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HKCSS
NGO TRAINING ON ESG

20 MAR 2023



INDIVIDUAL DREAMS • COLLECTIVE IMPACT

TODAY'S OBJECTIVES

1. The difference between SDG and ESG
2. SDG and ESG in relations to NGOs/SE sustainable service model
3. How to use this tool to drive and measure impact
4. Emphasizing the importance of presenting the SDG and ESG message to other stakeholders or businesses

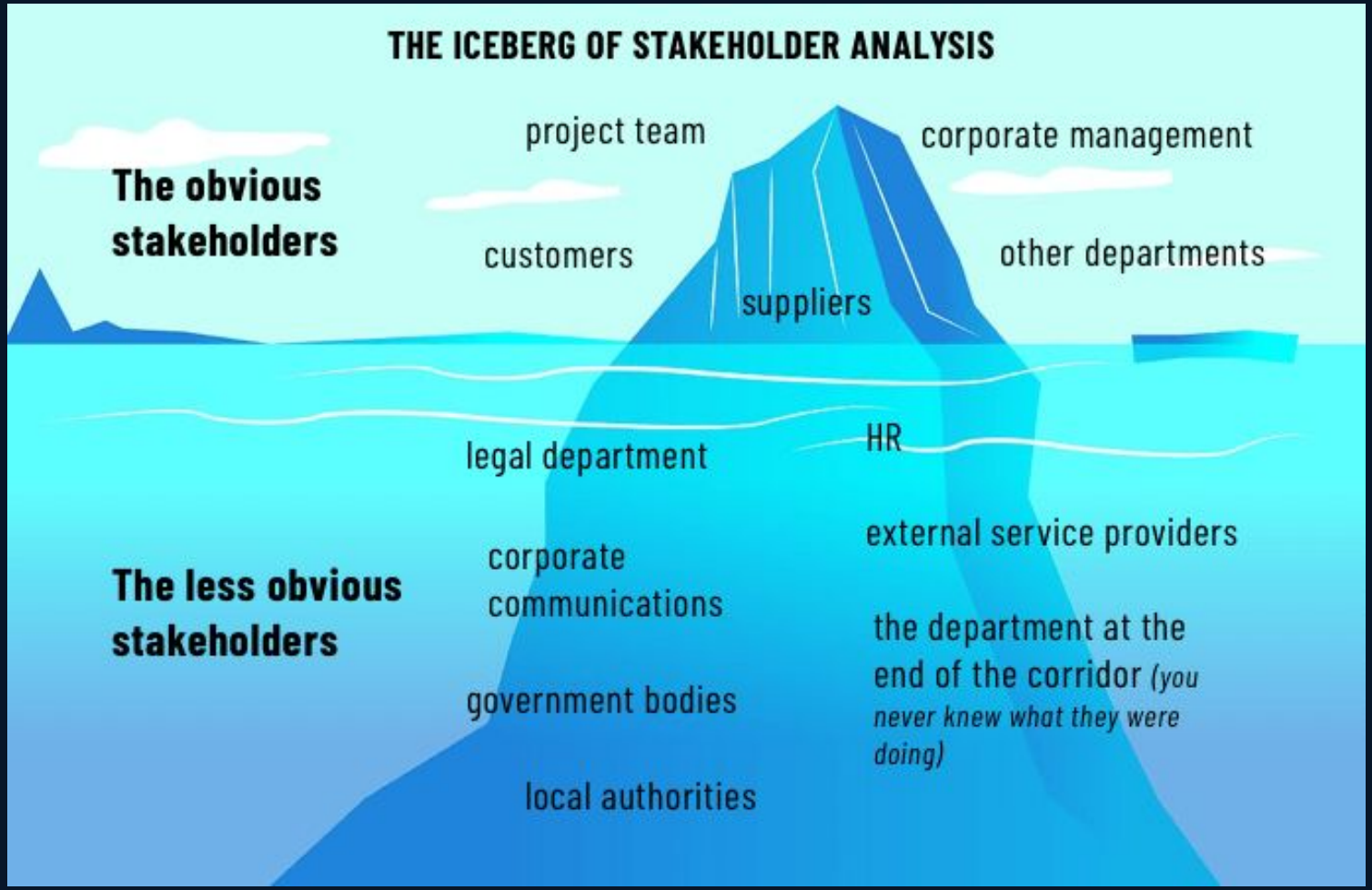
ESSENTIALS:
WHAT IS ESG?

