CGj

June 2022

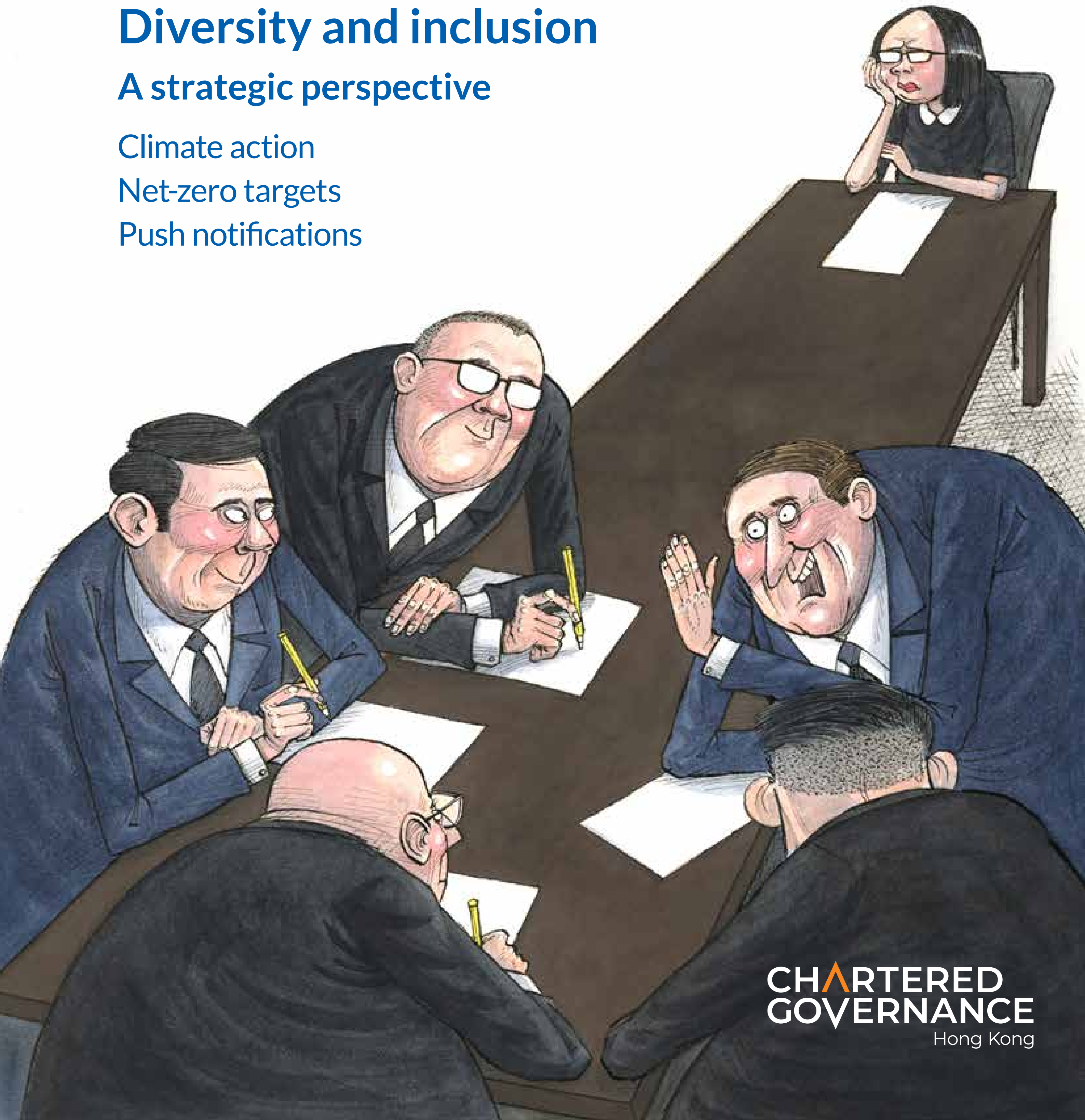
Better Governance.
Better Future.
卓越治理 更佳未來

The journal of the Hong Kong Chartered Governance Institute
香港公司治理公會會刊

Diversity and inclusion

A strategic perspective

Climate action
Net-zero targets
Push notifications



CHARTERED GOVERNANCE
Hong Kong

HONG KONG ACADEMY GRADUATE

A Decade After Graduation

"I loved being part of the HKA community for twelve years, commencing my studies in Grade 1 (back in 2001) and graduating from the IB Diploma Programme in 2013 with a perfect score of 45 points."

Suhail Bindra,
Legal Case Manager at Equal Justice Hong Kong

I obtained my LL.B. and PCLL from the University of Hong Kong as a HKSAR Government Scholar. After setting up my own consulting social enterprise and joining a startup, I worked in numerous not-for-profit organisations in the UK, Australia and HK. With a passion for public interest litigation, I went on to earn a Master of Public and International Law from Melbourne Law School, graduating with First Class Honours.

Nearly a decade after graduating from HKA, I treasure the skills, values, and ideas that my education gave me. HKA taught me to be organised. To be a leader. To speak up. To take initiative. To drive change. To volunteer. To live with integrity. To pursue what I wanted to pursue because I wanted to pursue it. To live authentically. To network. To create and build. To innovate. To imagine. To take risks. Fail. Handle difficult situations. Adjust. Try again. Try differently.

HKA is defined by its inclusiveness, its willingness to put people first, and teaches students to prioritise their education over their studies. This is a critical distinction, a point largely missed by many educational institutions. I learned this very early on. I'm so glad I did. It's made a difference. Looking back, I wish I could do it all over again, exactly the same way, with all of the same people.

CGj

CHARTERED GOVERNANCE
Hong Kong

Good governance comes with membership

About The Hong Kong Chartered Governance Institute

The Hong Kong Chartered Governance Institute (HKCGI, the Institute) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of the Chartered Secretary and Chartered Governance Professional in Hong Kong and the mainland of China (the Mainland).

The Institute was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute (CGI). In 1994 the Institute became CGI's Hong Kong Division and, since 2005, has been CGI's China Division.

The Institute is a founder member of Corporate Secretaries International Association Ltd (CSIA), which was established in March 2010 in Geneva, Switzerland. Relocated to Hong Kong in 2017, where it operates as a company limited by guarantee, CSIA aims to give a global voice to corporate secretaries and governance professionals.

The Institute has over 6,700 members, and more than 400 graduates and around 3,000 students.

Membership and studentship statistics update

As of 30 April 2022, the statistics were as follows:
Students: 2,853 **Graduates**: 463 **Associates**: 6,110 **Fellows**: 788

The Hong Kong Chartered Governance Institute

(Incorporated in Hong Kong with limited liability by guarantee)
3/F, Hong Kong Diamond Exchange Building,
8 Duddell Street, Central, Hong Kong
Tel: (852) 2881 6177
Fax: (852) 2881 5050
Email: ask@hkcgi.org.hk (general)
cpd@hkcgi.org.hk (professional development)
member@hkcgi.org.hk (member)
student@hkcgi.org.hk (student)
Website: www.hkcgi.org.hk

Beijing Representative Office

Room 1220, Jinyu Tower,
No. 129, Xuanwumen West Street,
Xicheng District, Beijing, 100031, PRC
Tel: (86) 10 6641 9368
Email: bro@hkcgi.org.hk
Website: www.hkcgi.org.cn

The Chartered Governance Institute

Governance Institute of Australia
Level 10, 5 Hunter Street
Sydney, NSW 2000
Australia
Tel: (61) 2 9223 5744
Fax: (61) 2 9232 7174

The Chartered Governance Institute of Canada
202–300 March Road
Ottawa, ON, Canada K2K 2E2
Tel: (1) 613 595 1151
Fax: (1) 613 595 1155

MAICSA: The Governance Institute
No 57 The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel: (60) 3 2282 9276
Fax: (60) 3 2282 9281

Governance New Zealand
PO Box 444
Shortland Street
Auckland 1015
New Zealand
Tel: (64) 9 377 0130
Fax: (64) 9 366 3979

The Singapore Association of the Institute of Chartered Secretaries & Administrators
149 Rochor Road
#04–07 Fu Lu Shou Complex
Singapore 188425
Tel: (65) 6334 4302
Fax: (65) 6334 4669

The Chartered Governance Institute of Southern Africa
PO Box 3146
Houghton 2041
Republic of South Africa
Tel: (27) 11 551 4000
Fax: (27) 11 551 4027

The Chartered Governance Institute
c/o MCI UK
Durford Mill, Petersfield
Hampshire, GU31 5AZ
United Kingdom
Tel: (44) 1730 821 969

ICSA: The Chartered Governance Institute
Saffron House, 6–10 Kirby Street
London EC1N 8TS
United Kingdom
Tel: (44) 20 7580 4741
Fax: (44) 20 7323 1132

The Institute of Chartered Secretaries & Administrators in Zimbabwe
PO Box CY172
Causeway Harare
Zimbabwe
Tel: (263) 4 702170
Fax: (263) 4 700624

June 2022

CGj, the journal of the Institute, is published 12 times a year by Ninehills Media and is sent to members and students of the Institute and to certain senior executives in the public and private sectors.

Circulation: 8,200
Annual subscription: HK$2,600 (US$340)
To subscribe call: (852) 3796 3060 or email: enquiries@ninehillsmedia.com

Credits

Kieran Colvert
Editor
Ester Wensing
Art Director
Harry Harrison
Illustrator (cover)
Images
iStock

Contributors to this edition

Hsiuwen Liu
Journalist
Angus Chan
Alliance Advisors
Gabriela Kennedy
Joshua Woo
Mayer Brown

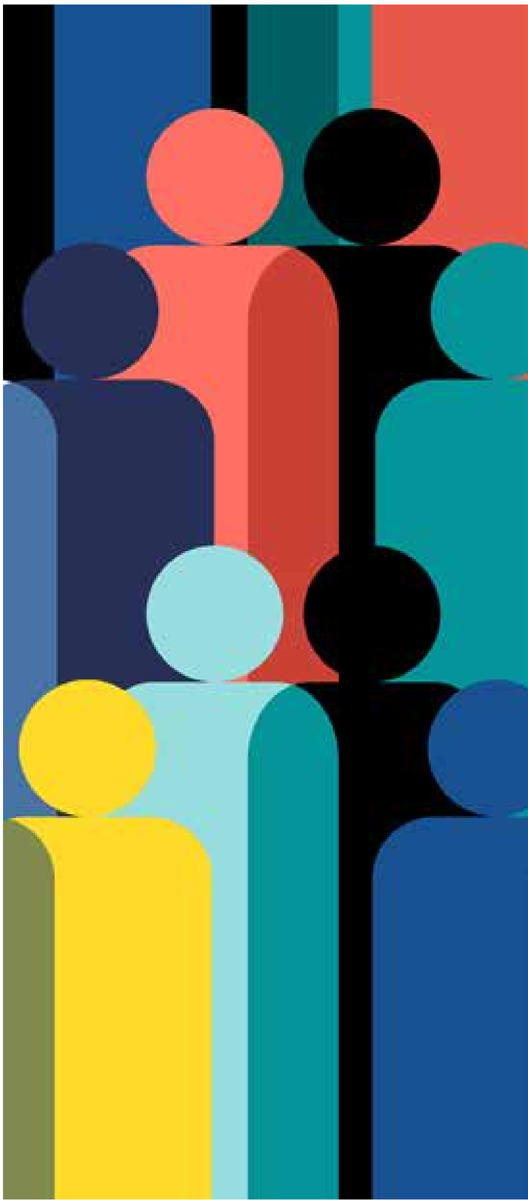
Ninehills Media Ltd

12/F, Infinitus Plaza
199 Des Voeux Road
Sheung Wan
Hong Kong
Tel: (852) 3796 3060
Fax: (852) 3020 7442
www.ninehillsmedia.com
Email: enquiries@ninehillsmedia.com

ISSN 1023-4128

ninehills media

Contents



D&I: a strategic perspective

Before turning to the theme of this month's journal, I would like to thank everyone who contributed to our latest Annual Corporate and Regulatory Update (ACRU) webinar. Held on 9 June, this year's ACRU was another tour de force for our speakers, panellists and senior members who chaired the five sessions of the webinar. This year's event generated a lively debate about the current and emerging regulatory issues that anyone in the governance field needs to keep under close watch.

Look out for a full review of ACRU 2022 in next month's journal and please mark the date of our next flagship event – our 13th Biennial Corporate Governance Conference (CGC), which will be held in hybrid mode on 23 September 2022. Our CGCs demonstrate our Institute's commitment to our role as a thought leader on issues relevant to our profession and the wider context within which we work. This year's CGC, on the theme Repurposing in Changing Times – the Company, Governance and the Governance Professional, will address how the purpose of the company, governance itself and governance professionals should be redefined to meet the needs of the 21st century.

This month's journal looks at an issue that has been a feature of our Institute's research and advocacy work for some time – diversity and inclusion (D&I). Our first report to address this issue – Diversity on the Boards of Hong Kong Main Board Listed Companies – was published in 2012. Our latest report in this space, published in February 2021, was Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards, which called for Hong Kong's Corporate Governance Code to be amended to include a target of a minimum 30% female representation on boards within a six-year transition period.

Since that report came out, Hong Kong Exchanges and Clearing Ltd (HKEX) has introduced new requirements on diversity. These requirements are set out in this month's cover story so I will not go into further detail on them here. As our cover story points out, when it comes to D&I, compliance with the regulatory requirements will only take you halfway towards the real goal anyway. This is because they have to concentrate on the measurable, outward signs of good D&I – namely a diverse combination of skills, demographics, experience, gender, and educational and professional backgrounds among directors and employees. While this is certainly a prerequisite for benefiting from good D&I, a further step is required – to create a corporate culture that values, rewards and supports individual differences.

