business sustainability



For more information about ESG, please visit: <https://esg.hsu.edu.hk>

Louis will share with you the concept of ESG and examples of integrating ESG concepts into teaching. Finally, ESG related reading materials and resources will be provided for your continuous learning and class preparation.



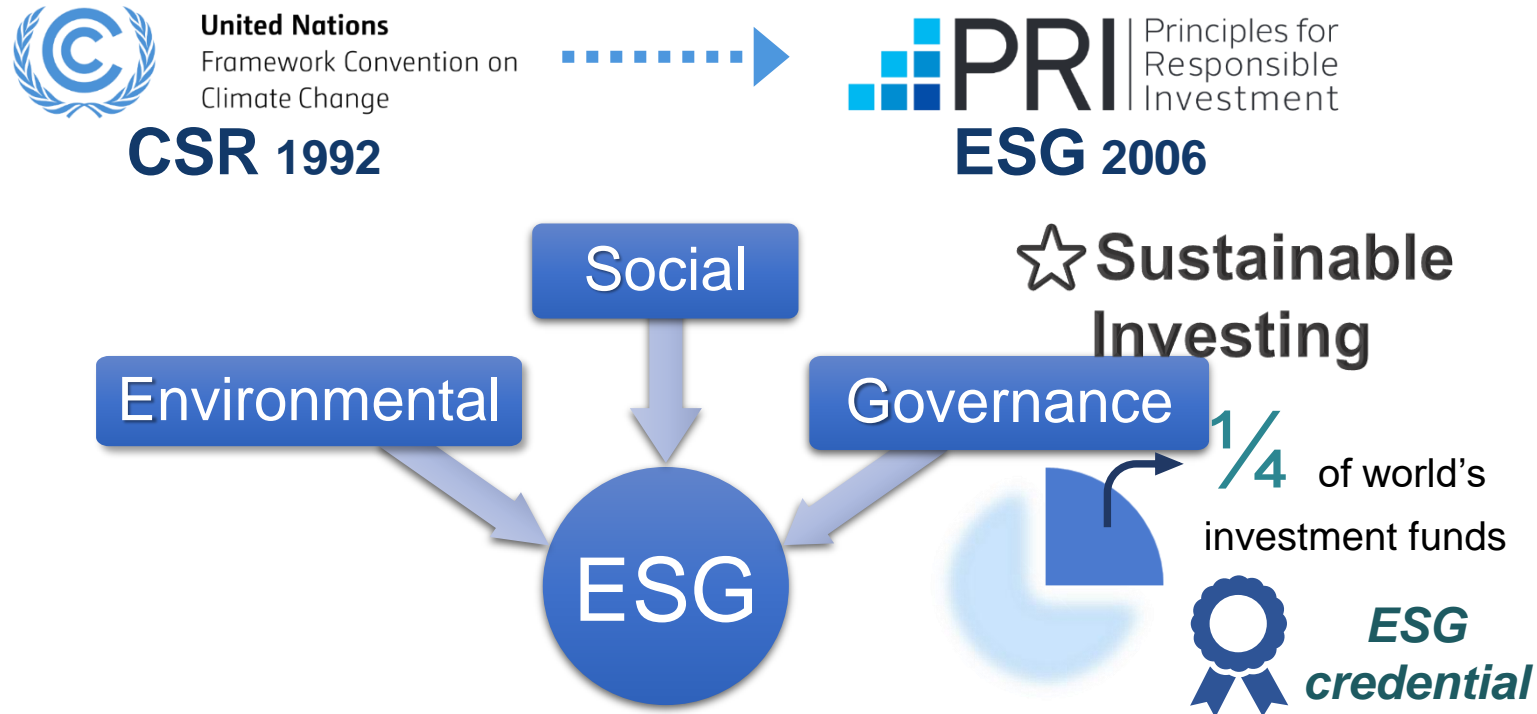
- Dr S H Ho Professor of Banking and Finance since 2021
- Directors of the Research Centre of ESG (CESG) and Research Institute for Business (RIB)
- Business Studies Assessment Panel member for Competitive Research Funding Schemes (Self-financing sector) of the RGC (2022 –2024)
- Business Studies Panel (Joint Research Schemes) member of the RGC (2016-20)
- Member of the Investment Committee of the Hospital Authority Provident Fund Scheme (2016-22)
- Advisor for Bhutan's Green Bond initiative and consultant of United Nations
- Professor of Finance (2010-20) & Director of the Center for Economic Sustainability and Entrepreneurial Finance (CESEF) (2018-20), PolyU
- Council member & Trustee of the Pension Fund of the PolyU (2011-13)
- Member of the Examination Board of the Institute of Financial Planners of Hong Kong (IFPHK).
- Served as a project consultant for various organizations including:
 - Securities and Futures Commission (SFC), Mandatory Provident Fund Scheme Authority (MPFA), Hong Kong Exchanges (HKEx), Investor Education Centre (IEC)
 - Bank of China (HK) Private Banking, Agricultural Bank of China (HK) Private Banking, Value Partners, Fubon Bank, Bank Consortium Trust Hong Kong, Charles Schwab (US)

The image is a composite of a photograph of Earth from space and a representation of the Milky Way galaxy. The Earth is on the left, showing the Americas and surrounding oceans. The Milky Way, a dense band of stars and dust, stretches diagonally across the center of the image. The background is a deep black space filled with numerous bright, distant stars.