Environmental

Social

Governance





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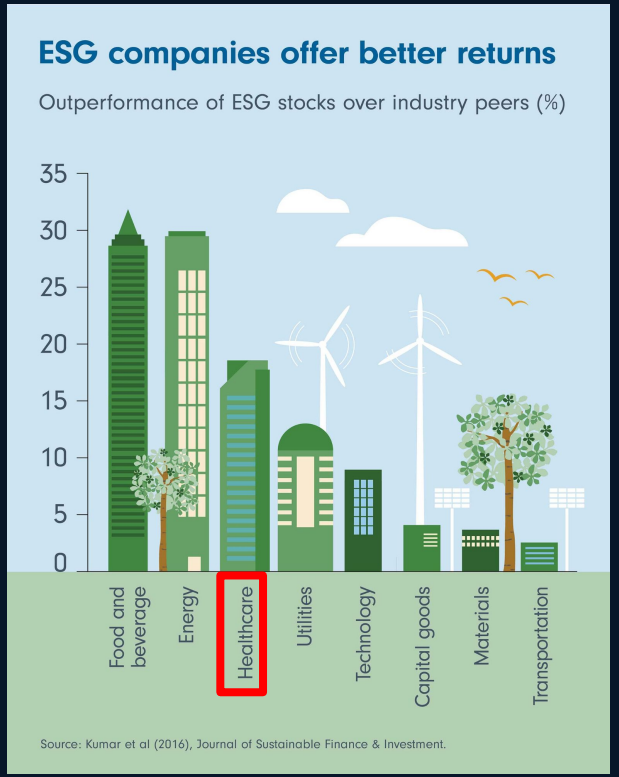
ESG + UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



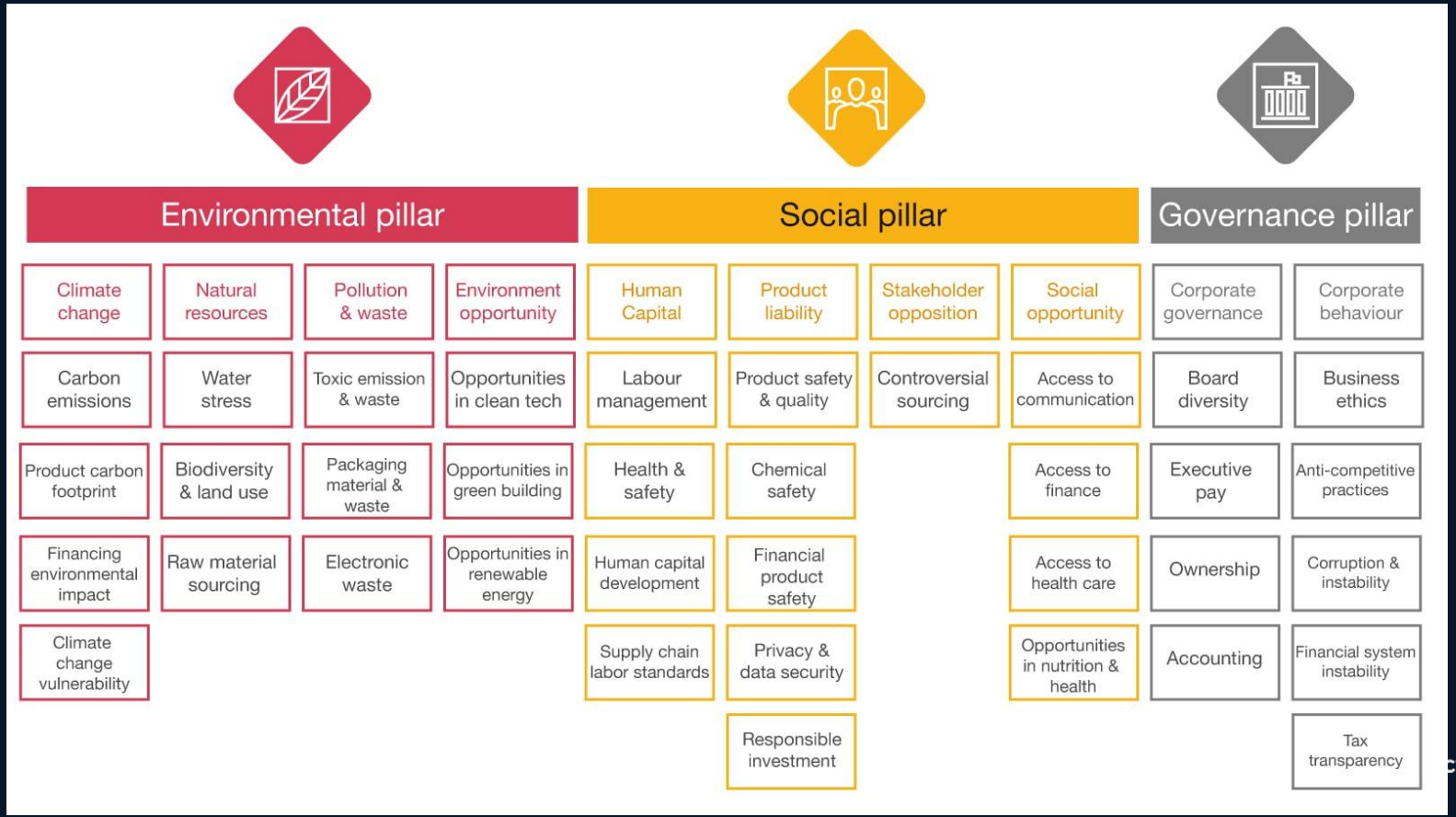
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Outperforming Your Peers by 15-20%