Diversity and inclusion are bolted together in the D&I acronym, but there is a distinction between the two. Diversity refers to how varied the mix of individuals is within your organisation, while inclusion is all about creating a culture that provides 'psychological safety' for individuals to be different and, critically, to think differently. Diversity without inclusion is tokenism and will not necessarily lead to the competitive advantages that follow from having a genuinely diverse and inclusive workplace.

Finally, I would like to add that our Institute will continue to promote better D&I and assist our own members to prepare themselves for board roles. As our cover story points out, the low number of female directors in Hong Kong currently, together with the new diversity requirements under the Listing Rules and Corporate Governance Code, will make for considerable opportunities for appropriately qualified women. The training of our members, about 70% of whom are female, as well as their experience of working for and on boards, makes them ideal candidates to take up those opportunities in the years ahead.

Ernest Lee FCG HKFCG(PE)

多样性和包容性：战略视角

在谈及本期月刊的主题之前，我想对所有为公会最近举办的企业规管最新发展网络研讨会做出贡献的相关人士表示感谢。今年的ACRU于6月9日举行，演讲者、参与讨论的小组成员和主持了五个环节的资深会员们共同完成了又一届精彩绝伦的研讨会。今年的研讨会引发了一场关于当前和新出现的监管问题的热烈讨论，这些问题是治理领域相关人士均需密切关注的。

下期月刊公会将对这一研讨会进行全面回顾，敬请留意。同时，也请关注公会将要举办的下一个重大活动 – 公会第13届公司治理研讨会(CGC，两年一届)将于2022年9月23日以线上线下结合的模式举行。CGC体现了公会在其专业和会员宽广执业领域内所承担角色方面的思想引领作用。今年CGC的主题是 "变革时代的宗旨重构–公司、治理和治理专业人士"，将讨论如何重新定义公司、治理和治理专业人士的宗旨以满足21世纪的需求。

本期月刊关注的是公会的研究和倡导工作的一个重要内容 -- 多样性和包容性(D&I)。公会针对该议题的第一份报告--《香港主板上市公司董事会的多样性》发表于2012年。公会在该领域的最新报告是在2021年2月发表的《错失机会？对香港董事会性别多样性的研究》，该报告呼吁修订香港的《企业管治守则》，以便在六年的过渡期内实现董事会中女性代表至少达到30%的目标。

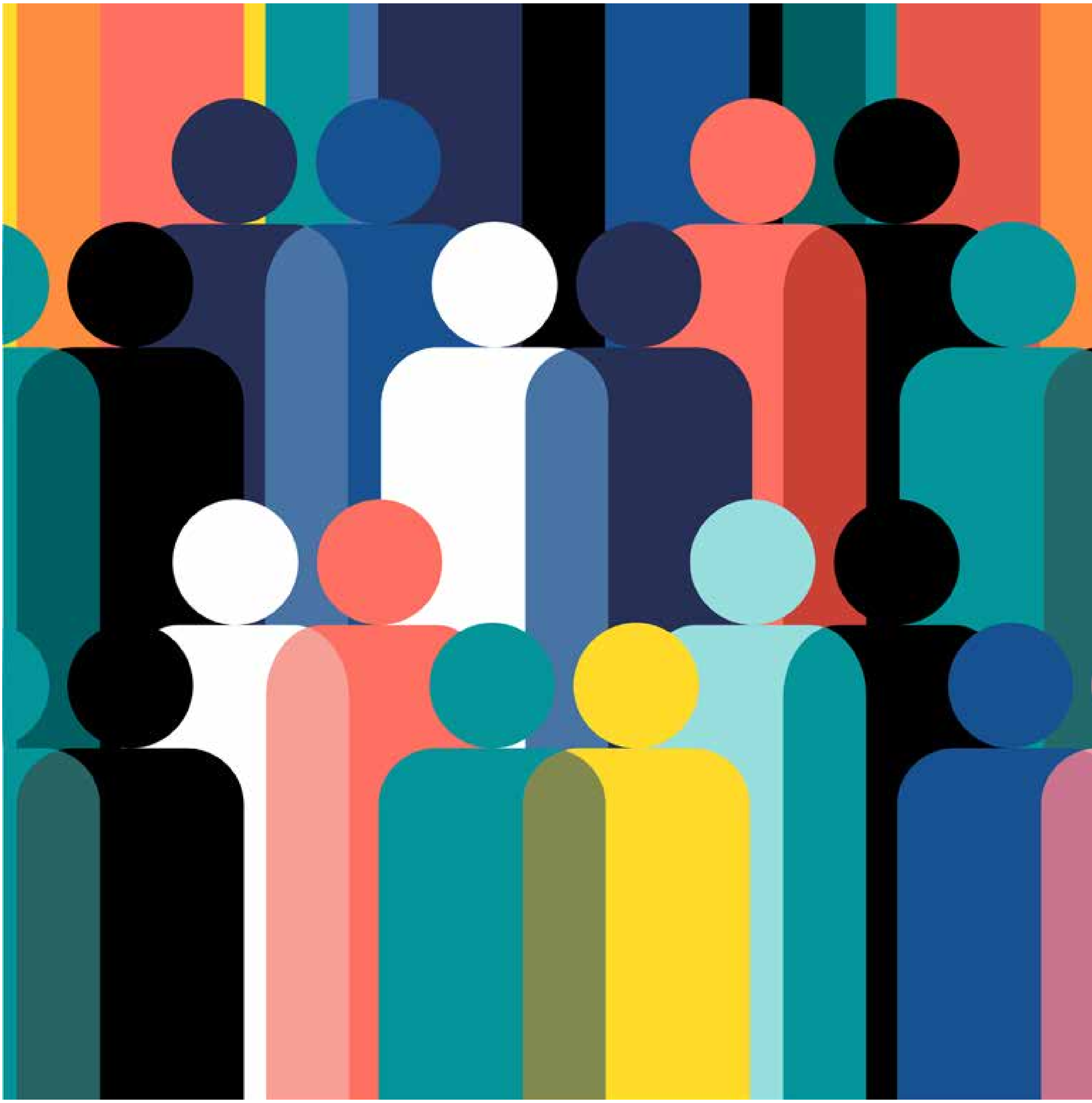
自该报告发布以来，香港交易所(HKEX)已经引入了关于多元化的新要求。这些要求已在本月的封面故事中提到，所以我不在此做进一步详细介绍。正如封面故事所指出，当涉及到多样性和包容性时，无论如何，遵守监管要求只能达到部分目的。这是因为企业必须专注于良好的多样性和包容性的可衡量的一些明显特征- 即董事和员工各种技能的组合、年龄构成、经验、性别和教育及专业背景的多样化组合。虽然这是从良好的多样性和包容性中获益的先决条件，但企业还需要进一步的努力 -- 创造一种重视、奖励和支持个体差异的企业文化。

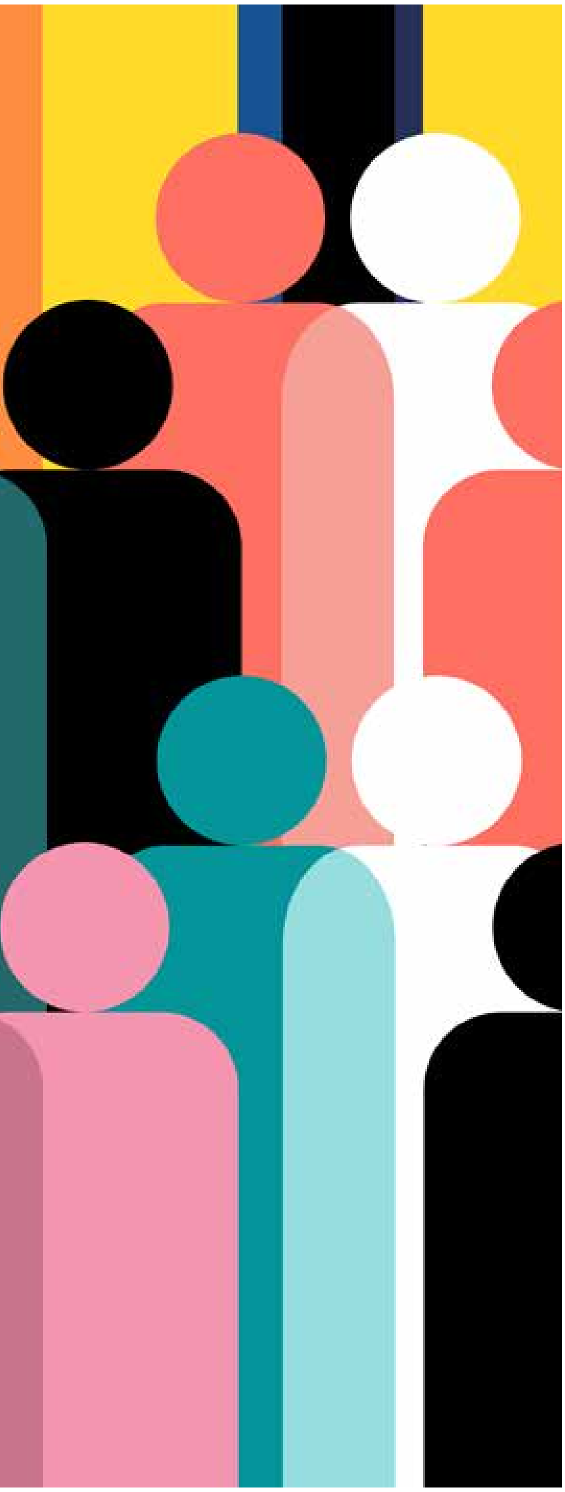
多样性和包容性在D&I的缩写中被绑在一起，但这两者之间是有区别的。多样性是指组织内个体的多样性，而包容性则是指创造一种文化，为个人提供 "心理安全"，让他们保持不同，关键是让他们以不同的方式思考。没有包容性的多样性是在做表面文章，不一定会带来竞争优势，而拥有真正的多样性和包容性的工作场所则会带来竞争优势。

最后，我想补充的是，公会将继续促进更好的多样性和包容性文化，并协助公会的会员为在董事会中担任角色做好准备。正如封面故事所指出，目前香港的女性董事人数较少，再加上《上市條例》和《企业管治守则》的新多元化要求，具有适当资格的女性将获得大量机会担任董事。公会的会员中约有70%是女性，她们所接受的培训以及在董事会工作的经验，使她们成为在未来几年获得这些机会的理想人选。

李俊豪 FCG HKFCG(PE)

Diversity and inclusion





CGj finds that changes to both recruitment practices and corporate culture will be required if companies hope to adapt to the new higher expectations regarding diversity and inclusion performance.

Companies' diversity and inclusion (D&I) policies and practices are increasingly under scrutiny by investors and subject to tougher regulatory requirements, both globally and here in Hong Kong. In the context of this growing regulatory and reputational imperative for better D&I, how can companies adapt their recruitment practices to broaden the diversity of both their boardroom and workplace in general? Moreover, what lessons need to be learned regarding the ways in which corporate culture can help companies get the real benefits of increased diversity? *CGj* looks for some answers.

The regulatory imperative

Companies' D&I performance has become a standard component of good environmental, social and governance (ESG) practice. This is reflected in the increasing diversity-related compliance requirements listed companies are subject to. The latest amendments to Hong Kong's Listing Rules and Corporate Governance Code (the Code), for example, tighten the requirements relating to board diversity.

The amendments, which became effective 1 January this year, focus primarily on gender board diversity. While D&I is not of course solely concerned with gender diversity (see 'Looking beyond gender'), this is a good barometer issue for diversity more generally. For one thing, gender diversity is easy to measure and the statistics for Hong Kong do not look good.

Currently (figures as of May 2022), more than 700 of Hong Kong's 2,567 listed companies (28.8%) have all-male boards. While the rest have at least one woman director, the number of women directors on Hong Kong boards generally remains low. Across the 2,523 primary listings in Hong Kong, as of 2020, women occupied only 14.6% of

Highlights

- companies with more diverse and more inclusive boardrooms and workplaces will have a significant competitive advantage in the post-pandemic world
- Hong Kong Exchanges and Clearing Ltd now publishes listed company diversity data on its website, enabling stakeholders to get the latest data on which companies are performing well in D&I
- listed companies have to have quantifiable measurements of their diversity and targets for improvement

board seats. Moreover, data collected by activist investor David Webb shows that, at the end of 2020, among the 553 people who served as directors for Hang Seng Index companies, just 74 (13.9%) were women.

Hong Kong Exchanges and Clearing Ltd (HKEX) has made it clear that single gender boards are not considered diverse. Listed companies with single gender boards must appoint at least one director of a different gender by 31 December 2024. Moreover, IPO applicants with single-gender boards filing listing submissions on or after 1 July 2022 must identify a director of a different gender, whose appointment will be effective upon listing.

'Around the world, different markets have different needs and circumstances they have to consider,' says Bonnie Chan, Head of Listing, HKEX. 'Some markets aim to arrive at a quantitative target for gender diversity, but mostly on a comply-or-explain basis. We will end single gender boards on a mandatory basis and we will be the first international exchange to do this.'

In addition to the new rules on gender diversity, HKEX is keen to improve transparency regarding companies D&I policies and practices generally. Listed companies have to disclose their diversity policies. Boards are required to monitor implementation of these policies and keep them under review annually to ensure they remain effective. Crucially, these policies should include measurable objectives for their implementation – in other words, companies have to have quantifiable measurements of their diversity and targets for improvement.

The revised regulatory regime also requires listed companies to disclose the gender ratios in their workforce by categories of employees. HKEX now publishes listed companies' diversity data on its website, enabling stakeholders to keep track of their D&I performance.