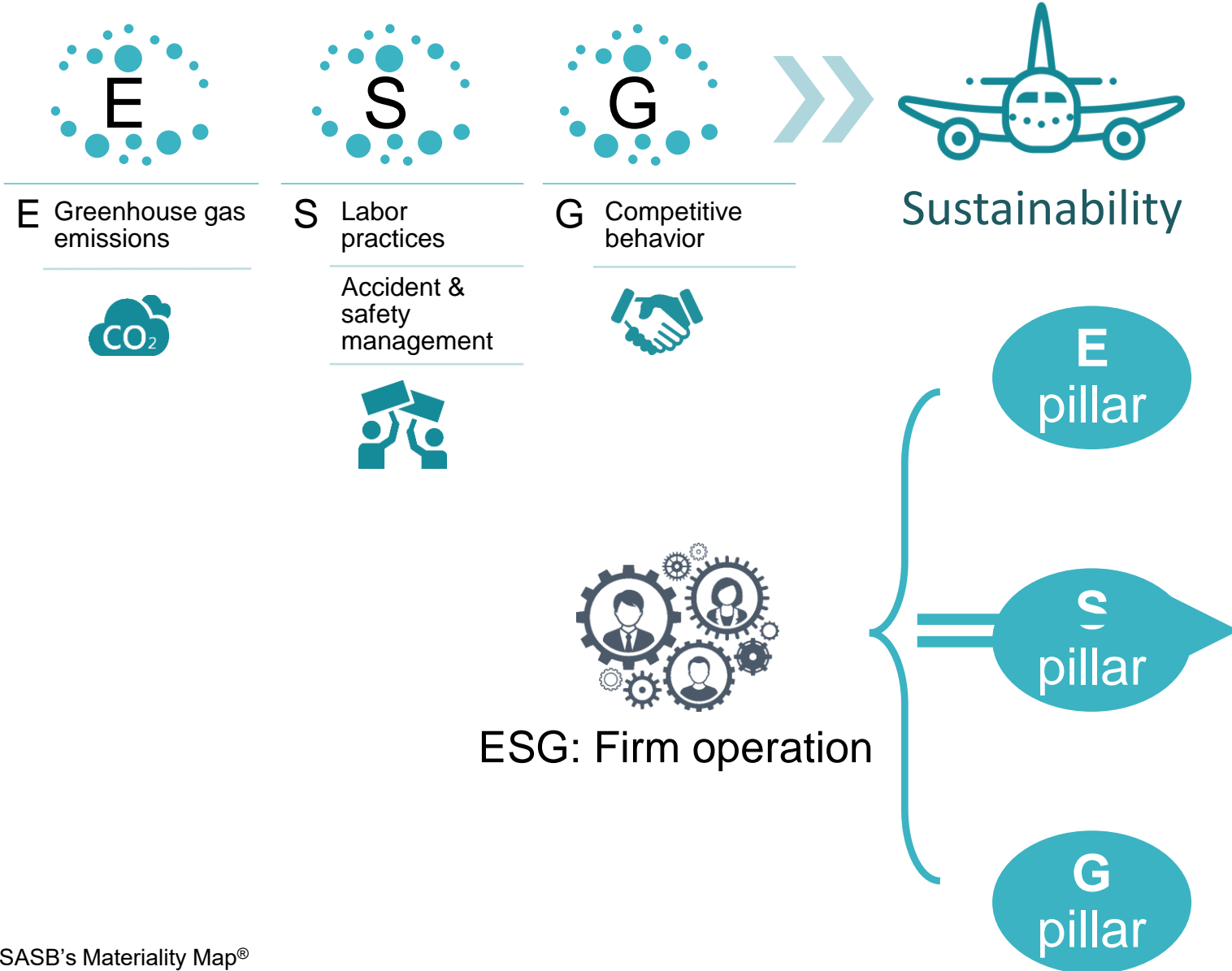
**Is ESG a burning issue
which needs immediate attentions?**



ESG DEFINITION



Socially responsible investment (SRI) has been around for over 90 years, but Environmental, Social and Governance (ESG) is relatively new. ESG became prominence in 2006 with the launch of the UN PRI (Principles for Responsible Investment).