ESG Key Issues



WHO Action Plan: 7 Accelerator Themes

1. Primary health care

2. Sustainable financing for health

3. Community and civil society engagement

4. **Determinants of health beyond medicine**

5. Innovative programming in fragile and vulnerable settings and for disease outbreak responses

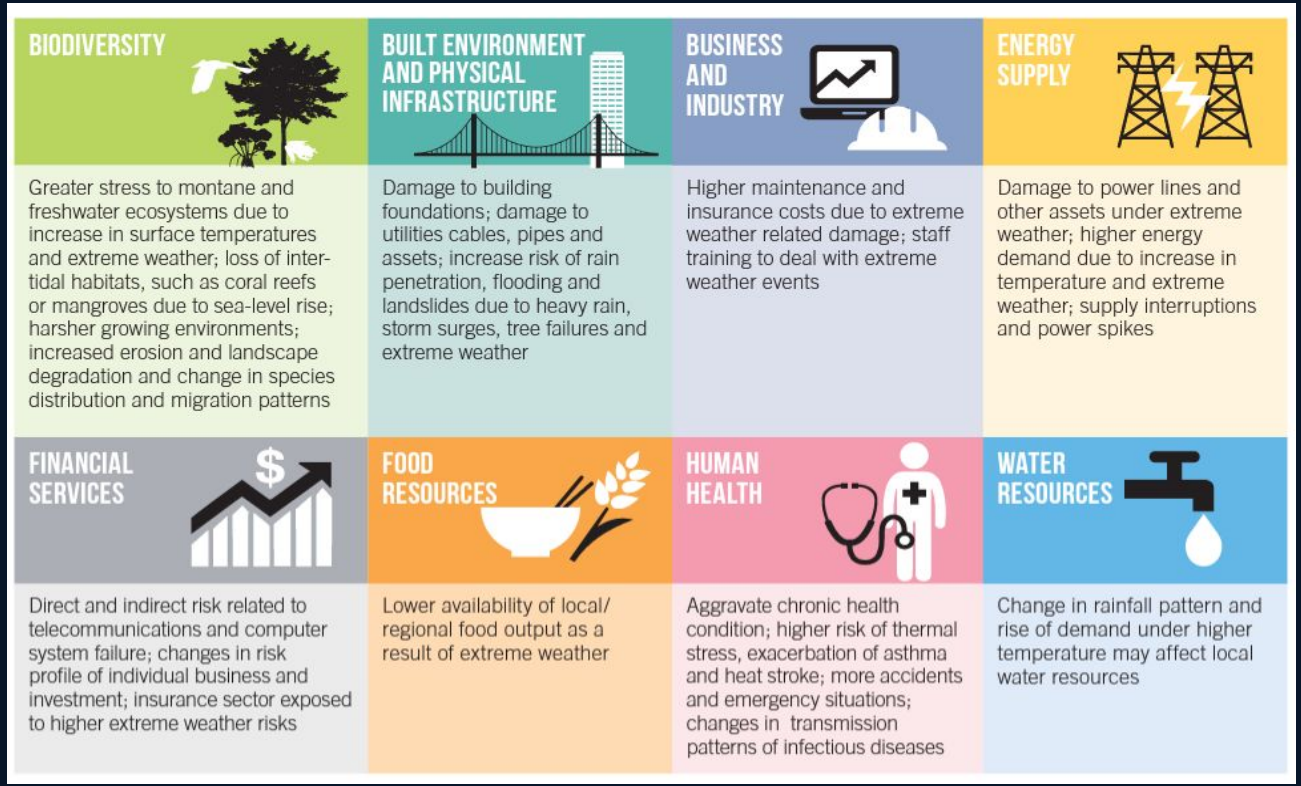
6. Research and Development, Innovation and Access