Can the pandemic be a catalyst for change?

At a time of increased uncertainty due to Covid-19, having a strong corporate governance regime with good D&I is an important part of corporate resilience. 'In the last couple of years, the world has had to tackle the challenge caused by the pandemic. Having a diverse board will put companies in a better position to think about risk and different perspectives will go into

Looking beyond gender

Respondents to this article urge companies to take a broad view of D&I. 'Diversity is not just about gender,' says Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive. 'Diversity is really open ended; it is about skills, expertise, knowledge and other issues, and it really depends on the company's specific circumstances,' he says.

He points out that having a director who is physically disabled will be beneficial for a company in a relevant industry. Such a director would be able to contribute valuable knowledge and insights about what the market needs. Similarly, a gaming company might want a young gamer on its board, or at least in some capacity to contribute to the board's discussions.

'Companies should look at how they can get more complementary skill sets that match their purpose and go out to look for those. It's almost like game analysis – look at what areas you need strengthening and look for that in particular,' Mr Datwani says.

Fiona Nott, CEO, The Women's Foundation, agrees with this broader approach to diversity issues. In the workplace, she points out, an individual's experience and expertise will be influenced by a wide range of factors, including their age, ethnicity, sexual orientation, religion, etc. A diverse and inclusive workplace cannot therefore be actualised unless other areas of diversity, in addition to gender diversity, are comprehensively addressed.

Despite Hong Kong being home to an estimated 570,000 people with disabilities, for example, only 0.02% of listed companies employ people with disabilities. A survey on building inclusive workplaces for lesbians and bisexual women in Hong Kong's financial services industry also noted 33% of respondents felt disadvantaged in their career for being identified as LGBT+.

'All of these issues can be compounded by gender and represent only a small snapshot of the many diversities that should be considered in creating measures and actions to create a more diverse and inclusive workplace,' Ms Nott says.

> we will end single gender boards on a mandatory basis and we will be the first international exchange to do this

Bonnie Chan, Head of Listing, Hong Kong Exchanges and Clearing Ltd

the equation when you deal with new challenges every day,' Ms Chan says.

Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, adds that, as companies rebuild themselves coming out of the pandemic, they are having to adapt to changed employee expectations of what constitutes a desirable workplace.

'Talent retention is a big issue right now globally,' he says. 'For the younger generation, they want to feel that they are contributing to society so they are increasingly looking at companies' performance in ESG and diversity. They want to be doing the right thing so they are looking at a range of issues – climate change, anti-corruption, supply chain management – to ensure companies are handling these issues properly. They also look at whether an organisation is open to different viewpoints and includes different perspectives.'

Ms Chan points out that the pandemic has also brought on technological changes that help companies make their boards more geographically diverse. 'The silver lining of Covid-19 is that it's now easier for people to conduct meetings virtually. In the past you would consider the location of your board members, but this is becoming less of a concern because you are not geographically confined. A lot of hard habits have been broken,' she says.

Changing mindsets

While, as explained above, D&I has become a compliance issue, respondents to this article emphasise the need to take a strategic approach to improving D&I. In addition to attracting and retaining talent, good D&I improves innovation and decision-making. Bonnie Chan emphasises that this is a crucial factor when it comes to board effectiveness.

'Having diversity means that you can avoid groupthink, since more perspectives and views will be brought to the board,' she says. For this reason, she adds, diversity should be considered as a fundamental aspect of good corporate governance.

These benefits do not automatically follow, however, from increased diversity and this is where inclusion comes in. Fiona Nott, CEO of The Women's Foundation, points out that the importance of inclusion is very apparent in terms of gender diversity issues. Although global mindsets are shifting to be more progressive and inclusive, she says, persistent gender stereotypes still exist in Hong Kong's workplaces.

Women experience negative bias from employers for being working mothers, for example. A survey commissioned by the Equal Opportunities Commission and carried out in August 2018 by the Center for Chinese Family Studies, Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong (A Study on Family Status Discrimination in the Workplace in Hong Kong) found that less than 50% of firms would hire women with children. Women also face familial pressure to take up the majority of childcare, eldercare and household duties – all of which have been exacerbated by the pandemic.

> we urge boards and companies to support first-time female executive and non-executive directors and to look beyond the typical candidate profiles

Fiona Nott, CEO, The Women's Foundation

Women also may lose out on promotion opportunities because the managers they report to do not know them well, or incorrectly evaluate their ambitions and underrate their job performance. 'This limits their professional advancement and may help explain why senior leadership remains overwhelmingly male across industries,' Ms Nott says. 'However, when women try to make themselves more visible, they may face backlash for violating social norms on how women are expected to behave and risk losing their hard-won career gains.'

The challenges women face in the workforce are translated to the boardroom. 'For too long there has been a lack of commitment in Hong Kong at board level to advance board gender diversity. Together with a tendency to appoint directors from within existing, primarily male-dominated, networks, this has contributed to Hong Kong's low level of female board representation,' Ms Nott points out.

'With the new regulatory changes relating to diversity, it's now up to boards to play a more active role in succession planning, setting targets for and identifying diverse candidates, and transparently evaluating the board's needs and performance to boost the number of female directors. Wholesale targets for greater female representation in workforces and at management level are also needed,' she adds.

Looking ahead

Companies with more diverse and more inclusive boardrooms and workplaces will have a significant competitive advantage in the post-pandemic world. While this is generally accepted, changes in recruitment practices have been slow to follow.

'I don't think people disagree with diversity, it's how we get there. With Hong Kong, the issue we have to tackle is that we have directors who are very long serving. It's very difficult to start the turn and bring up the topic – it hurts feelings. We respond to the consultation feedback so that once we start to put it into the regulations, the reasons are clear why companies need to get on with this,' Ms Chan says.

Once again, a key component here is the change needed in mindsets – in particular, changing the existing conception of the ideal candidates companies are looking for.

'A lot of people say there's no supply of properly qualified women,' Mr Datwani says. 'That is a big shock to me – maybe people are just not looking hard enough for the right candidates.' He points out that the governance professional industry is made up of about 70% women and offers companies many suitable board candidates.

He adds that the Institute has been assisting its members with training to help prepare them for board roles. 'We want to continue the debate; we want to put this on the agenda,' he says. 'This is an issue that goes to ESG, sustainability and business purpose, so it is a relevant issue to government professionals and stakeholders.'

Ms Nott agrees that Hong Kong's poor record when it comes to board gender diversity is not down to a paucity of appropriately qualified women. 'We urge boards and companies to support first-time female executive and non-executive directors and to look beyond the typical candidate profiles, and also consider women outside the city,' she says.

She adds that the latest regulatory changes will hopefully bring new and promising opportunities to both employers and employees in Hong Kong. 'Given that one third of listed companies have no women on their boards, together with the pace of new listings in Hong Kong, there will be at least 1,350 board appointment opportunities for women in the next three years. This represents considerable opportunities for women leaders who are qualified to become board members,' she says.

She adds that the new regulatory regime also presents companies with an opportunity to empower their own female executives to serve as independent non-executive directors on other boards.

Hsiuwen Liu
Journalist

公 司 註 冊 處
COMPANIES REGISTRY

註冊易 REGISTRY
www.eregistry.gov.hk

註冊易 電子服務 Electronic Services @ e-Registry

電子成立公司
Electronic Company Incorporation

- 成立公司及商業登記，所需時間少於一小時
- 一併下載公司註冊證明書及商業登記證
- **Company incorporation and business registration can be completed in less than one hour**
- **Certificate of Incorporation and Business Registration Certificate can be downloaded in one go**

電子提交文件
Electronic Document Submission

- 八十四款指明表格，包括周年申報表
- **84 specified forms, including annual return**

周年申報表 e 提示
Annual Return e-Reminder

- 免費提示公司交付周年申報表
- **Free electronic reminder for delivering annual returns**

監察易
e-Monitor

- 當你所選訂的公司的資料更新時，即時收到電子通知
- **Instant electronic notification upon any changes in the information of specified companies**

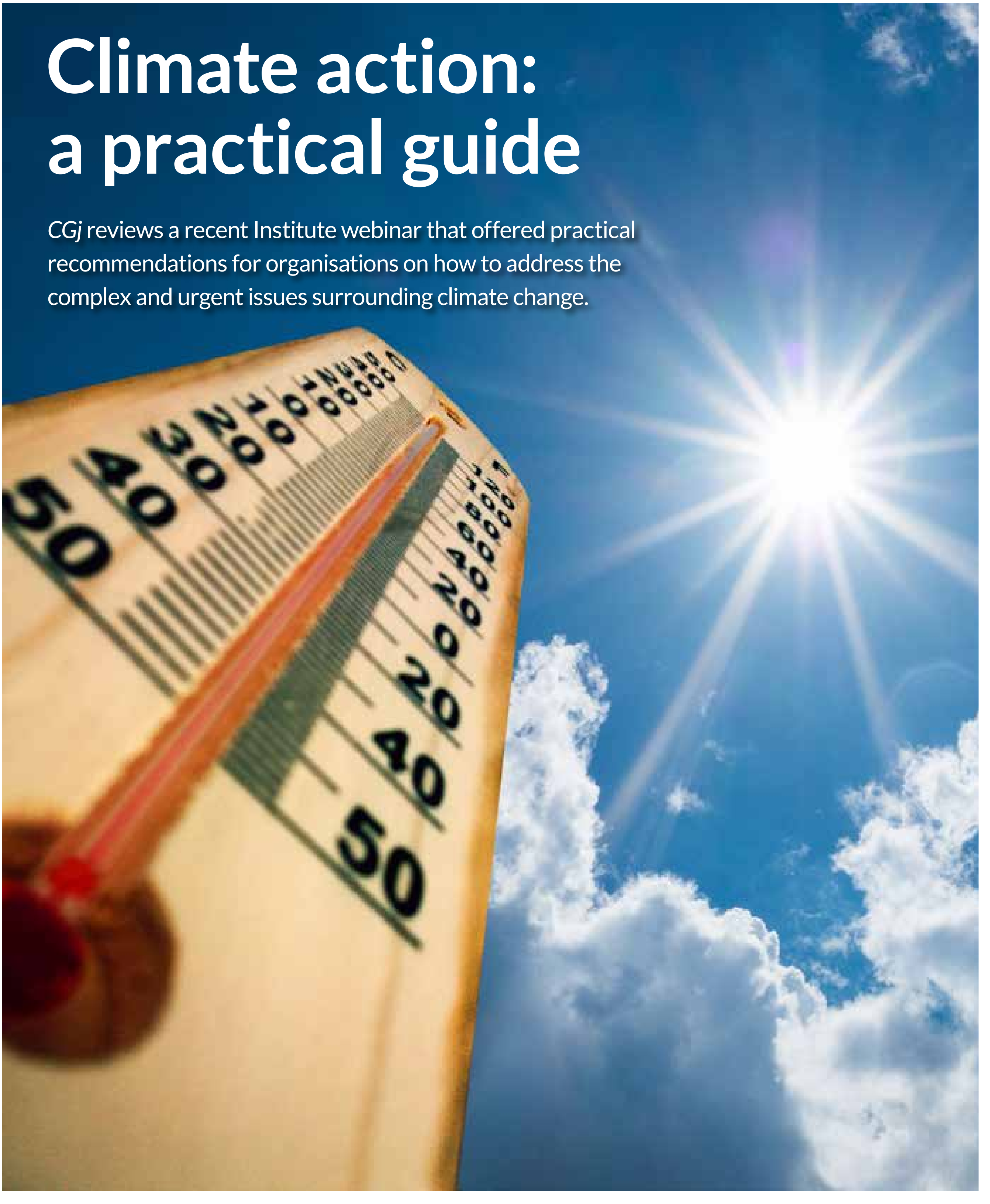
更多資訊 For more information

www.eregistry.gov.hk

公司註冊 更快更易
Delivers efficiency for companies

Climate action: a practical guide

CGj reviews a recent Institute webinar that offered practical recommendations for organisations on how to address the complex and urgent issues surrounding climate change.



Globally, developments relating to climate change and sustainability reporting have been coming thick and fast, but corporate reporting in Hong Kong in general still has some catching up to do with international standards. The potential impacts of climate-related issues on a business, for example, are rarely acknowledged in its financial statements – perhaps because climate change is still considered to be a long-term issue.

A webinar held by the Institute on 5 May 2022 – Climate Change Reporting: Changes Are Coming Quickly – made it very clear that climate change is no longer a long-term issue. The effects of climate change are already upon us and how companies respond to climate issues will increasingly determine their ability to stay in business in the years ahead. Stakeholders, especially those needing to price assets for their financial decisions, and increasingly regulators, already expect to see organisations assessing the financial impacts of climate change. They also want to see the board and senior management reporting on how they are adjusting their strategy and governance processes to tackle the physical and transitional risks that climate change will involve.

The webinar offered practical recommendations on how organisations can understand and respond to these challenges.

Start with the big picture

Kelly Lee, Vice-President, Policy and Secretariat Services, Listing Division, Hong Kong Exchanges and Clearing Ltd, emphasised in her presentation that the first step for organisations, and the governance professionals advising them, is to ensure they are not blindsided by what is coming. In particular, she pointed out that the launch of the International Sustainability Standards Board (ISSB) late last year will have major implications for organisations around the world as the ISSB seeks to establish a comprehensive global baseline of sustainability-related disclosure standards.

'I think the first step is to get yourself, as corporate governance professionals, your board and your senior management familiar with the new ISSB standards and identify any gaps with your own internal policies. This will help you to plan ahead for any system enhancements in preparation for an upgrade of climate disclosures,' Ms Lee said.