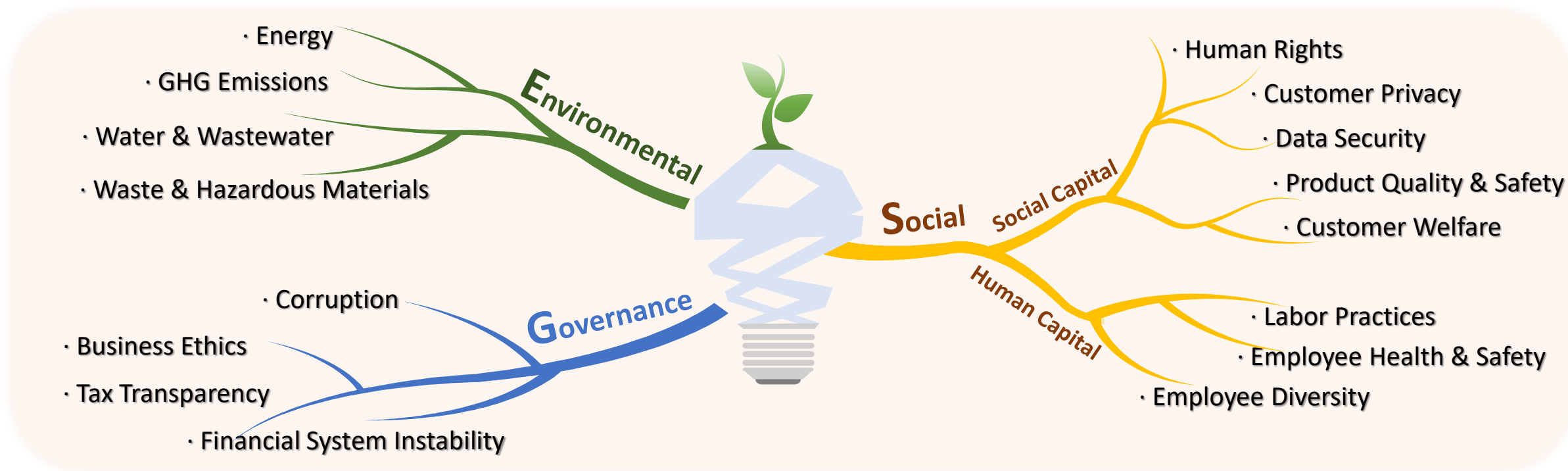




Possible Directions for ESG Related Teaching



- Promote **Environmental x Social (ES)** initiatives in your class through lecture and projects

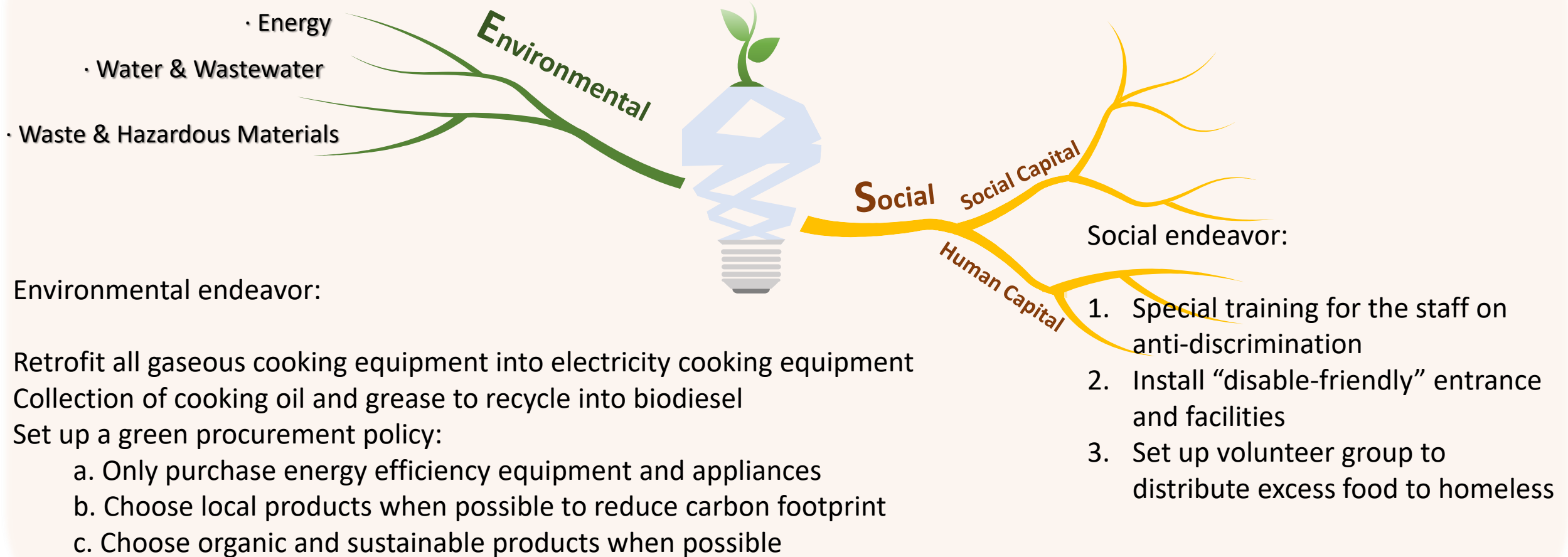




Some Examples



Case study 1: A small Cap HK listed restaurant group (6 locations)
Staff number: around 110 (as of 31 Dec of 2021)





Some Examples



SME Case 2: A Small Trading Company with 5 employees and annual sales turnover of HK\$8 million

Environmental endeavor:

1. Change lighting to T5
2. Switch off air conditioning one hour before office closing hour

Social endeavor:

1. Fruit Day
2. Subsidies on short training courses



SME Case 3: A Small Curtain Production Company with 20 employees and annual sales turnover of HK\$60 million

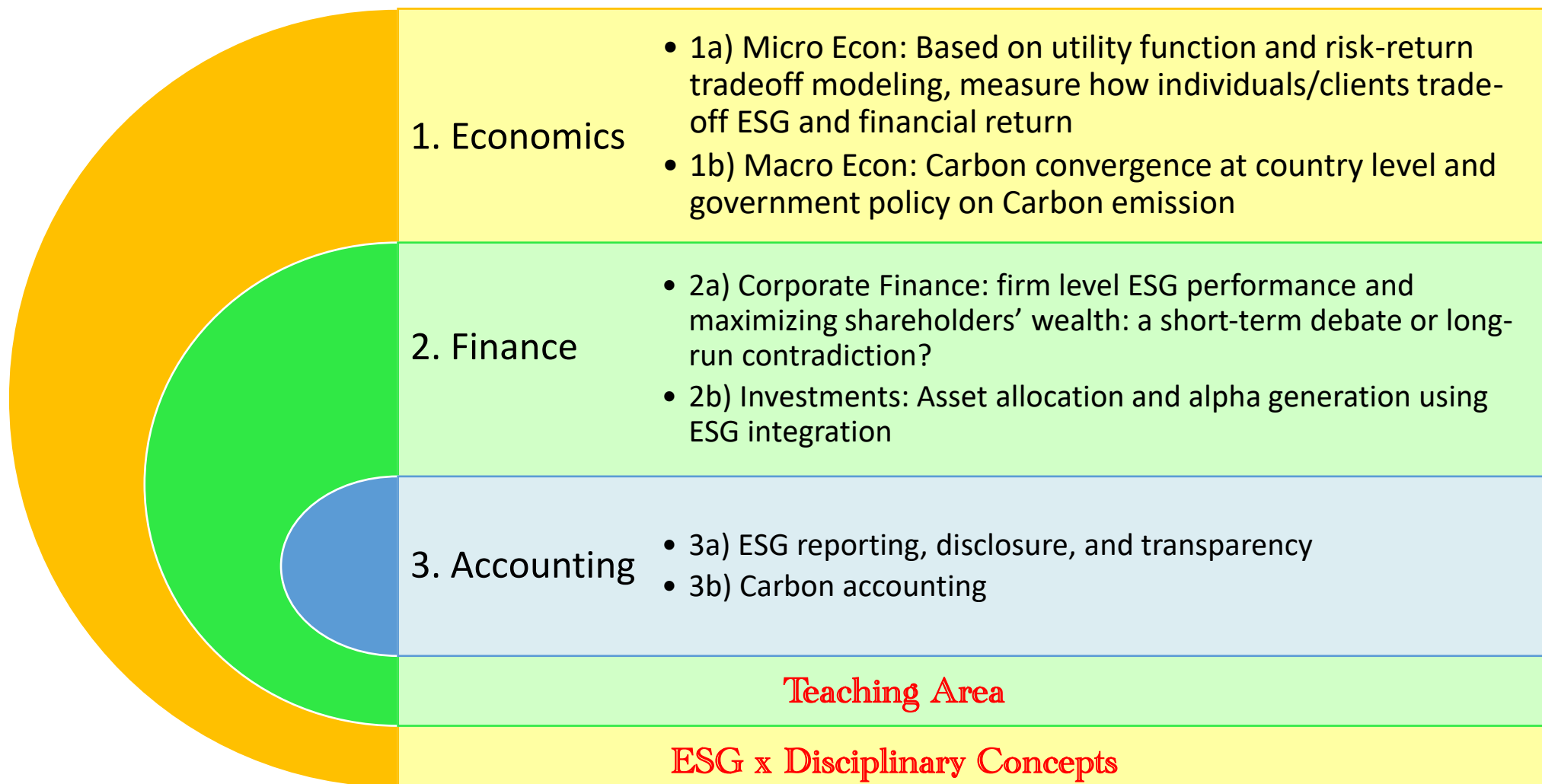
Environmental endeavor :

1. Energy saving
2. Waste management
3. Change lighting to T5

Social endeavor:

1. Donation to charity

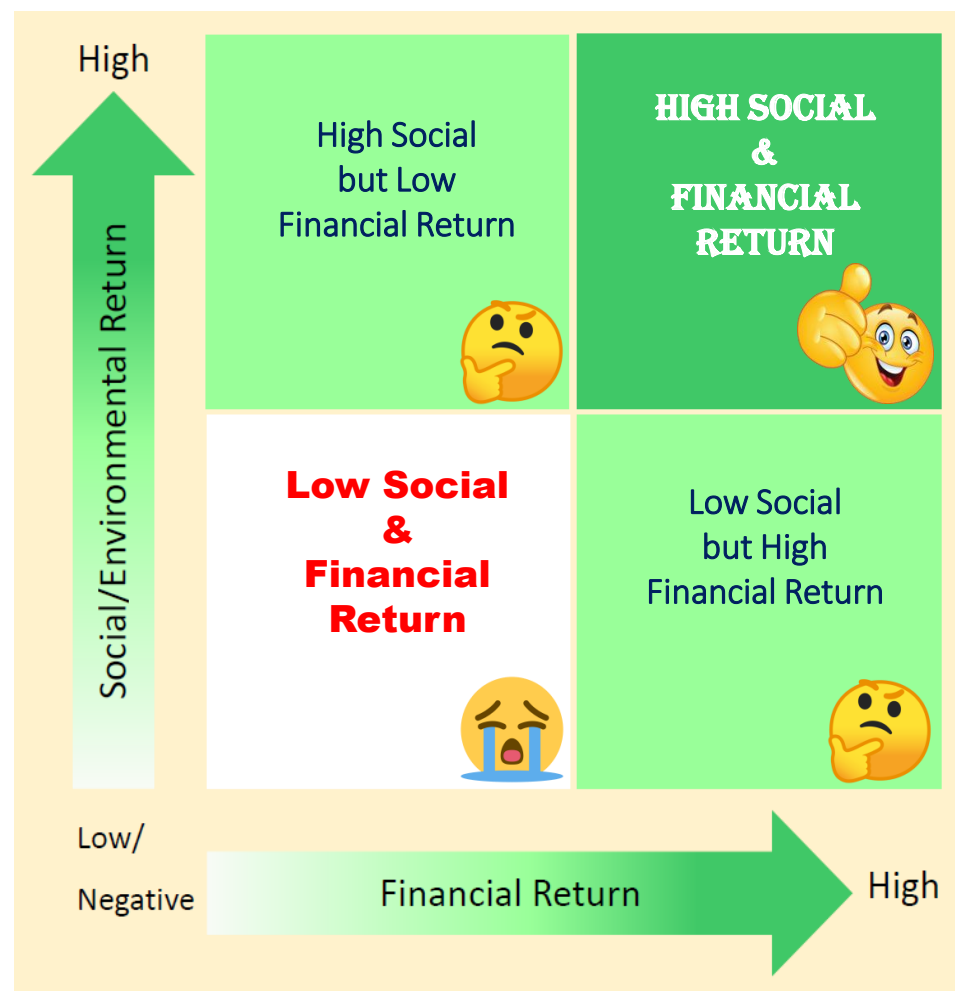
ESG integration for Economics, Finance and Accounting



For Economics and Finance, a discussion about integrating social and financial return can be an interesting topic for students

The Key Challenges:

- Quantify Social Return using scientific or systematic KPIs.
- Integrate Social and Financial Return into a composite performance indicator.
- Large scale research to profile ESG preference in terms of utility function is needed to form a scientific database to construct benchmarks related to ESG investments.



Teaching topic for Finance: ESG positioning in asset management

ESG Fully Integrated

Directly invest capital towards companies which provide solutions to ESG issues and affect real world outcomes.

➤ *Best-in-class*

Investors actively invest in a sub-set of the best practitioners in a sector.

➤ *Thematic*

Investors often follow themes to invest.

Classic Investing

Investment involves little ESG-related issues.

SRI Negative Screening

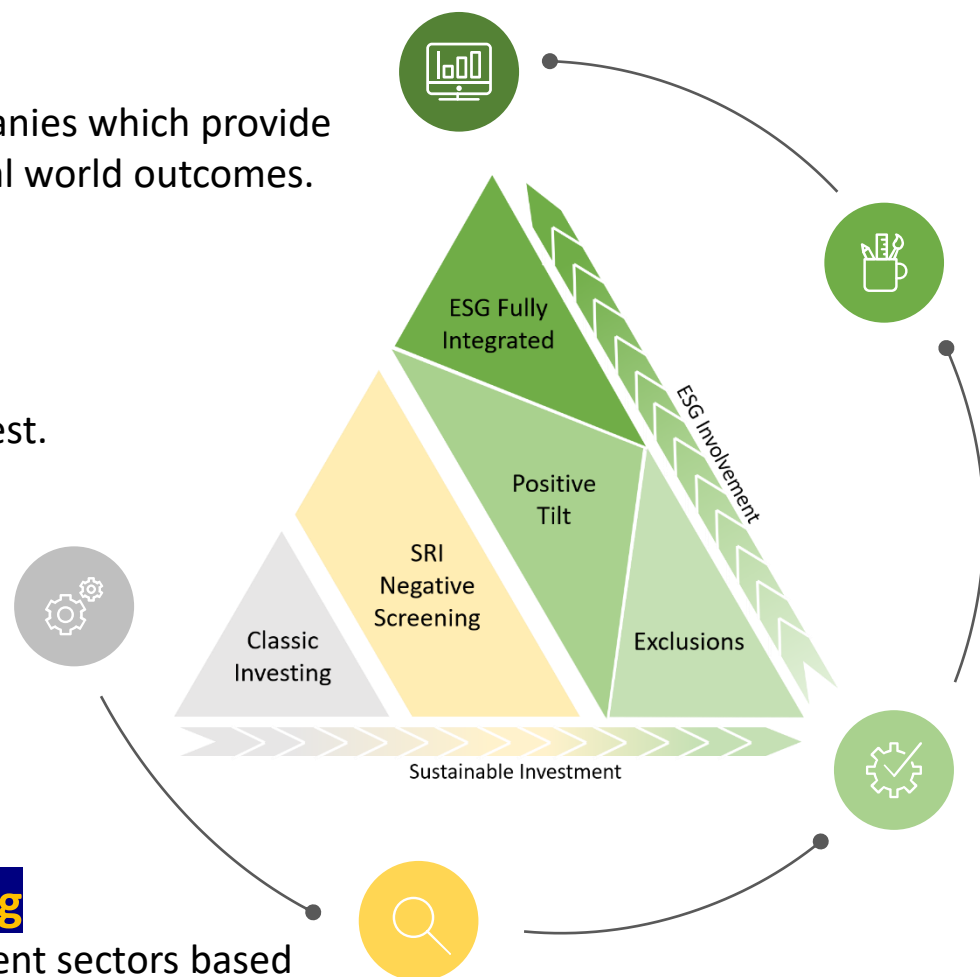
Passively excluding investment sectors based on ethical and religious values.