7. Data and digital health



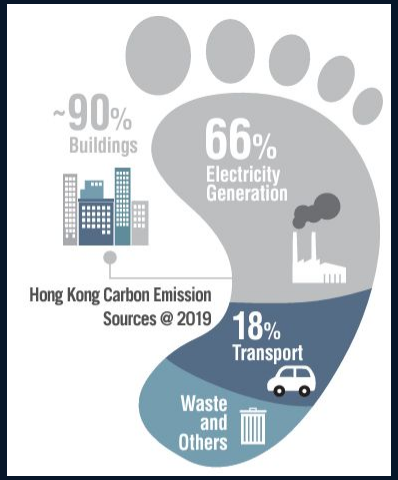
ESG IN HONG KONG

Major Climate Change Impacts on Hong Kong



Source: Hong Kong Climate Action Plan 2030+

2050 Hong Kong Climate Action Targets



Medium-term targets: Reduce the electricity consumption of commercial buildings by 15% to 20%, and that of residential buildings by 10% to 15% by 2035

Net-zero Electricity Generation

Long-term target : Net-zero carbon emissions in electricity generation before 2050

Climate budget

In the next 15 to 20 years, devote about

240 billion

to support mitigation and adaptation measures to combat climate change

Green Transport

Long-term target: Zero carbon emissions from vehicles and transport sector before 2050

INVESTORS AND BOARD'S CONCERNS: IMPACT BEYOND REPORTING

ESG: Transparency Comes First

Several of the global frameworks - including Moody's S&P MSCI, PWC put **Social** factors on top for companies - with **Transparency** in pricing and sourcing, product safety standards and quality and responsible innovations being the top factors.

Second most important factor is **governance**: Leadership of company values, Systems in place to ensure transparency and quality, and Outcomes such as controversies and controversy management are on top

Aggressively set quantifiable targets

Our targets

Environment targets

- **Become carbon neutral** in our own operations (Scope 1 and 2) and include environmental criteria in all supplier contracts by 2025.
- **Achieve full carbon neutrality** across the value chain (Scope 1, 2, and 3) by 2030
- **Reduce water consumption** in our operations by half by 2025 (vs. 2016), with no water quality impacts from the manufacturing of our products
- **Be water neutral** in all areas of our operations by 2030 while enhancing water quality wherever we operate
- **Eliminate polyvinyl chloride** in packaging (secondary and tertiary packaging; primary packaging when feasible) by 2025
- **Reduce the amount of waste** sent for disposal by half by 2025 (vs. 2016)
- **Be plastic neutral** by 2030, with all new products meeting sustainable design principles

Diversity and inclusion

- **Achieve gender balance** in management by 2023
- **Close the gender pay gap** by 2023

Training and development

- **Invest USD 100 million** in learning over five years from 2019

Transparency in Impact Measurement

Indicator	Results [1, 2]	Remarks
Social		
Living wages	USD 2.2 bn	Own operations USD 1 bn, indirect USD 1.2 bn
Employee development	USD 1.5 bn	Own operations USD 80 m, indirect USD 697 m, induced USD 775 m
Occupational safety	-USD 1.8 bn	Own operations USD 461 m, indirect USD 767 m, induced USD 561 m
Other human capital impacts		Employee well-being, voluntary turnover, human rights beyond living wages not valued in 2019
Products	USD 219 bn	Based on 54 Innovative Medicines brands and 40 Sandoz products in 132 countries
Environmental		
Climate, energy and air pollution	-USD 3.80 bn	Own operations USD 164 m, indirect USD 1.4 bn, induced USD 2.2 bn
Water and waste	-USD 1.03 bn	Own operations USD 15 m, indirect USD 322 m, induced USD 542 m, downstream USD 152 m
Land use	-USD 1.71 bn	Own operations USD 43 000, indirect USD 266 m, induced USD 1.441 m
Other environmental impacts		Biodiversity not valued in 2019
Economic		
GDP contribution	USD 90.4 bn	Own operations USD 52.1 bn, indirect impacts USD 17.7 bn, induced impacts USD 20.6 bn
Employment	974 000 FTEs	Own operations 104 000 FTEs, indirect 351 000 FTEs, induced 519 000 FTEs
Economic inefficiencies		Not valued in 2019 – no methodology available
Total taxes		Not valued globally in 2019