Other webinar speakers made the point that global convergence to a single standard will certainly be good news for organisations and investors. 'We really welcome the moves underway to unify all the sustainability reporting bodies under the auspices of the ISSB,' said David Simmonds FCG HKFCG, Institute Vice-President, and Chief Strategy, Sustainability & Governance Officer and Company Secretary, CLP Holdings Ltd. Prior to the emergence of the ISSB, organisations had to choose between an 'acronym soup' of different standards and methodologies, he pointed out. 'The various reporting standards have overlapped in many ways, they're inconsistent in some ways. And while each of them has merits to a greater or lesser extent, it's impossible for any one company to comply with all of them. And it takes too much effort and resources to deal with multiple reporting standards,' he said.

Pat-Nie Woo, Partner, KPMG China and Head of Environment, Social and Governance, Hong Kong and Global Co-Chair, Sustainable Finance, KPMG IMPACT, added that organisations in Hong Kong can expect the ISSB standards to be adopted in Hong Kong. He cited the way both regulators and the government have been keen to align local regulations with the approach of the Task Force on Climate-related Financial Disclosures (TCFD) and the proposed ISSB standards, currently under consultation, which explicitly build on the TCFD approach. Indeed, TCFD-aligned climate change

Highlights

- organisations and governance professionals need to keep up to date with the emerging global sustainability reporting standards and identify any gaps with their own internal practices
- organisations need to integrate climate risks and opportunities into their strategy considerations and decision-making processes
- there needs to be greater cross-functional collaboration regarding sustainability issues and the finance team needs to be more involved to improve disclosure on the climate-related impacts on enterprise value

> the ESG space is evolving very quickly and it is very important for everyone to keep abreast of the latest developments and seek training and guidance where necessary

Kelly Lee, Vice-President, Policy and Secretariat Services, Listing Division, Hong Kong Exchanges and Clearing Ltd

reporting is expected to be mandatory for all relevant sectors in Hong Kong by 2025 (see: 'Convergence of regulatory requirements').

Closing the gaps

As Hong Kong's regulatory regime converges with the proposed ISSB standards, companies in Hong Kong will be subject to increasing expectations regarding their disclosures on how climate change is impacting, and will impact, their business and how resilient their business model is to those impacts going forward. The webinar sought to give practical advice on how companies can rise to this challenge.

How to get the governance right

A prominent aspect of the TCFD approach is its emphasis on the importance of establishing governance structures within companies to ensure that climate issues are effectively addressed. In his presentation, Mr Simmonds gave a case scenario of how CLP has adapted its governance structure to ensure that ESG, and climate change in particular, gets the attention it deserves at all levels of the company.

'It won't surprise you to hear me say that all of this starts with getting the governance right,' he told webinar participants. 'To properly address climate reporting really requires a commitment to ensuring that climate issues are incorporated into the corporate agenda.'

To this end, CLP has set up a sustainability committee of the board to look at longer-term ESG issues, climate being a classic example, and how they may impact the company. He explained that getting together a smaller group of directors who are committed and interested in sustainability issues has been highly useful. They can do the 'heavy lifting', he said.

He also clarified the division of responsibilities between the board sustainability committee and CLP's audit and risk committees. While, those latter committees retain the responsibility for the assurance of the sustainability data and the climate metrics used in the company's reporting, the board sustainability committee focuses on the 'forward looking' issues.

Getting the governance right, however, also requires adopting the right mindset, Mr Simmonds added. 'The mindset that the company has in approaching this task is absolutely critical. And it starts with the question of why you are reporting in the first place. This should not be an opportunity for marketing the company's green credentials, nor should it be an excuse to just dump data into a report to satisfy a regulatory requirement. I think, fundamentally, climate reporting has got to begin with a proper consideration of the external context – the drivers for climate reporting and how those issues relate specifically to the company,' he said.

How to get the metrics right

The metrics and targets companies should be disclosing relating to climate change is the area where Hong Kong's regulatory requirements have the most catching up to do in their alignment with the proposed ISSB standards (see: 'Convergence of regulatory requirements'). Mr Woo made it clear, however, that one thing is for certain – companies in Hong Kong will be increasingly expected to make their ESG and climate change disclosures more quantitative than they have been in the past.

He acknowledged that this is likely to be a challenge for many companies. Directors are often concerned about the potential legal liabilities involved in making forward-looking statements and are likely to be particularly concerned about having to report on the impact that climate related issues are going to have on the value of their company. In this context, Mr Woo gave webinar participants useful tips on how to use scenario analysis, which involves looking at various future climate scenarios, based on different bands of temperature rise, and assessing how they would impact a company from a physical and a transitional risk perspective.

This might sound daunting, but Mr Woo pointed out that it is not hard to find in the public domain many estimates of the variables involved – for example, the predicted sea level rise in Hong Kong as global warming increases. This is clearly highly material to the physical risks companies with real estate assets in Hong Kong will face as the planet warms, since many of those assets will be close to the seashore.

In the Q&A session, Mr Woo added that the predicted sea level rise in Hong Kong in a three-degree scenario (global warming of three degrees compared with pre-industrial levels is often given as the worst case scenario, but not one that is implausible given current emissions trajectories) would be nothing short of catastrophic for low-lying real estate in Hong Kong. This re-enforces the message that scenario analysis is not just a useful tool for disclosure compliance, but also to help companies really think through what climate change is going to mean for their continued ability to stay in business.

Another consideration for companies assessing the financial impacts of future climate scenarios is that of materiality. Wei Lin, Partner, Head of ESG and Head of Strategy & Operations, KPMG Advisory (China) Ltd, who joined the webinar as a panellist, added his insights on this question.

'I think companies will find that engaging a wider set of stakeholders will be a useful starting point for identifying all of the significant climate-related risks and opportunities

Convergence of regulatory requirements

As mentioned in the main article, the launch of the International Sustainability Standards Board (ISSB) will have major implications for climate-related disclosure requirements around the world. The proposed ISSB standards, currently under consultation, build on the approach of the Task Force on Climate-related Financial Disclosures (TCFD), which identify climate-related disclosures from the perspective of four pillars – governance, strategy, risk management, and metrics and targets.

In the webinar, Kelly Lee, Vice-President, Policy and Secretariat Services, Listing Division, Hong Kong Exchanges and Clearing Ltd, discussed the gaps that exist between the local and international requirements in these four areas. Regarding risk management, Hong Kong's current ESG requirements are largely aligned with the ISSB proposals. Regarding governance, while Hong Kong is already largely aligned with the proposed requirements, the ISSB proposes more specific disclosures on companies' relevant governance structures. It would also require disclosure of management's role in assessing and managing climate risks and opportunities.

The most notable gaps exist in the two other pillars – strategy, and metrics and targets.

Strategy. The ISSB model will require companies to report on the risks and opportunities of climate change on the company's business model (including how this might impact its financial performance over the short, medium and long term) and the company's strategy for climate resilience (including the use of scenario analysis). These are not currently part of the Hong Kong regime.

Metrics and targets. The ISSB will require Scope 3 emission disclosures. 'Scope 3' refers to emissions that are the result of activities from assets not owned or controlled by a company, but that it indirectly impacts in its value chain. Alignment with this requirement would significantly expand the scope of climate reporting required of Hong Kong companies.

'Going forward, we believe that it's time for us to conduct a review of our current ESG framework to see how we can further align with the TCFD and the new ISSB standards to enhance our climate disclosures required from our listed companies. The focus area will be on gaps such as the need for scenario analysis, Scope 3 emissions and companies' transition plans to a low-carbon economy,' she said.

A high-level mapping between current listing rule requirements and the ISSB proposals

			In Hong Kong's ESG requirements?
Governance	TCFD recommendations	(a) Describe the board's oversight of climate-related risks and opportunities	✓
		(b) Describe management's role in assessing and managing climate-related risks and opportunities	✗
	ISSB proposals	Specific disclosures on governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities (eg performance metrics in remuneration policies)	
Strategy	TCFD recommendations	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	*Opportunities not included in Hong Kong's Listing Rules*
		(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	✗
		(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	✗
	ISSB proposals	Specific disclosures on impacts of climate-related risks and opportunities on business model, strategy and decision-making, and financial position over short, medium and long term, for example: • transition plans • direct/indirect adaptation and mitigation efforts • anticipated financial position change (eg capital allocation plan)	
Risk management	TCFD recommendations	(a) Describe the organisation's processes for identifying and assessing climate-related risks	✓
		(b) Describe the organisation's processes for managing climate-related risks	✓
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	*CG Code requires issuers to have risk management and internal control systems for risks, including ESG risks*
	ISSB proposals	Specific disclosures on assessment tools, quantitative thresholds and input parameters used to determine likelihood and impact of risks	
Metrics and targets	TCFD recommendations	(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	✗
		(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	*Scope 3 emissions not required*
		(c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets	*Targets are required for certain environmental KPIs (comply or explain)*
	ISSB proposals	• Cross-industry metrics (including Scope 3 GHG; % of assets/activities vulnerable to climate risks; internal carbon prices; remuneration affected by climate considerations) • Industry-based metrics (including GHG emissions; waste/water/energy management; sourcing)	

Source: HKEX

> the market is not going to let people get used to the new requirements simply because we've responded to this crisis way too late – organisations need to move fast on this

Pat-Nie Woo, Partner, KPMG China; Head of Environment, Social and Governance, Hong Kong and Global Co-Chair, Sustainable Finance, KPMG IMPACT

they need to take into account when assessing materiality,' he said. The ISSB/TCFD approach is geared towards ensuring investors get the information they need, but there is of course a wider set of stakeholders interested in the impacts of climate change – such as employees, customers, business partners and regulators.

The value of cross-functional collaboration

Given the above discussion of the way metrics and targets will be heading in the years ahead, Mr Woo added that the finance function needs to be more involved in sustainability reporting. 'It's no longer good enough to just have a few people within an organisation doing an ESG report. There needs to be a cross-departmental group looking at this and the finance department needs to get a lot more involved,' he said.

He pointed out that the TCFD/ISSB approach focuses on the financial impacts of climate change on business models. 'It's not just about disclosing ESG reports anymore, it is about how ESG is impacting enterprise value,' he said. In other words, stakeholders need to know how these impacts are going to affect the business from a valuation standpoint, from a cashflow standpoint and from a business model standpoint.

Time is running out

Finally, the webinar also emphasised the urgency of taking the steps described above. 'The ESG space is evolving very quickly and it is very important for everyone to keep abreast of the latest developments and seek training and guidance where necessary,' Ms Lee said.

Mr Woo echoed this point. 'The market is not going to let people get used to the new requirements simply because we've responded to this crisis way too late – organisations need to move fast on this,' he said.

Mr Simmonds added that the pathway for companies with poor ESG credentials will become increasingly unviable. Climate, he pointed out, has now become a mainstream investor concern. Moreover, banks, insurance companies and other market players have developed climate policies that are becoming increasingly strict in their requirements and application. Companies that don't meet those requirements could therefore find their access to capital, insurance and other financial products cut off. Companies without a viable climate plan could also find themselves the target of activist investors or other stakeholders agitating for change.

On the other hand, he added that even if companies do not have all the answers to the questions stakeholders are asking, and if they do not meet all the requirements, they at least need to have a plan to move in the right direction. 'Your reporting provides a really valuable opportunity to align the market behind the direction that you're taking as a company. If there's one key message that I'd like to leave you with today, it is that this trend is not going to reverse. Hong Kong companies are going to have to get used to a much higher standard of climate reporting in the years ahead,' he concluded.

Charting a net-zero roadmap

Companies are under mounting pressure to achieve net-zero carbon emissions. Angus Chan, Vice-President, Head of ESG Solutions for Greater China, Alliance Advisors, gives some guidance on how the net-zero transition can be achieved.

Escalating and ubiquitous expectations on climate change are now calling for hard action – gone are the days of boilerplate statements and gentle nudging. Thanks to the interdependence between climate change and net zero, a surging number of institutional investors are directing portfolio companies to move towards net-zero emissions by 2050, together with medium-term targets for an unambiguous carbon emissions reduction trajectory.

The Net Zero Asset Managers initiative (NZAM), one of several different coalitions associated with net zero, is an international group of asset managers committed to supporting the goal of net-zero greenhouse gas (GHG) emissions by 2050 or sooner, a target which is in line with global efforts to limit warming to 1.5°C above pre-industrial levels. NZAM has 236 signatories, representing over US$57.5 trillion in assets under management.

Additionally, there has been a surge in the number of companies setting and committing to science-based targets. As of 31 December 2021, there were more than 2,200 companies with US$38 trillion in market capitalisation working on decarbonisation with the Science Based Targets initiative (SBTi).

Sustainable mutual funds and ESG-focused exchange-traded funds rose globally by 53% last year, to US$2.7 trillion, with a net US$596 billion flowing into the strategy, according to Morningstar Inc. Riding on the accelerating influx of ESG funds, institutional investors are stepping up their engagement with companies to

“companies should identify the latest institutional investor ESG priorities, and reshape their strategies and approach to shareholder engagement to meet these expectations”

Highlights

- institutional investors are stepping up their engagement with companies on a spectrum of ESG topics such as net-zero targets, board oversight of ESG issues and natural capital
- decarbonising along the value chain outside a company's primary nexus of control is more daunting than slashing carbon emissions in a company's own operations
- reviewing your net-zero roadmap and action plan continuously and systematically will be critical to add robustness to the system

ask about their strategies and actions on a spectrum of ESG topics such as net-zero targets, board oversight of ESG issues and natural capital.