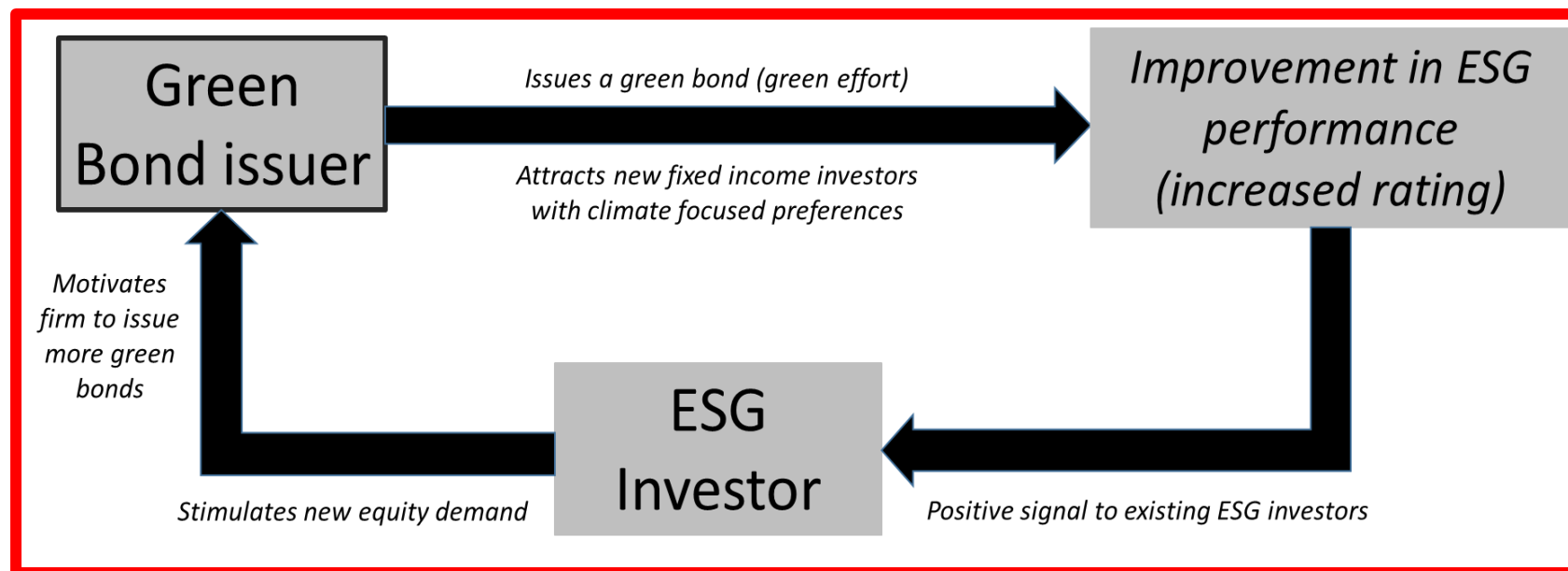
ESG Positive Tilt

With the intention to generate measurable and beneficial societal impacts alongside a financial return.

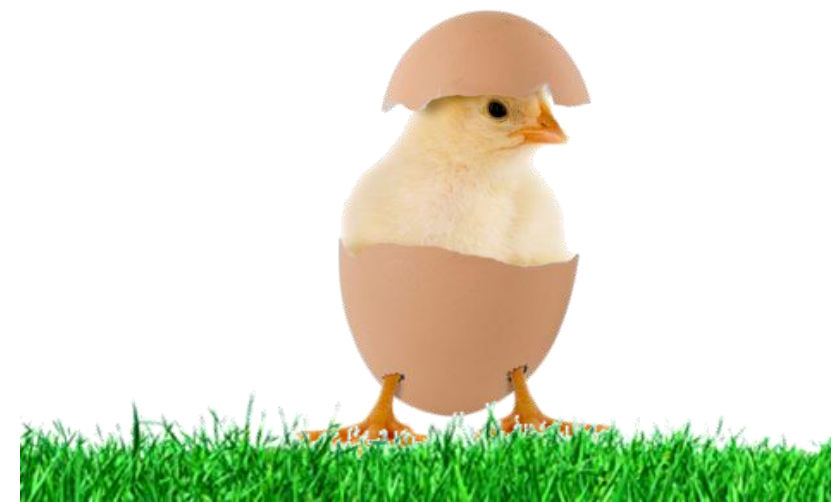
ESG Exclusions

Excluding the companies or sectors based upon low ESG factors.