[1] Our methodology is based on leading approaches including WifOR (social impact of medicines, direct GDP contribution, indirect and induced environmental and economic impacts), Valuing Nature (social impact of wages and salaries), VBA (employee development, occupational safety, waste, land use) and Impact Valuation Roundtable (general approach).
[2] Data represent continuing operations.

How	What	What	How



ESG Materiality

- Development and Stable Supply of Socially Significant Products and Services (Happiness with Vision)
- Encouragement of an Organizational Culture that Promotes Value Creation
- Strengthening Governance, Contributing to the Realization of Fair and Equal Society
- Conservation of the Global Environment

Santen

Imagine Your Happiness



Sustainability Policy

Aim to reduce the loss of social and economic opportunities for people around the world due to eye conditions.

VALUES

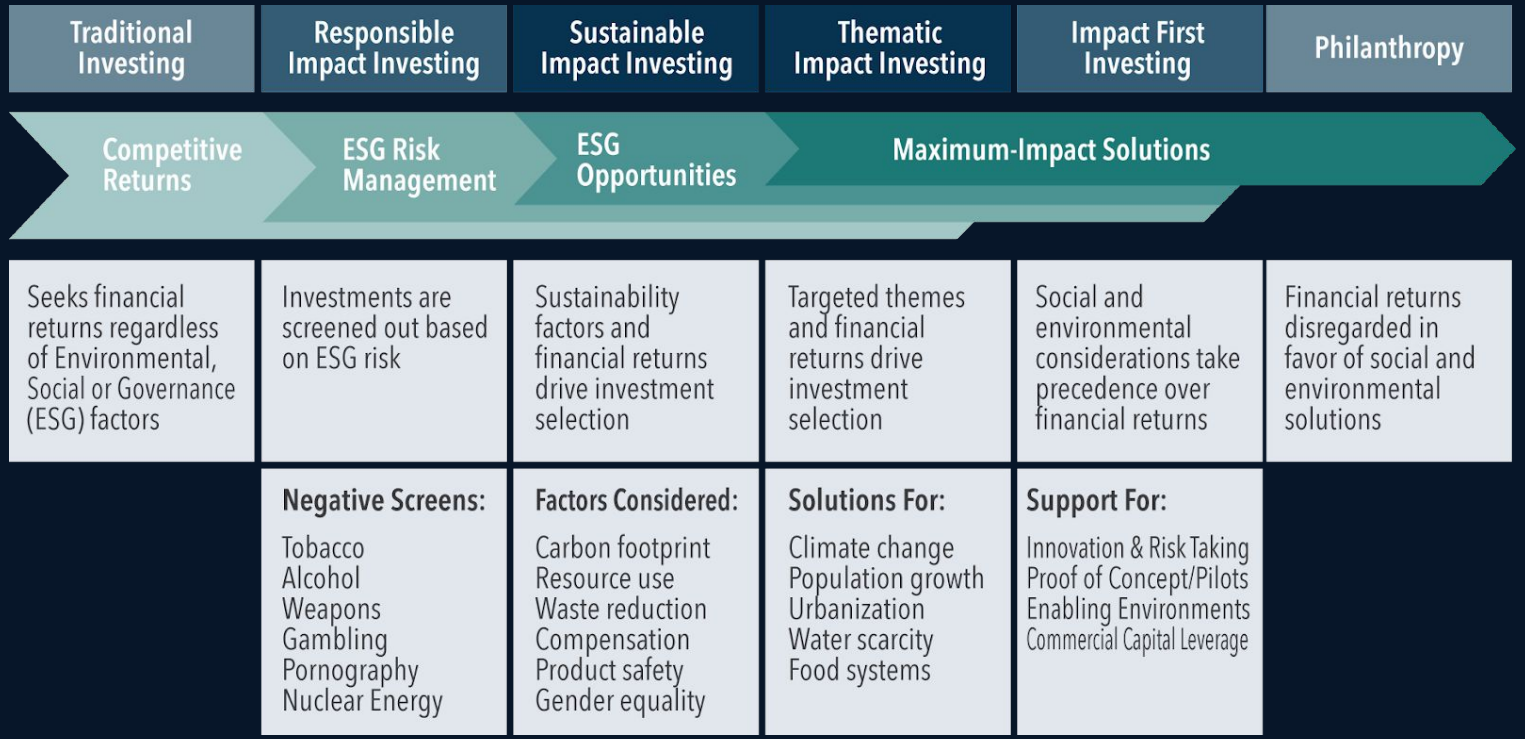


STRATEGY

- **Ophthalmology**
  Innovation in Ophthalmology and Acceleration of Ecosystem Development