Net zero 101

The transition to net-zero carbon emissions will not be an easy one, nor can it be achieved overnight. On the other hand, there is now widely available guidance companies can draw on when choosing their own pathways to net zero. SBTi, for example, has published its Corporate Net-Zero Standard, which provides systematic guidance to companies in setting net-zero targets. The guidance sets out the following key steps:

- select a base year
- develop a full GHG inventory, including Scope 1, 2 and 3 GHG emissions
- set target boundaries
- choose a target year
- calculate near-term and long-term science-based targets, and
- establish a robust review mechanism.

Garnering data and calculating Scope 3 emissions, referred to in the second item in the list above, will be challenging for many companies as data availability is often low and extensive communication with relevant internal departments and external stakeholders along the value chain will be needed. Moreover, constructing a Scope 3 emissions inventory is only part of the net-zero journey. Heading towards near-term targets and the net-zero target, engaging with relevant internal departments, assigning internal targets to departments or business divisions and managing renewable energy procurement are also of prime importance.

Key internal departments that influence internal carbon emissions and emissions from external suppliers should be identified and prioritised. Generally, suppliers and service providers such as goods suppliers and logistics vendors usually contribute a significant portion of Scope 3 emissions, while the primary contact point is likely to be the procurement department, rather than the internal sustainability department. Dedicated and ongoing engagement is needed since decarbonising along the value chain outside a company's primary nexus of control is more daunting than slashing carbon emissions in a company's own operations.

A carbon reduction target is similar to a revenue target. Determining what portion of the target should be owned by each department can be challenging and could ultimately become an obstacle to progress, leading to slippage. Moreover, if yearly internal departmental targets have not been well defined, continuous

Online resources

Net Zero Asset Managers initiative (NZAM) – www.netzeroassetmanagers.org
NZAM is an association of asset managers in support of the goal of net-zero greenhouse gas emissions by 2050 or sooner.

Science Based Targets initiative (SBTi) – https://sciencebasedtargets.org
SBTi provides guidance to companies and financial institutions on science-based target-setting in line with the latest climate science.

BlackRock Investment Stewardship (BIS) – www.blackrock.com
BIS publications offer a useful primer on the institutional investor approach to sustainability issues. Its Our Approach to Engagement on Natural Capital was published in February 2022.

RE100 – www.there100.org
RE100 is a global corporate renewable energy initiative committed to 100% renewable electricity.

The Task Force on Nature-related Financial Disclosures (TNFD) – https://tnfd.global
TNFD offers guidance on incorporating nature-related risk and opportunity analysis into corporate and financial decision-making. Its Nature-related Risk & Opportunity Management and Disclosure Framework (beta version) was released in March 2022.

CHARTERED GOVERNANCE
Hong Kong

Calling for Nominations of HKCGI Prize 2022

Prize Awardees from 2010 to 2021:

2010
Mike Scales
FCG HKFCG
Past Chairman, The Institute of Chartered Secretaries and Administrators in Hong Kong

2011
Duffy Wong
BBS JP FCG HKFCG
Past Chairman, The Association of The Chartered Secretaries and Administrators in Hong Kong

2012
John Brewer
Past Chairman, The Association of The Chartered Secretaries and Administrators in Hong Kong

2013
Edwin Ing
FCG HKFCG
Past President, HKCGI

2014
Neil McNamara
FCG HKFCG
Past President, HKCGI

2015
Anthony Rogers
GBS QC JP FCG HKFCG
Former Vice-President of the Court of Appeal of Hong Kong

2016
Gordon Jones
BBS FCG HKFCG
Former Registrar of Companies

2017
Natalia Seng
FCG HKFCG(PE)
Past President, HKCGI

2018
Peter Greenwood
FCG HKFCG
HKCGI Representative to CGI Council and Chairman of CGI Thought Leadership Committee

2019
Edith Shih
FCG(CS, CGP)
HKFCG(CS, CGP)(PE)
Immediate Past International President, CGI; Past President, HKCGI; Executive Director and Company Secretary, CK Hutchison Holdings Ltd

2020
Ada Chung
FCG HKFCG
Privacy Commissioner for Personal Data

2021
Mrs April Chan
FCG(CS, CGP)
HKFCG(CS, CGP)
Past President and Chairman of Technical Consultation Panel, HKCGI

The Hong Kong Chartered Governance Institute Prize 2022

The Hong Kong Chartered Governance Institute Prize will be awarded to a member or members who have made significant contributions to the Institute, and the Chartered Secretary and Chartered Governance Profession over a substantial period. Awardees are bestowed with the highest honour – recognition by their professional peers.

For details, please visit www.hkcgi.org.hk or contact Melani Au: 2830 6007, or email: member@hkcgi.org.hk

> there is now widely available guidance companies can draw on when choosing their own pathways to net zero

progress monitoring cannot be exercised effectively.

Utilising renewable energy constitutes a pivotal action for achieving net zero. There are, as a minimum, eight options for switching to renewable energy, including procurement from onsite installations owned by a supplier, green electricity products from an energy supplier and so forth. Given that the renewable energy market is evolving, setting procurement criteria with timely updates and monitoring the market price fluctuation drive effective progress in this regard. In addition, hydrogen may well play a critical part in decarbonisation, but the technology to harness its potential seems far away. Nevertheless, a small number of companies are studying the uses of hydrogen as an alternative fuel and estimating how far it will help them reduce their GHG emissions.

A roadmap lasting more than one or two decades will always involve an element of uncertainty, so reviewing the roadmap and the action plan continuously and systematically will be critical to add robustness to the system. This could facilitate responses to external stakeholders such as institutional investors and minimise reputational harm.

Conclusion

The ESG universe is continually expanding. Companies should identify the latest institutional investor ESG priorities, and reshape their strategies and approach to shareholder engagement to meet these expectations.

Angus Chan, Vice-President, Head of ESG Solutions for Greater China
Alliance Advisors

Natural capital – the basics

Achieving net-zero carbon emissions is part of a larger issue that should also be high on company agendas – managing corporate impacts and dependencies on natural capital assets. Just as with greenhouse gas emissions, companies' natural capital management is increasingly under scrutiny by stakeholders. This February, for example, BlackRock Investment Stewardship (BIS) published its engagement priorities encompassing five topics, one of which is climate and natural capital.

BIS focuses on three major areas of concern – biodiversity, deforestation and water – and makes the point that management of these areas will inevitably have increasing impact on the long-term financial returns of companies. 'Given the growing pressures on the natural ecosystems from which many companies derive economic benefits, business will increasingly face financial risks and opportunities associated with their impacts and dependencies on natural capital. As a result, we view the careful management of natural capital as a core component of a resilient long-term corporate strategy for companies that rely on the benefits that nature provides,' BIS states in its Our Approach to Engagement on Natural Capital publication.

Natural capital management is also directly related to decarbonisation – forestry, for example, absorbs carbon dioxide from the atmosphere – and it is therefore relevant to companies' climate action initiatives.

In March 2022, The Task Force on Nature-related Financial Disclosures published the beta version of its Nature-related Risk & Opportunity Management and Disclosure Framework for consultation, which provides an outline of the fundamental concepts and definitions relevant to natural capital management. It also provides disclosure recommendations and guidance on performing nature-related risk and opportunity assessments.
By developing an integrated nature-related risk and opportunity assessment process called LEAP (Locate, Evaluate, Assess, Prepare), it provides guidance on how companies can develop and implement their own strategies in natural capital management.

HKU SPACE 香港大學專業進修學院
HKU School of Professional and Continuing Education

CHARTERED GOVERNANCE Hong Kong

Certificate for Module

(The Hong Kong Chartered Governance Institute Examinations Preparatory Programme)

This programme is endorsed by The Hong Kong Chartered Governance Institute (HKCGI). The aim is to develop students with the knowledge and skills necessary to write the professional examinations of the Chartered Governance Qualifying Programme (CGQP), which is recognized worldwide.

COURSE INFORMATION

Intake: 3 intakes per year (Spring, Summer & Autumn)

Teaching Venue: Any of the HKU SPACE's Learning Centres on Hong Kong Island

SUBJECT

- Corporate Governance
- Corporate Secretaryship and Compliance
- Hong Kong Company Law
- Interpreting Financial and Accounting Information
- Strategic Management
- Risk Management
- Boardroom Dynamics
- Hong Kong Taxation

TARGET STUDENTS

Be 21 years old or above. (Students should be either a Hong Kong permanent resident or have valid permit to study in Hong Kong)

Fee per subject:

HK$4,300 (36-hour lectures)

HK$5,600 (45-hour lectures)

All fees paid are NOT refundable, unless the programme is oversubscribed or cancelled. All fees are subject to revision.

Award:

Certificate for Module

HKU SPACE receives INTERNATIONAL RECOGNITION in QUALITY STANDARDS

HKU SPACE has fully achieved the European Standards for Quality and is recognised as having world-class quality in professional and continuing education. Trust in us as your lifelong learning partner!

CONTACT INFORMATION
Programme Enquiries (HKU SPACE)
(852) 2867 8485
hkcgi@hkuspace.hku.hk

HKU SPACE is a non-profit making University company limited by guarantee.

Pushing the envelope?

The Cyberspace Administration of China (CAC)'s draft regulations on push notifications

Gabriela Kennedy, Partner, and Joshua Woo, Registered Foreign Lawyer (Singapore), Mayer Brown, summarise the CAC's recent draft regulations, which are aimed at strengthening government control over the news, protecting the rights and interests of internet users – including minors – and reinforcing national security and public order.

On 2 March 2022, the CAC issued draft regulations on the administration of internet pop-up push notifications (Draft Regulations). The Draft Regulations were issued pursuant to a number of laws, including the Cybersecurity Law of the People's Republic of China.

The Draft Regulations were designed to further tighten government control over the news following a human trafficking controversy that erupted on Chinese social media after a woman was found chained by the neck in Xuzhou last month, as well as the invasion of Ukraine.

However, the regulations also address other aspects of push notifications – including prohibition of algorithmic models that profile minor users and encourage user addiction. This is in keeping with the Chinese government's broader efforts to reduce the influence of Big Tech, and aligns with the recently issued Internet Information Service Algorithmic Recommendation Management Provisions that came into force on 1 March 2022.

The Draft Regulations

Scope of application

The Draft Regulations apply to all owners and operators of operating systems, terminal devices, application software, websites and other such services (Service Providers) that provide push notification services (Push Notification Service Providers) in the Mainland.

Types of prohibited information

Various categories of prohibited information in push notifications include:

1. Illegal and negative information as defined in the Provisions on Ecological Governance of Network Information Content (the Provisions) that includes content which:

- opposes the basic principles established by the constitution
- endangers national security, divulges state secrets, subverts state power or undermines national unity
- harms national honour and interests
- distorts, defames, desecrates or negates the deeds and spirit of heroes and martyrs, or infringes upon the names, likenesses, reputations, or honours of heroes and martyrs by insulting, slandering or otherwise
- advocates terrorism or extremism, or incites the commission of terrorist or extremist activities
- incites ethnic hatred or ethnic discrimination, undermining ethnic unity
- undermines the state's religious policy, or advocates cults and feudal superstitions
- spreads rumours and disrupts economic and social order
- spreads obscenity, pornography, gambling, violence, murder or terror, or instigates crimes

Highlights

- the Cyberspace Administration of China's recent draft regulations on the administration of internet pop-up push notifications further tighten government control over the news and prohibit the use of certain algorithmic models
- the draft regulations apply to all Mainland-based owners and operators of operating systems, terminal devices, application software, websites and other services providing push notifications
- push notifications containing news reports are required to adhere to additional rules

> **these prohibitions are very broad and enhance the risks of breaching the law when pushing prohibited news-related notifications**

- insults or slanders others, or infringes upon the reputation, privacy and other lawful rights and interests of others
- uses exaggerated headlines, where the content is seriously inconsistent with the title
- hypes up scandals, bad deeds and so forth
- improperly comments on natural disasters, major accidents or other disasters
- contains sexual innuendo, sexual provocation or other such elements that are likely to cause people to have sexual associations
- displays bloody, frightening, cruel or other such acts that cause people physical or mental discomfort
- incites crowd discrimination, regional discrimination and so forth
- promotes vulgar or kitsch content
- uses content that might cause minors to imitate unsafe conduct or conduct that violates social morality, or which induces minors to have bad habits and so forth
- other content that has a negative impact on the network ecology, or
- other content prohibited by laws or administrative regulations.

2. Information that violates public order and good customs, such as malicious speculation, entertainment gossip, extravagance and ostentation of wealth, and distasteful information.

3. Information that maliciously stirs up old news.

4. Content that hypes up sensitive events, exaggerates vicious content and disasters, and incites social panic.

Push notifications containing news reports are required to adhere to additional rules, including a requirement for the source of news to come from the list of 1,358 government-approved news sources published by the CAC in October 2021.

This means that news reports from unlicensed sources such as private institutions and individuals cannot be included in push notifications.

Accordingly, Push Notification Service Providers need to ensure that push notifications of news reports do not alter the original meaning and content of sanctioned headlines, and are traceable to the original source.

They are also required to obtain approval from the relevant source before publishing news content in push notifications.

Collectively, these prohibitions are very broad and enhance the risks of breaching the law when pushing prohibited news-related notifications – or information that may be construed to fall within the above categories.

Responsibilities of Push Notification Service Providers

Push Notification Service Providers will be required to put additional processes in place in order to comply with the Draft Regulations.

One such requirement is for them to set up a manual review system to analyse screening, editing, pushing of content and other related work processes. Together with the content prohibitions highlighted in 'Types of prohibited information', above, they have to review the guidelines, policies and processes they have in place when vetting pushed content.