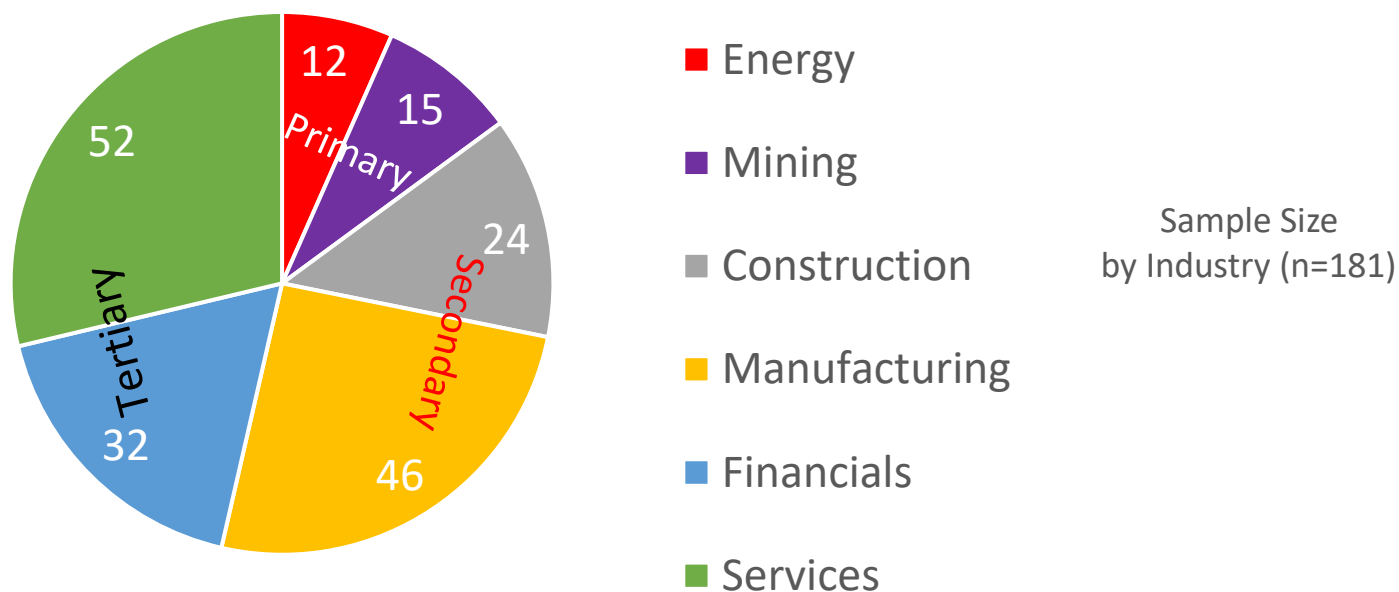
The green-bond/ESG investment loop



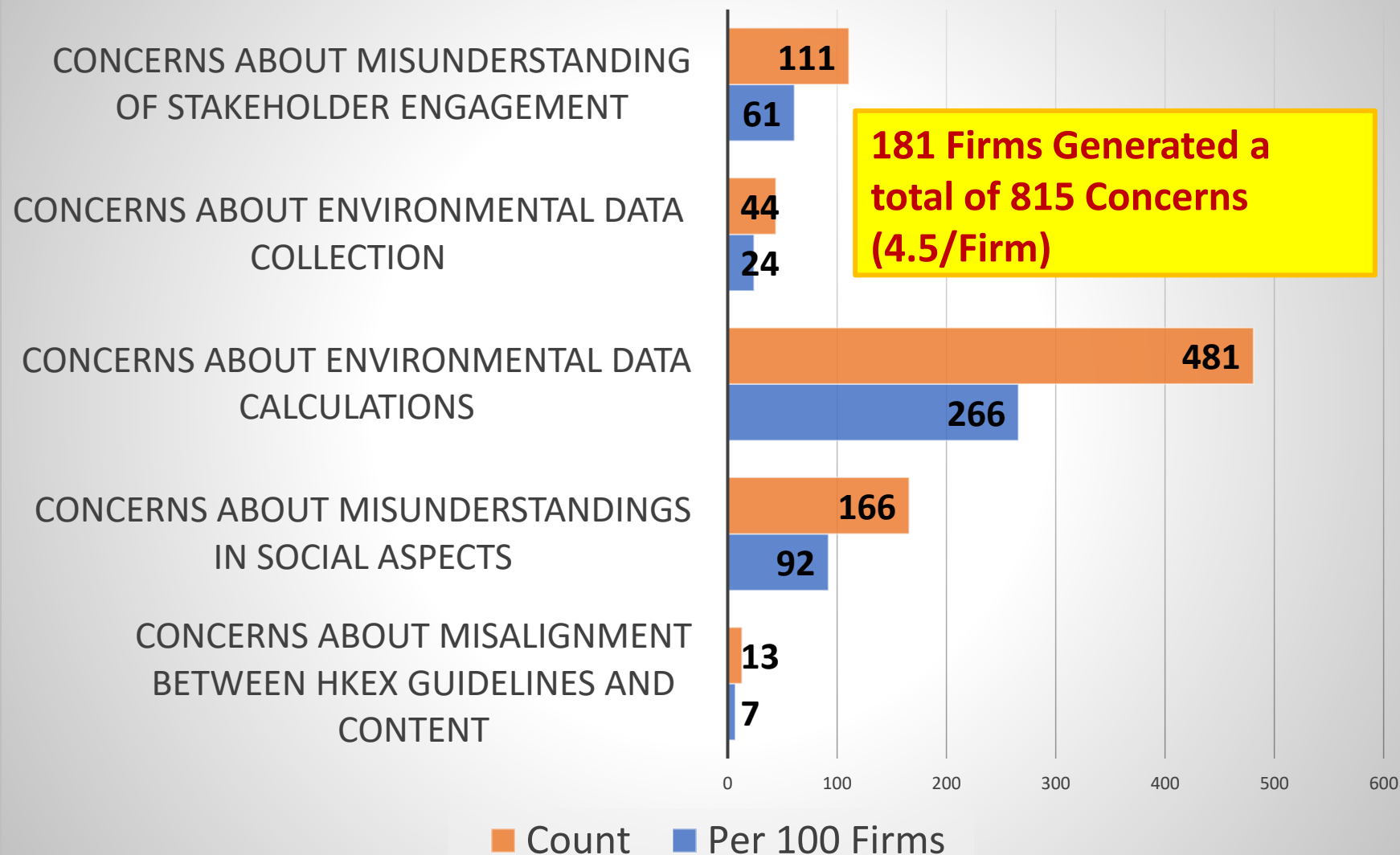
Teaching topic for Accounting on ESG Reporting

Using the HKEx Guidelines as the comparison framework, we examined the ESG reports of 181 Hong Kong listed firms (163 reports for 2018 and 18 reports for 2016/17). Based on the types of the misinformation, we classify the misinformation into five types of concerns:

- Concerns about Misunderstanding of Stakeholder Engagement
- Concerns about Environmental Data Collection
- Concerns about Environmental Data Calculations
- Concerns about Misunderstandings in Social Aspect
- Concerns about Misalignment between HKEx Guidelines and Content



Frequency Count by Concern Types



4. Marketing

- 4a) ESG performance and marketing orientation
- 4b) Brand value of green marketing

5. Management

- 5a) Sustainability (ESG) leadership and entrepreneurship
- 5b) Management preference on ESG and risk management

6. Supply Chain

- 6a) ESG performance and supply chain resilience
- 6b) ESG and suppliers' concentration

7. Communication

- 7a) Effective communication strategy for ESG initiatives
- 7b) Social media coverage of ESG events: an investor relation perspective

8. Social Science

- 8a) Public Policy: societal understanding and expectation of ESG
- 8b) Sustainability: Expanding social engagement under the ES framework

ESG integration for other business areas