- **Wellness**
  Awareness and Proactive Care Toward Better Eye Condition
- **Inclusion**
  Build Society that is Inclusive of Blind/ Visually Impaired People

WHAT CAN WE DO BEYOND ESG REPORTING?

ESG to impact investing strategies



Source: SoPact

ESG & INVESTORS

Investors react strongly to news about how products affected customers, such as changes in safety, affordability, or consumer privacy.

Source: Kellogg Insights 2021

The Links Between ESG And Financial Performance



Source: S&P Global Ratings.
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STAKEHOLDER ENGAGEMENT

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Largest Social Innovation Hub in Hong Kong



INDIVIDUAL DREAMS • COLLECTIVE IMPACT

Dream Impact is a:

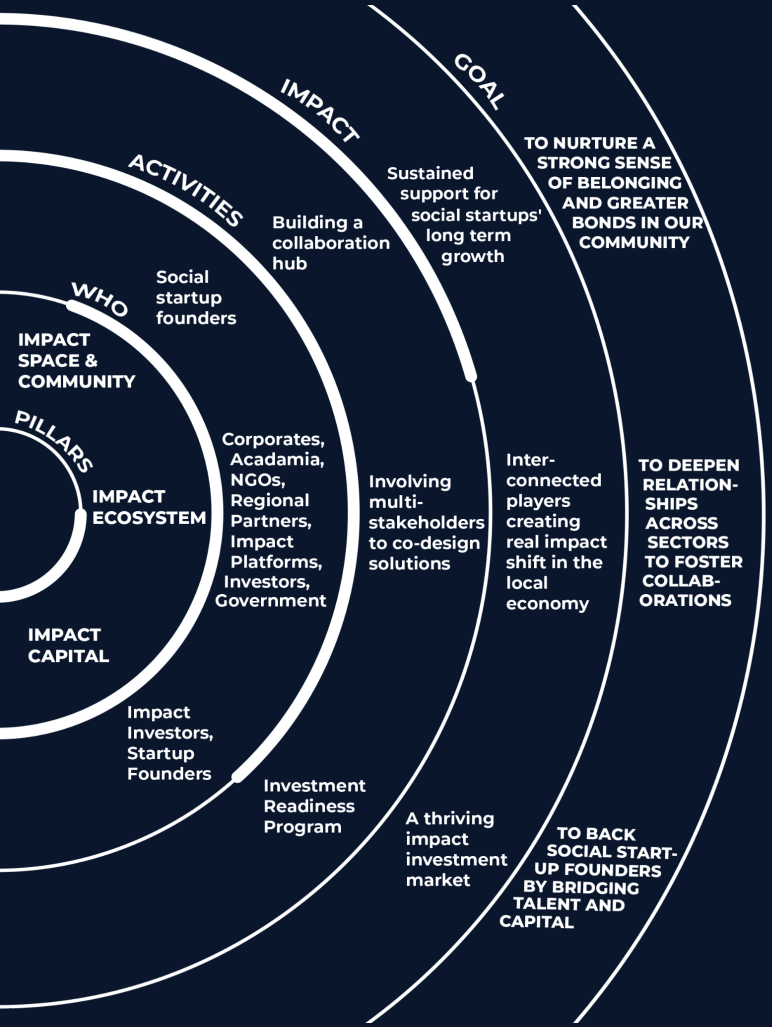
Impact Resource Bridging Platform

Impact Ecosystem Builder

Catalyst to Impactful Social Innovations




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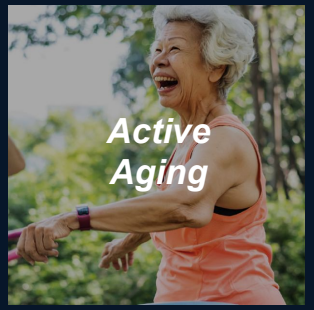