Push Notification Service Providers are also expected to prioritise user protection and to:

- clearly inform subscribers of the content and frequency of their push notifications, as well as how subscriptions to their push notifications can be cancelled
- refrain from differentiating between ordinary users and users who are members when determining the frequency of their push notifications

> the Draft Regulations apply not just to news organisations, but to all Push Notification Service Providers – including any service providers with a mobile application

- not interfere with users closing pop-up push notification windows
- clearly display the identity of the relevant Push Notification Service Provider in push notifications
- conspicuously mark 'advertisements' to notify users of their nature
- allow notifications for advertisements to be closable with one click
- prohibit push notifications that contain links or QR codes to third-party sources, and
- establish complaint and reporting avenues.

The Draft Regulations also provide further guidance on the use of algorithmic models for push notifications, in concert with the Internet Information Service Algorithmic Recommendation Management Provisions that came into force earlier in March.

This prohibits Push Notification Service Providers from using algorithms that induce users to consume excessively or to violate laws and regulations, and which are not ethical, and from abusing personalised push notifications such as leveraging algorithms to block or over-recommend information.

To protect minors, algorithms must not be abused to target minors or to subject minors to information that adversely affects their physical or mental health.

Penalties

Penalties under the Draft Regulations include warnings, fines, suspension of push notifications and even suspension of business operations.

Conclusion

The Draft Regulations apply not just to news organisations, but to all Push Notification Service Providers – including any service providers with a mobile application, such as shopping centres, banks, gaming companies, food delivery companies and so on.

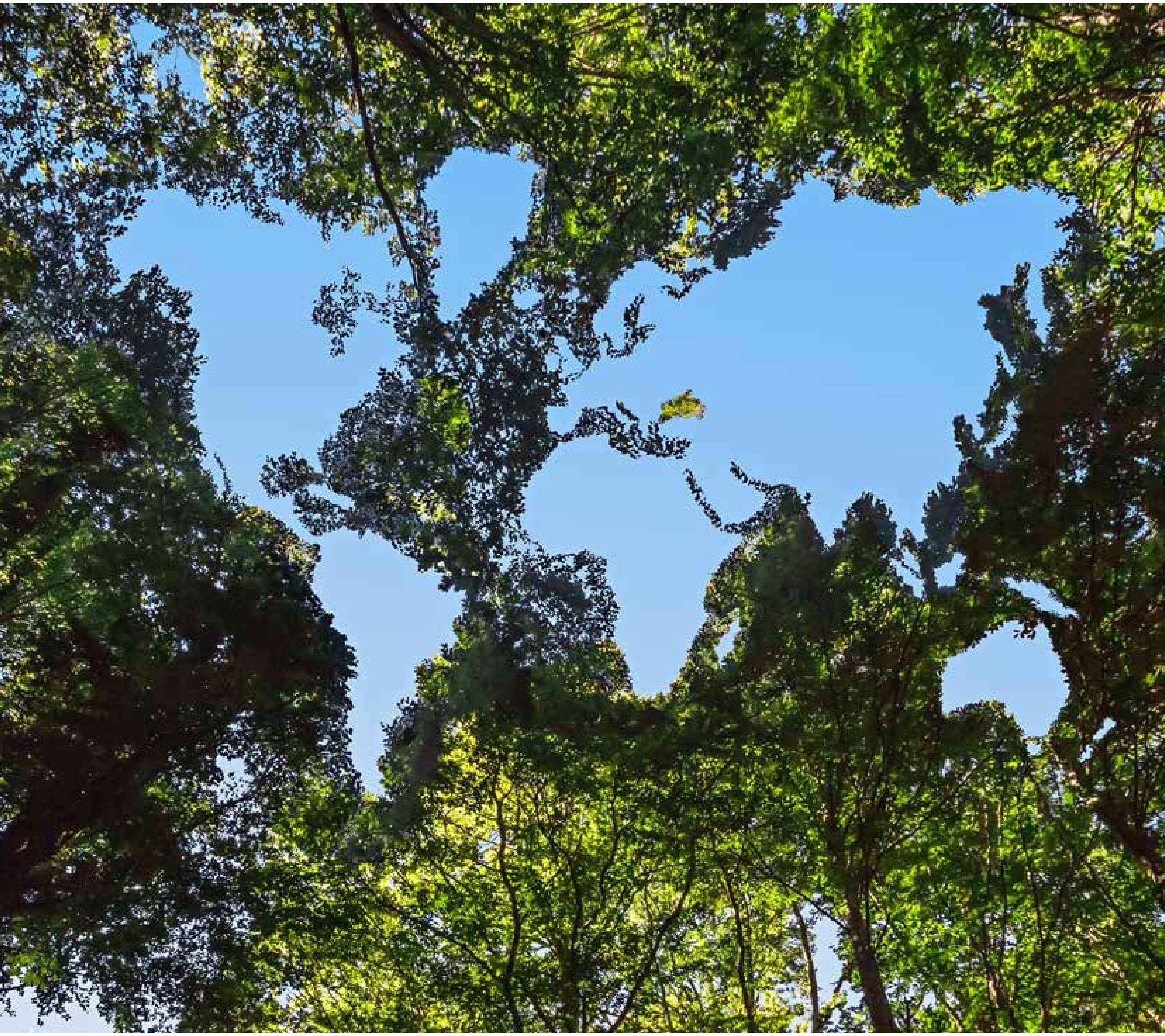
In summary, all companies with websites accessible in the Mainland, or mobile applications downloadable from PRC mobile application stores, should review their use of push notifications and associated policies, processes and guidelines.

Gabriela Kennedy, Partner, and Joshua Woo, Registered Foreign Lawyer (Singapore)

Mayer Brown

The authors would like to thank Vanessa Leigh, Trainee Solicitor at Mayer Brown, for her assistance.

Sustainability disclosures: towards a global standard



This article highlights key features of the proposed sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB) for consultation in March this year.

On 3 November 2021, the International Financial Reporting Standards (IFRS) Foundation formally launched its new standard-setting board – the International Sustainability Standards Board (ISSB) – to develop a comprehensive global baseline of sustainability disclosures. On 31 March 2022, the ISSB launched a consultation on its first two proposed standards:

1. General Sustainability-related Disclosure Requirements (IFRS S1), and
2. Climate-related Disclosure Requirements (IFRS S2).

The proposed standards are focused on requiring sustainability disclosures that meet the information needs of investors. They set out requirements for the disclosure of material information about a company's significant sustainability-related risks and opportunities. The judgement as to what is material should be made in the context of the sustainability-related financial information necessary for users of general purpose financial reporting (investors) to assess enterprise value. Enterprise value is the total value of an entity's equity and net debt, and reflects expectations of the amount, timing and uncertainty of future cash flows over the short, medium and long term and the value attributed to those cash flows (reflecting the cost of capital).

Since the information disclosed in accordance with the proposed standards would need to be disclosed as a part of a company's general purpose financial reporting, it would be required to be published at the same time as the financial statements. Nevertheless, the proposed standards point out that the information that could be relevant to the assessment of enterprise value is broader than information reported in the financial statements. It includes information about a company's impacts and dependencies on people, the planet and the economy when relevant to the assessment of the company's enterprise value.

> “the proposed IFRS S1 would require companies to provide information that allows investors to assess the connections between different sustainability-related risks and opportunities”

The proposed standards: highlights

IFRS S1

Scope of reporting. The proposed IFRS S1 requires disclosure of material information about sustainability-related risks and opportunities across a company's value chain. The proposed standard defines a value chain as the 'full range of activities, resources and relationships related to a company's business model and the external environment in which it operates.'

Relevant activities, resources and relationships include those in the company's operations, such as human resources; those along its supply,

Highlights

- under the proposed standards, a company would be expected to disclose information about its impacts and dependencies on people, the planet and the economy when relevant to the assessment of the company's enterprise value
- the climate-related disclosure requirements (IFRS S2) would require a company to use climate-related scenario analysis to assess its risks and opportunities when it is able to
- IFRS S2 would also require companies to disclose how their climate-related analysis aligns with the latest international agreement on climate change – for example, the Paris Agreement

> companies would be required to disclose whether they have sufficient finance available to withstand the climate-related risks and to take advantage of climate-related opportunities

marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which the company operates.

The sustainability-related financial information relevant to a company would depend on many factors, such as the company's activities or the industry to which it belongs, the locations in which it operates, its products and manufacturing processes, and the nature of its reliance on employees and supply chains. Disclosures would be specific to each company and while the definition of value chain is broad, the information a company would be required to provide is limited to that necessary to enable investors to assess the company's enterprise value.

Connected information. The proposed IFRS S1 would require companies to provide information that allows investors to assess the connections between different sustainability-related risks and opportunities. It would also require a company to disclose how sustainability-related financial information is related to information in its financial statements.

IFRS S2

Building on existing standards.
Both IFRS S1 and S2 build on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Like the TCFD recommendations, the proposed standards are centred on a company's consideration of its:

1. governance
2. strategy
3. risk management, and
4. metrics and targets.

In some instances, however, the proposed ISSB standards require more detailed disclosures than the TCFD. The differences between the proposed IFRS S2 and the TCFD recommendations are summarised on the IFRS Foundation website (www.ifrs.org).

IFRS S2 is also built on the industry-specific requirements of the Sustainability Accounting Standards Board (SASB) standards. The industry-based topics and associated metrics are available in Appendix B of IFRS S2. A company can view all of the topics and metrics, or just those for a specific industry. There are 68 industry-based sets of disclosure requirements in separate volumes.

Climate resilience. To help investors understand a company's resilience to climate-related risks and opportunities, IFRS S2 would require a company to disclose information such as whether it can continue to use its assets and investments the way it has been doing or whether a climate-related risk, such as an increased flooding risk, is likely to cause the company to relocate, decommission or upgrade assets. Companies would be required to disclose whether they have sufficient finance available to withstand the climate-related risks and to take advantage of climate-related opportunities.

IFRS S2 would require a company to use climate-related scenario analysis to assess its risks and opportunities when it is able to, but it also addresses other quantitative methods. IFRS S2 also proposes requiring a company to disclose how its climate-related analysis aligns with the latest international agreement on climate change – for example, the Paris Agreement, which sets a goal of limiting the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.

GHG emissions. IFRS S2 would require a company to disclose its absolute gross Scope 1, Scope 2 and Scope 3 GHG emissions, in metric tonnes of CO_2 equivalent, and the intensity of those emissions. The company would be required to calculate these emissions using the GHG Protocol. A consolidated group would be required to disclose GHG emissions by associates and joint ventures separately from those by the consolidated group. The requirement to disclose Scope 3 emissions reflects the importance of providing information related to a company's value chain.

Source: IFRS Foundation. This article is based on the IFRS' high-level summary of the proposed ISSB standards. The full Exposure Draft – Snapshot is available on the IFRS website (www.ifrs.org).

About the ISSB

The International Financial Reporting Standards (IFRS) Foundation announced the creation of the International Sustainability Standards Board (ISSB) in November 2021 at COP26 (the United Nations global summit to address climate change) held in Glasgow, the UK.

The launch of the ISSB was a significant development since the proliferation of different standards for sustainability disclosure was leading to inconsistencies in the data available to stakeholders when trying to assess organisations' exposure to climate-related risks and opportunities. The fragmentation of different standards was also leading to increased cost and complexity for companies and regulators.

The intention was for the ISSB to deliver a comprehensive global baseline of sustainability-related disclosure standards that would provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities. The creation of the ISSB represented a significant consolidation of the many different standard-setting bodies in this space – including the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF), itself an alliance between the Integrated Reporting Framework and the Sustainability Accounting Standards Board.

Simultaneous with the creation of the ISSB, the IFRS Foundation published prototype climate and general disclosure requirements developed by its Technical Readiness Working Group (TRWG). These prototypes were the result of six months of joint work by representatives of the CDSB, the International Accounting Standards Board, the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the VRF and the World Economic Forum, supported by the International Organization of Securities Commissions and its Technical Expert Group of securities regulators.

The proposed standards now released for consultation (the General Sustainability-related Disclosure Requirements and the Climate-related Disclosure Requirements) are based on feedback to the prototype climate and general disclosure requirements developed by the TRWG. The ISSB is seeking feedback on the proposed standards over a 120-day consultation period closing on 29 July 2022. It will review feedback to the consultation in the second half of 2022 and aims to issue the new standards by the end of the year.

Professional Development

Seminars: April 2022

7 April
The SPAC regime: opportunities for Hong Kong – a practical and technical brief

Chair: *Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive*
Speakers: *Irene Chu, Partner, Head of Audit – New Economy and Life Sciences, Hong Kong, KPMG China; and Daniel Wan, Partner, Addleshaw Goddard (Hong Kong) LLP*

11 April
CSP foundation training series: directors, secretaries, officers and auditors of Hong Kong private limited companies

Chair: *Desmond Lau ACG HKACG(PE), Director and Head of Institute Professional Development*
Speaker: *YT Soon FCG HKFCG(PE)*

12 April
Resolving cross-border disputes – by arbitration

Speakers: *Richard Leung JP FCG HKFCG, Institute Past President, Special Entry Scheme Interview Panel member, and Barrister-at-law, and Connie Lee, Barrister-at-law, Des Voeux Chambers*

20 April
Internal audit for corporate governance enhancement

Chair: *Mike Chan FCG HKFCG, Institute Professional Development Committee member, and Fraud Control Officer, Head of Operational Risk Management, CMB Wing Lung Bank Ltd*
Speaker: *Vincent Leung FCG HKFCG, Managing Director, Protiviti*

21 April
Share schemes: prepare for changes

Speakers: *Wendy Ho FCG HKFCG(PE), Institute Council member, Professional Development Committee Vice-Chairman, Professional Services Panel Vice-Chairman, AML/CFT Work Group member and Rebranding Working Group member, and Executive Director, Corporate Services, and Carmen So FCG HKFCG(PE), Director of Corporate Services, Tricor Services Ltd*

25 April
What makes corporate actions successful – practical sharing from financial advisory, company secretarial and proxy advisory perspectives

Speakers: *John Wong, Managing Director, Somerley Capital Ltd; Ricky Lai FCG HKFCG(PE), Company Secretary, China Renewable Energy Investment Ltd; Carey Lo, Vice President, Head of Client Solutions for Greater China, and Race Chan, Vice President, Head of Investor Intelligence for Greater China, Alliance Advisors*

28 April

Technology series: better governance and best practice leadership collaboration

Chair: Christine Chung FCG HKFCG, Institute Professional Development Committee member

Speakers: Paul Li, Head of Sales of the Asia Pacific, Convene; and Kenny Luo FCG HKFCG, Institute Council member, Mainland China Focus Group Vice-Convenor, Mainland China Affairs Committee Vice-Chairman, Membership Committee member, Company Secretaries Panel member, and Assessment Review Panel member, and Board Secretary & Company Secretary, Bank of China (Hong Kong) Ltd

29 April

Company secretarial practical training series: notifiable transactions – practice and application

Speaker: Ricky Lai FCG HKFCG(PE), Company Secretary, China Renewable Energy Investment Ltd

Video-recorded ECPD seminars

Some of the Institute's previous ECPD seminars/webinars can now be viewed on the Hong Kong Metropolitan University's online e-CPD seminars platform.