Teaching Area

ESG x Disciplinary Concepts



About Research Centre for ESG (CESG)



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Established in 2022, the Research Centre for ESG at HSUHK was created to conduct ESG research funded by the Research Grants Council (RGC) of Hong Kong. Currently the Centre has developed four research components:

- 1) Incorporating social returns into the ESG integration process
- 2) Improving KPIs of ESG reporting for listed firms
- 3) Measuring consumer satisfaction on ESG performance
- 4) Enhancing the effectiveness of strategic corporate communication on ESG effort for Listed firms.

Q&A

~Thank You~

Acknowledgement for the pictures:

<https://thelogicalindian.com/h-upload/2020/11/04/184734-eaweb.jpg>

<https://www.applicoinc.com/wp-content/uploads/2014/12/chicken-and-egg.jpg>

https://www.timeshighereducation.com/sites/default/files/styles/the_breaking_news_image_style/public/istock-113580444.jpg?itok=Ayxenwt0

<https://media.istockphoto.com/photos/live-and-dead-tree-isolated-on-a-white-background-picture-id1300775050?b=1&k=20&m=1300775050&s=170667a&w=0&h=1EwpASeEVs17QN9AMvqVvkWD39bPSM9Fk7Vbb9aQZhM=>

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To learn more about ESG, please visit the Resource Library of our Centre:

<https://esg.hsu.edu.hk/>



Hang Seng x Value Partners
University Elite ESG Challenge 2023

<https://info4925468.wixsite.com/std-esg-competition/home>