Our Theory of Change

SDG Roadmap Impact Themes



















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Social Innovation in NGOs



SUSTAINABILITY



PARENTING



YOUNG-OLD & RETIREE



YOUTH



PEOPLE OF DIFFERENCES



LOCAL CULTURE



MENTAL WELLNESS



PHYSICAL WELLBEING

Partnerships for the Good: Social Solutions

COMPANY	WHAT THEY PROVIDE	SOCIAL VALUE
ELDPATHY	• Customer experience and understanding • Employees to experience how it is like to be an elderly	Support intergeneration, young-old and youth inclusion and understanding.
INCLUSIVE IMPACT	• Experiential workshops on **empathy** through wheelchair experience	Support **POD (people of differences)** trainers and amplify empathy and respect at the workplace.
KAI FONG TOUR	• Local **heritage & cultural tours** of district communities in Hong Kong, local tour-guide empowerment programs	Enhance **local community's** understanding of Chinese Medicine brand history
CODEKEY COOKIES	• Impact **gifting** solutions, social inclusion workshop with braille education and blinded cookie baking class	Support **eye drop** brands with the visually impaired through cookies with **braille** messages.

HOW CAN WE START?

ESG SCORECARD 2021 – 2023

ENVIRONMENT

Natural gas emissions

% Reduction of Total Natural Gas Emissions (vs 2015)

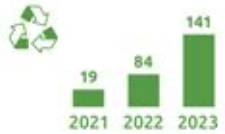
-25.1% 2021 > -36% 2023

% Natural Gas Recovered from Maintenance Activities

> 40% Avg. Last 5 Years — Annually till 2023

New Business – Green Innovation

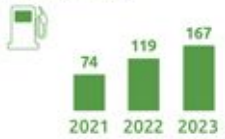
Production of Biomethane (in MScM)



Reduction of CO_2 emissions from Energy Efficiency Interventions (ktons of CO_{2eq})



Cumulative Number of CNG and L-CNG Stations



Supply of LNG Volumes from ssLNG Infrastructure by 2023

250 Ktons — By 2023

Land Protection & Biodiversity

% of Vegetation Restoration of the Natural and Semi-Natural Areas Involved in the Construction of the Pipeline Routing

> 99% — Annually till 2023

Energy Savings of Operational Management

MWh of Electricity Production by Photovoltaic Plants

> 860 MWh — Annually till 2023

% of Retrofit & Methane-Fuelled Cars out of Total Car Fleet



SOCIAL

Gender Diversity & Inclusion

% of Women in Executive and Middle-Management Roles

21.75% 2021 > 25% 2023

% of Women in Succession Planning

25% 2021 > 27% 2023

Welfare

% Participation in Welfare Initiatives



Safety

IpFG (Combined Frequency & Severity Index)

< Average of Last 5 Years — Annually till 2023

No. of HS Remarks / No. of Total Audits Conducted (External and Internal)

< Average of Last 5 Years — Annually till 2023

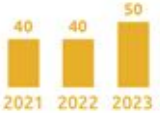
Employee Engagement

% Employee Engagement Index



Responsible supply

% spending to local suppliers on total procurement



Increase Third Sector Suppliers in Vendor List



Local Community Engagement

% Employees Hours devoted to SNAM Foundation's Initiatives Supporting Local Communities



GOVERNANCE

Governance Functioning and Structure

% of BoD Time Dedicated to ESG Matters in Strategy Meetings and Induction Sessions

At least 40% — Annually till 2023

Infrastructure Reliability

Average Annual Customer Satisfaction Rate in Terms of Service Quality

2021 7.8/10 > 2023 8.1/10

% of Reliability Levels on Gas Supply

99.9% — Annually till 2023

Anti – Corruption

% of Third Party Counterparts on which Reputational Due Diligence Checks have been Performed