Details of the Institute's video-recorded ECPD seminars are available in the Professional Development section of the Institute's website: www.hkcgi.org.hk.

For enquiries, please contact the Institute's Professional Development Section: 2830 6011, or email: cpd@hkcgi.org.hk.

ECPD forthcoming webinars

Date	Time	Topic	ECPD points
21 June 2022	4.00pm–5.30pm	How are governance professionals' DNA expected to change in today's risk environment?	1.5
22 June 2022	6.45pm–8.15pm	How to tackle governance challenges in setting up and maintaining Greater China entities with an integrated approach	1.5
28 June 2022	4.00pm–5.30pm	Economic substance in the British Virgin Islands: FAQs + what's new?	1.5
30 June 2022	6.45pm–8.15pm	Shareholder protection: core standards & investor relations	1.5

For details of forthcoming seminars/webinars, please visit the Professional Development section of the Institute's website: www.hkcgi.org.hk.

Membership

New graduates

The Institute would like to congratulate our new graduates listed below.

Cheung Yee Lee, Vivian	Lee Calvin Charles Ka-wing	Ng Wing Shan	Yip Lai Ching
Chiu Yu Kang	Lee Jonathan Chi Yee	Ng Wing Yan	Yiu Pui Sze
Fong So Yan	Li Wan Wa	Tai Siu Ting	
Hung Tsz Lam	Magamage L Thanusha Nepali	Xu Ai	

New Fellows

The Institute would like to congratulate the following Fellows elected in March 2022.

Ci Ying FCG HKFCG

Ms Ci is the President of Mingda Asset Management Company Ltd, and is responsible for overall management and development. Ms Ci has worked in the financial field for over 20 years and has accumulated a rich experience in investment banking and corporate governance advisory services. Ms Ci holds an MBA from the Graduate School of Business Administration at Fordham University.

Gan Li Wei FCG HKFCG

Mr Gan has been President and Chief Financial Officer at Avicopter PLC (SHEX: 600038) since 2020. He has more than 34 years' experience in the Mainland aviation industry. Mr Gan holds a bachelor's degree in engineering and a master's degree in engineering from Beijing University of Aeronautics and Astronautics.

Meng Xiangyun FCG HKFCG

Ms Meng currently serves as an Executive Director and Chief Executive Officer of Jianwei Digital Technology (Chongqing) Co Ltd. She is experienced in the design of management structure in corporate finance, and various financial control and operation modes of large corporate groups, as well as the design of business plans. Ms Meng holds a bachelor's degree in accounting from Beijing Wuzi University and a master's degree in management from Shanghai Academy of Social Sciences. She is also a PRC certified public accountant, a PRC asset appraiser, a PRC certified tax agent (non-practising member) and a senior accountant.

Sheng Ruisheng FCG HKFCG

Mr Sheng is the Secretary of the Board of Directors, Joint Company Secretary, the Brand Director and spokesperson of Ping An Insurance (Group) Company of China, Ltd (Stock Code: 2318). Mr Sheng obtained a bachelor's degree of arts from Nanjing University and an MBA from the Chinese University of Hong Kong.

Yang Liang FCG HKFCG

Mr Yang is currently the Vice President, the Secretary to the Board, Company Secretary and authorised representative of Livzon Pharmaceutical Group Inc (Stock Code: 1513). He is responsible for information disclosure, management of investor relations, standardised operations of the board of directors and the board of supervisors, as well as general meetings, and substantial capital operations. Mr Yang holds a bachelor's degree in management from Jinan University and a master's degree in management from South China University of Technology.

Sui Li FCG HKFCG

Secretary of the Board, Guangzhou Automobile Group Co Ltd (Stock Code: 2238)

CHARTERED GOVERNANCE
Hong Kong

Corporate Governance Paper Competition and Presentation Awards 2022

The annual Corporate Governance Paper Competition and Presentation Awards organised by the Institute aims to promote the importance of good governance among local undergraduates. This is a great opportunity for students to learn about teamwork and to research, write and present their thoughts on a selected theme. The topic this year entices applicants to evaluate the question – 'Do you think better governance leads to a better future for organisations?'

ENROL NOW!

Enrolment Deadline: Monday 6 June 2022
Paper Submission Deadline: Sunday 10 July 2022
Presentation Competition (for the six finalists): Saturday 17 September 2022

Awards

Best Paper: HKD11,000. The best paper will be published in the HKCGI monthly journal
Best Presentation: HKD6,000
Audience's Favourite Team: HKD2,000

For enquiries, please contact Ivy Ho: 2830 6013 or email: student@hkcgi.org.hk

Membership (continued)

Forthcoming membership activities

Date	Time	Event
18 June 2022	11.00am–12.00pm	Wellness series: detox yoga workshop (free webinar)
21 June 2022	1.00pm–2.00pm	Why 'coaching' is more effective than 'managing' in the workplace (free webinar)

For details of forthcoming membership activities, please visit the Events section of the Institute's website: www.hkcgi.org.hk.

Membership activities: May 2022

19 May

Wellness series: managing stress for a better life (free webinar)

Institute fee structure 2022/2023

The Council, having taken into consideration the current financial resources of the Institute, has approved the fee structure for members, graduates, students and Affiliated Persons for the financial year 2022/2023.

Subscription and related fees for members, graduates, students and Affiliated Persons for the year 2022/2023, which will apply from 1 July 2022 to 30 June 2023, are set out below.

Members and graduates

Items	Amount (HK$)
Annual subscription	
Fellows	2,620
Associates	2,240
Graduates (holding the status for less than 10 years, ie on or after 1 August 2012)	1,930
Graduates (holding the status for more than 10 years, ie before 1 August 2012)	2,620
Concessionary subscription	
Retired rate	500
Reduced rate	500
Hardship rate	1
Senior rate	100
Election fees	
Fellows (note 1)	1,000
Associates	2,000
Graduate advancement fee	1,930
Re-election fees	
Fellows	3,300
Associates	3,000
Graduates	2,500
Other fees	
Certificate replacement (member, graduate, Affiliated Person)	200 per copy
Membership or graduateship confirmation	250
Issue of physical membership or student card	200
Transcript application	200 per copy

The Mainland's Affiliated Persons Programme

Items	Amount (HK$)
Annual subscription	2,290
Registration fee (for new Affiliated Person who registered between 1 July and 31 December)	2,290
Registration fee (for new Affiliated Person who registered between 1 January and 30 June)	1,145

Membership (continued)

Students

Items	Amount (HK$)
Studentship registration	
Registration fee (note 2)	1,280 (effective until 31 December 2022) 1,400 (effective from 1 January 2023)
Re-registration fee (note 2)	1,500 (effective until 31 December 2022) 1,650 (effective from 1 January 2023)
Renewal fee	800
Late studentship registration administration charge (note 3)	650
Examinations and exemptions	
Examination fee (note 2)	1,100 per module (effective until 31 December 2022) 1,400 per module (effective from 1 January 2023)
Examination postponement fee	850 per module
Examination appeal fee	2,200 per module
Exemption fee (note 2)	1,100 per module (effective until 31 December 2022) 1,400 per module (effective from 1 January 2023)
Exemption re-application fee (note 4)	700 per application
Exemption appeal application fee (note 5)	1,400
Other fees	
Transcript application	200 per copy
Examination technique workshop	500 per workshop
CCA late registration charge (note 6)	450 per month

Notes:

1. The special rate for the Fellow election fee at HK$1,000 will continue to be applicable during the year 2022/2023.

2. For the increment in studentship and related fees for registration, re-registration, examinations and exemptions, the Council resolved to offer a six-month concessionary period to students in view of the current economic and pandemic situation. The new fees will take effect from 1 January 2023.

3. An administration charge will be applied to late studentship registrations submitted within the following specified periods for taking the corresponding examinations in November and June.

Late studentship registration period	Examination diet
1–15 August 2022	November 2022
1–15 February 2023	June 2023

4. An additional administration charge for each exemption reapplication will be applied to students who do not settle their exemption fees within the designated period following the approved exemption.

5. An application fee will be applied to each exemption appeal application with effect from 1 July 2022.

6. For students who enrol in the Institute's Collaborative Course Agreement (CCA) programmes, a monthly administration charge will be applied to late studentship registration submitted after the designated deadline.

All members, graduates and students must renew their status with the Institute by settling the respective annual subscription fee. The renewal notice and the debit note for the year 2022/2023 will be sent to all members, graduates and students by email in early July 2022. They should settle their payment no later than Friday 30 September 2022. Failure to pay by the deadline will constitute grounds for membership, graduateship or studentship removal.

For enquiries, please contact the Institute's Secretariat: 2881 6177, or email as appropriate: member@hkcgi.org.hk, or student@hkcgi.org.hk.

Reissue of Institute membership certificate

Following the name change and launch of the new brand, the Institute is pleased to announce that new membership certificates under the new name and logo will be issued to members in phases.

Members who hold the post-nominal of HKFCG (for Fellows) or HKACG (for Associates) will be eligible for the new membership certificate, and can collect the certificate at the Hong Kong Secretariat office in person during the collection period set out below:

Phase	Collection Period	Eligible members
1	1–30 June 2022	- All Fellows - Associates elected after the name change (ie July 2021)
2	2–30 July 2022	Associates with surname A to E
3	1–31 August 2022	Associates with surname F to Lee
4	1–30 September 2022	Associates with surname Lei to S
5	3–31 October 2022	Associates with surname T to Z

The Secretariat will inform eligible members individually about the collection arrangement by email in due course.

For enquiries, please contact the Membership Section: 2881 6177, or email: member@hkcgi.org.hk.

Advocacy

Institute survey on studentship services 2022

The Institute launched its new qualifying programme – the Chartered Governance Qualifying Programme (CGQP) – in January 2020, and has endeavoured to enhance support and services to students to better prepare them for their studies and examinations.

Following the unveiling of the Institute's new brand identity and revamped website on 20 January 2022, the Institute has been organising a series of celebratory activities, aimed at broadening the authority of the Institute and to promote the concept of 'Better Governance. Better Future'. In addition, the Institute has been working to enhance services for its students.

With this in mind, a studentship survey was circulated on 7 April 2022, with the intention of enriching the Institute's services to students through constructive feedback. The Institute will share the results of this survey on 23 June 2022 at a webinar titled Students Gathering: Fireside Chat with Education Committee Chairman, where Ms Stella Lo FCG HKFCG(PE), Education Committee Chairman, Professor CK Low FCG HKFCG, Education Committee Vice-Chairman, and Mr Tom Chau FCG HKFCG, Education Committee Vice-Chairman, will report the results of the survey and respond to the students' questions and concerns received from the survey.

As a token of appreciation to those who contributed to the survey, the Institute awarded each participant with one online learning video subscription from 13 to 20 May 2022.

Mask donations to People Service Centre in Hong Kong (PSCHK)

One of the Institute's missions is to support the government in fighting the spread of Covid-19 in Hong Kong. On 6 May 2022, the Institute donated 9,000 masks to PSCHK in an effort to relieve the effects of the pandemic among the most vulnerable and marginalised groups in Hong Kong, including the elderly and the unemployed, and other minority groups.

PSCHK was established in 2002 with the purpose of responding to the growing disparity between the rich and the poor in society, providing services to poor families and the elderly, promoting social reform and building an equal and just society.

The Institute will continue to contribute and support the government in alleviating the effects of the pandemic.

CHARTERED GOVERNANCE Hong Kong

13th Biennial Corporate Governance Conference 2022

Repurposing in Changing Times - The Company, Governance and the Governance Professional

23 September 2022 (Hybrid Mode)

9.00am – 5.00pm

JW Marriott Hotel Hong Kong

For enquiries, please contact the Institute's Professional Development Section: 2881 6177, or email: cpd@hkcgi.org.hk.

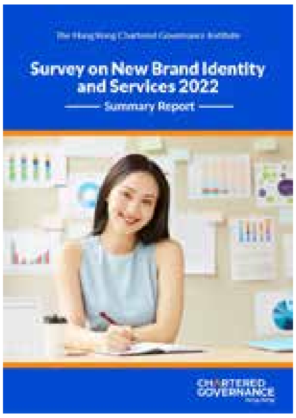
The economic, social, environmental issues, especially on climate change, as well as technology and diversity present key governance issues to Hong Kong's competitive advantages which governance professionals, directors and senior management need to know.

The 13th Biennial Corporate Governance Conference (CGC 2022) will examine not only these issues and related governance challenges, but also how companies and other organisations need to repurpose themselves to implement applied governance.

The thought leadership from CGC 2022 aims to facilitate corporate players and all those involved with governance thoughts on their purpose, strategy and dealing with emerging governance and regulatory concerns of stakeholders to engender better governance for a better future.

The Hong Kong Chartered Governance Institute 香港公司治理公會 (Incorporated in Hong Kong with limited liability by guarantee)

Advocacy (continued)



Institute survey on new brand identity and services 2022

The Institute has recently undergone a repositioning exercise to broaden the general perception of the governance role of company secretaries. Integral to this exercise was the launch in 2019 of the dual qualification of Chartered Secretary and Chartered Governance Professional (CS/CGP), and the launch in 2020 of an updated qualifying programme – the CGQP. The CGQP, together with the CPD services offered by the Institute, provides focused and comprehensive education and training to the Institute's members and students on governance, board dynamics and risk management, amongst others.

More recent milestones include the Institute's change of name to The Hong Kong Chartered Governance Institute (HKCGI) in July 2021, plus the rebranding and website revamp in January 2022. As a professional membership body, the Institute values engagement with its members. A members' online survey, published in March this year, was one such engagement initiative, designed to seek members' feedback on the new brand and revamped website, as well as the services that the Institute provides.

In June, the Institute published a summary report of the Survey on the New Brand Identity and Services 2022. 1,797 individuals responded to the survey, constituting approximately 18% of the total number of members, graduates and students. Of the respondents, 89% were members, 7% graduates and 4% students. Highlights of the survey findings and the responses from the Institute were also discussed at the President's Forum: A New Vision 2022, which was held on 7 April 2022.

The Institute would like to thank those members, graduates and students who contributed their time and provided valuable feedback through the survey and the President's Forum. The feedback will help us better understand and meet the needs of our members, graduates and students.

For more information on the survey results, please visit the Institute's website at www.hkcgi.org.hk.

New survey report

The Institute, together with Corporate Secretaries International Association Ltd (CSIA) and Ernst & Young Advisory Services Ltd (EY), published a survey report – Roles of Governance Professionals in Today's Post-Pandemic and Dynamically Changing Risk Environment (Survey Report) – that includes feedback from over over 1,700 participants from CSIA member countries globally.

The Survey Report highlights the emerging trends, as elevated by the Covid-19 pandemic and other global business disruptions. In the current fast-paced environment, governance professionals face the daunting task of ensuring that the board continues to be equipped with the right tools to address the risks and opportunities that disruptive global events pose to their organisations. The Survey Report also discusses how the future DNA of governance should be embedded with the ability to proactively respond to changes, staying relevant and demonstrating the ability to harness technology.

In addition, the Survey Report includes a Special Report on Hong Kong (Special Report), highlighting specific findings based on Hong Kong–based respondents to the survey. In this Special Report, the technology-related opportunities that may be able to drive immediate advances in the current dynamically changing risk environment are explored.

Please visit the Institute's website for more information.

The 62nd Affiliated Persons ECPD webinars

The Institute held its 62nd Affiliated Persons (APs) ECPD webinars, under the theme of M&A and Transaction Management, from 18 to 20 May 2022. The webinars attracted over 90 participants, mainly comprising board secretaries and equivalent personnel, directors, supervisors, CFOs and other senior management from companies listed or to-be-listed overseas and in the Mainland.

Speakers shared their insights and experience on the following topics:

- regulatory update and focus of the M&A, and restructuring of listed companies
- hotspots, opportunities and success factors in the Mainland's M&A market
- interpretation of the Institute's Guidelines on Practices of Connected Transaction of Companies Listed in Hong Kong and the Mainland
- M&A – due diligence and risk prevention
- continuous liabilities of directors of listed companies in transactions and analysis of recent penalty cases
- experience sharing: overseas M&A practice of Luoyang Molybdenum Co Ltd, and
- perspectives of different market stakeholders on Hong Kong's SPAC regime.

The Institute would like to express its appreciation to all the speakers and participants for their support and participation.

Chartered Governance Qualifying Programme (CGQP)

June 2022 examination diet

Candidates who were unable to attend the scheduled CGQP June 2022 examinations may apply for examination postponement by submitting a relevant medical certificate and/or supporting document(s). All applications must be submitted to the Institute on or before Friday 8 July 2022.

For details, please visit the Examinations page under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.

For enquiries, please contact Leaf Tai: 2830 6010, or email: exam@hkcgi.org.hk.

Studentship activities: May 2022

26 May

Governance Professionals Information Session (English session)

Forthcoming studentship activities

Date	Time	Event
22 June 2022	1.00pm–2.00pm	Governance Professionals Information Session (Putonghua session)
23 June 2022	1.00pm–2.00pm	Students Gathering (3): Fireside Chat with Education Committee Chairman

Learning support for CGQP examinations preparation

HKU SPACE CGQP Examination Preparatory Programme – autumn 2022 intake

HKU SPACE has been endorsed by the Institute to organise the CGQP Examination Preparatory Programme, which helps students to prepare for the CGQP examinations. One assignment and one take-home mock examination will be provided to students. There are 36 contact hours for each module, except for Hong Kong Company Law, which has 45 contact hours. The autumn 2022 intake will commence in September 2022.

For details, please contact HKU SPACE: 2867 8485, or email: hkcgi@hkuspace.hku.hk.

Student gatherings

Free access to videos of the student gatherings are available on the Institute's website. Students are welcome to view these videos to learn from the experience of some top students on preparing for the CGQP examinations, how to use the PrimeLaw online platform and how to study for the CGQP examinations.

For details, please visit the Students Gathering page under the Learning Support subpage of Studentship section of the Institute's website: www.hkcgi.org.hk.

Examination technique online workshops and student seminars

Video-recorded examination technique online workshops and student seminars are available for subscription to assist with preparing for the CGQP examinations.

For details, please visit the Online Learning Video Subscription page under the Learning Support subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.

Fast Track Professional Route

An accelerated route to become a Chartered Secretary and Chartered Governance Professional

Qualified lawyers or accountants with more than five years of relevant post-qualifying experience may now be eligible for membership of CGI and HKCGI by completing only two of the seven modules, namely Corporate Governance and Risk Management, of the qualifying programme (CGQP) of CGI and HKCGI. Please visit the Institute's website for more information on the Fast Track Professional route!

Qualified lawyers or accountants with 5+ years of relevant post-qualifying experience → **Completion of two CGQP modules: Corporate Governance and Risk Management** → **Become a CGI & HKCGI member**

All applications are subject to the final decision of the Institute. For details, please visit the Exemption - Fast Track Professional page, under the subsection Chartered Governance Qualifying Programme of Studentship section of the Institute's website: www.hkcgi.org.hk.

For enquiries, please contact Leaf Tai: 2830 6010 or Lily Or: 2830 6039, or email: student@hkcgi.org.hk.

CHARTERED GOVERNANCE Hong Kong

The Hong Kong Chartered Governance Institute 香港公司治理公會 (Incorporated in Hong Kong with limited liability by guarantee)

Notice

New CGQP exemption policy

With effect from 1 July 2022, all exemption appeal applications shall be subject to payment of an exemption appeal application fee. The latest fee schedule is available on Institute's website.

For details, please visit the Exemptions page under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.

Update of the CGQP syllabus and study materials

The syllabus and online study materials for the following CGQP modules have been updated. With effect from the November 2022 examination diet and onwards, the new syllabus will be incorporated into the following examinations:

- Corporate Governance
- Corporate Secretaryship and Compliance
- Boardroom Dynamics
- Interpreting Financial and Accounting Information
- Risk Management

In addition to the updated study materials, the list of resources from the Companies Registry and Hong Kong Exchanges and Clearing Ltd, syllabus, examination paper, mark scheme and examiners' report of the eight CGQP modules are available on the PrimeLaw online platform.

For details, please visit the Syllabus page under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.

Policy – payment reminder

Studentship renewal

New policy effective from 1 July 2021

Institute students whose studentship expires in April, May or June 2022 should have received their renewal notice by email on 1 April 2022. Please be reminded to settle the renewal fee by Thursday 30 June 2022.

Failure to settle the renewal fee by the deadline will result in the removal of studentship from the student register.

For enquiries, please contact the Institute's Studentship Registration Section: 2881 6177, or email: student_reg@hkcgi.org.hk.

Featured job openings

Company name	Position
Ronald Tong & Co	Company Secretarial Assistant/Officer

For details of job openings, please visit the Jobs in Governance section of the Institute's website: www.hkcgi.org.hk.

HKEX website changes

New website additions relating to diversity and ESG

Hong Kong Exchanges and Clearing Ltd (HKEX) has launched a new diversity repository and introduced an 'ESG in Practice' section to its ESG Academy on its website.

The new repository, Board Diversity & Inclusion in Focus, aims to improve access to information on, and transparency around, board diversity, enabling investors and other stakeholders to stay informed of businesses' policy and approach to good governance and board diversity. Data regarding each issuer's board of directors by age, gender and years of tenure will be available on the centralised platform. Issuers, investors and stakeholders are able to choose a particular industry sector to facilitate assessment of the company's performance against peers.

The new 'ESG in Practice' section highlights the HKEX's latest ESG regulatory developments and provides examples of exemplary ESG practices amongst its issuers. The new addition is part of its ongoing efforts to provide timely, relevant and useful guidance and information to the market. HKEX will continue to review its ESG framework, prioritising board governance and climate-related disclosures – including further alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and adoption of the new standards under development by the International Sustainability Standards Board under the International Financial Reporting Standards Foundation.

Unification of the Main Board and GEM websites

With effect from 28 May 2022, the websites of the Main Board and GEM have been unified to align corporate branding and optimise the technical infrastructure of HKEX. Amendments to the Listing Rules to reflect the websites, unification (Websites Unification Rule Amendments) came into effect on the same day.

All material information on the current GEM website has been migrated and merged with the HKEX website and the HKEXnews website, except for information that is outdated. The HKEX website and the HKEXnews website now have designated GEM section(s) where the public may access, among other information, daily quotations of GEM listed issuers, new listing information of GEM applicants and progress reports of GEM listing applications.

Corporate communications, disclosure of interest notices and other information previously published on the HKEXnews website in relation to GEM listed issuers and Application Proofs and related materials of GEM new applicants will continue to be available for public access at the same locations on the HKEXnews website.

More information is available on the HKEX website: www.hkex.com.hk.

Privacy update

Charges laid in doxxing case

Last month, the Office of the Privacy Commissioner for Personal Data (PCPD) laid charges in Hong Kong's first arrest case related to doxxing since the Personal Data (Privacy) (Amendment) Ordinance 2021 (PDPO) came into operation in October 2021. A total of four charges of 'disclosing personal data without consent', contrary to Section 64(3A) of the PDPO, were laid against a defendant suspected of disclosing the personal data of two persons in October 2021 without their consent on a social media platform in a money dispute.

The personal data disclosed included names, mobile phone number, occupation, residential address and names of their employers. The PCPD arrested the defendant on 13 December 2021, which was the first arrest in relation to a doxxing offence. Pursuant to Section 64(3A), a person commits an offence if the person discloses any personal data of a data subject without the relevant consent of the data subject:

- with an intent to cause any specified harm to the data subject or any family member of the data subject, or

Privacy update (continued)

- being reckless as to whether any specified harm would be, or would likely be, caused to the data subject or any family member of the data subject.

A person who commits an offence under this section is liable on conviction to a fine of HK$100,000 and imprisonment for two years.

Review of social media privacy settings

In April this year, the PCPD released a report – Comparison of Privacy Settings of Social Media – after a review of the top 10 most commonly used social media platforms in Hong Kong, including Facebook, Facebook Messenger, Instagram, LINE, LinkedIn, Skype, Twitter, WeChat, WhatsApp and YouTube (in alphabetical order).

The review looked at the performance of the 10 social media channels in terms of their privacy functions, privacy policies and the usability of privacy dashboards. It found that, while all of the social media channels reviewed had privacy policies in place, only Twitter, WeChat and YouTube received the highest scores for readability of their privacy policies. The others failed to score full marks mainly due to their lack of infographics, tables or short videos in illustrating their privacy policies.

All of the privacy policies explicitly state that users' personal data would be transferred to their affiliated companies.

Other findings of the survey include those set out below.

- The social media channels reviewed collect a wide variety of personal data, including users' location data.
- In terms of the default privacy settings, the age and telephone number of a user do not need to be disclosed by Skype and YouTube, while the other social media reviewed require disclosure of users' personal data such as age, location, email address or telephone number by default.
- Apart from WeChat, all other instant messaging applications reviewed, including Facebook Messenger, LINE, Skype and WhatsApp, deploy end-to-end encryption in the transmission of messages between users.
- Except for LINE, all other social media reviewed provide two-factor authentication.
- Most of the social media reviewed retain users' credit card data.
- Facebook, LINE, WeChat and YouTube all allow users to disseminate posts to specific individuals or groups, and modify the privacy settings of the contents after posting.

The publication of the report should be a reminder to users of social media not to neglect the risks posed to their personal data privacy, said the Privacy Commissioner for Personal Data, Ada Chung Lai-ling. Such risks may include the abuse of personal data, data scrapping or data leakage. Personal data that is openly available may also be used by others for the purposes of doxxing, cyberbullying, phishing, or other illegal activities, leading to property loss and even physical or psychological harm of the victims.

'I call for greater vigilance and smart use of social media when users surf or communicate online in order to reduce the risks posed to personal data privacy,' Ms Chung said.

The report (Chinese version only with bilingual comparison table) can be downloaded from the PCPD's website: www.pcpd.org.hk.