100% — Annually till 2023

ESG Integration in NGOs

1) SOCIAL PRESSURE

2) INVESTOR'S EXPECTATION

3) INTERNAL BUSINESS OPERATIONS

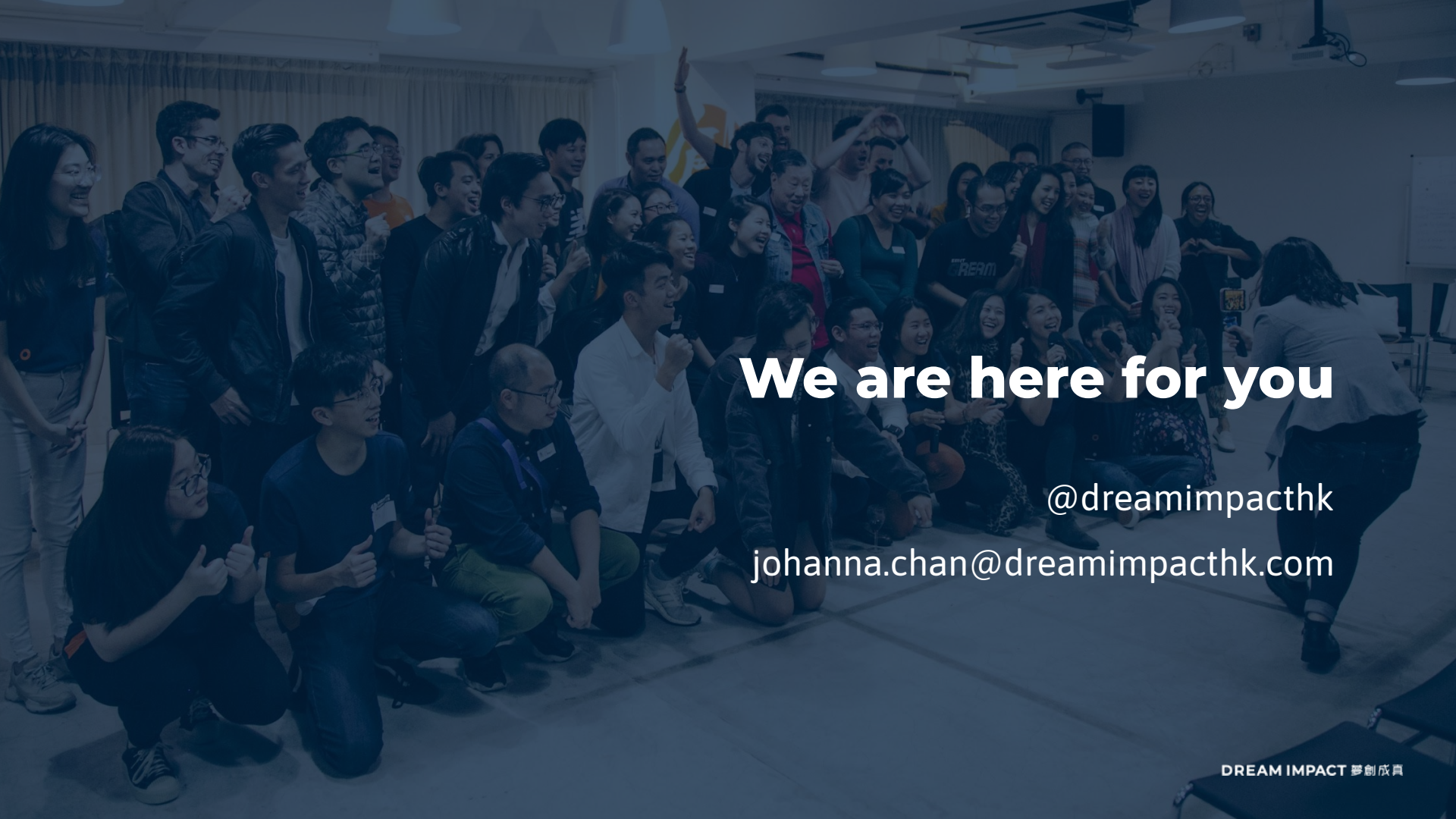
1) EMPATHY MAPPING FOR YOUR BENEFICIARIES AND STAKEHOLDERS

2) BOARD AND FUNDER'S VISION AND MISSION

3) INTEGRATION OF ESG, SDG AND IMPACT ASSESSMENT ON KEY DECISIONS, ENHANCE INTERNAL OPERATIONS ESG THEN EXTERNAL REPORTING

AUTHENTICITY IS KEY


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We are here for you

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THANK YOU!



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