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ESG in Health Services:

Implications for Healthcare Professional Management in Hong Kong



Presented by Lester LAM

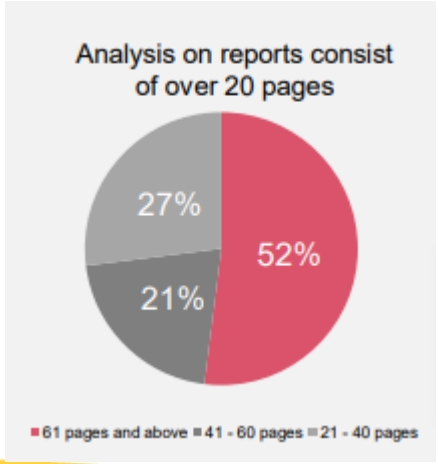
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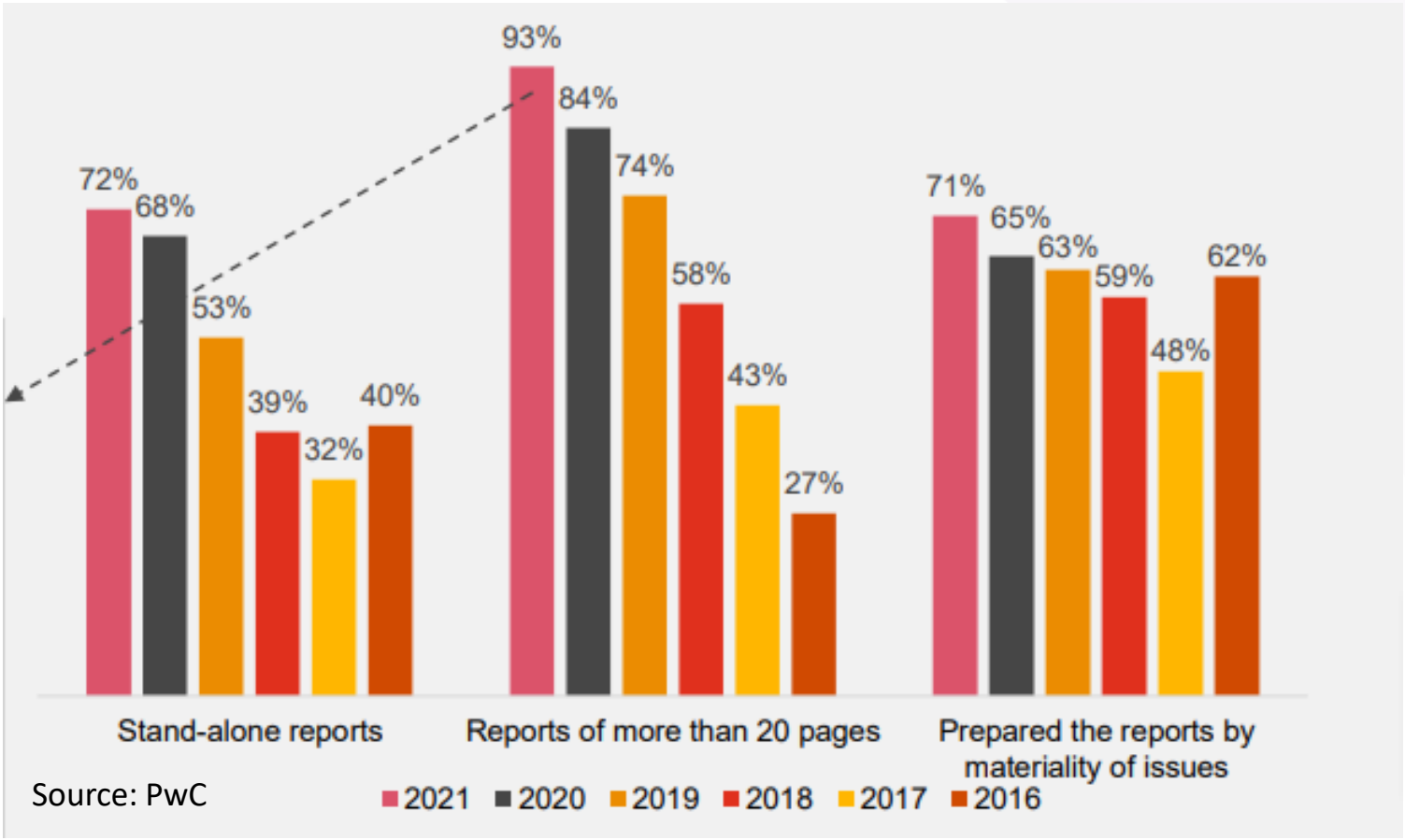
Background

Environmental, **social**, and **governance** (ESG) reporting has become a requirement by most regulatory bodies globally to ensure transparency of information being disseminated to investors and other stakeholders of listed companies.



Background





Source: PwC

ESG Reporting

The first ***ESG Reporting Guide*** was introduced in 2013 and since then has continuously upgraded.

An issuer must publish its ESG report on an annual basis in the issuer's annual report or in a separate report.

The ESG Reporting Guide (Jan 01 2022 onwards) comprises two levels of disclosure obligations: (a) **mandatory disclosure requirements**; and (b) **"comply or explain" provisions**

Method

- This study aims to analyze the current practices of ESG reporting by healthcare companies listed on the **Hong Kong Exchanges and Clearing Limited (HKEX)**.
- Specifically, thematic analysis of the annual reports and ESG reports published by these companies is conducted.

ESG Report

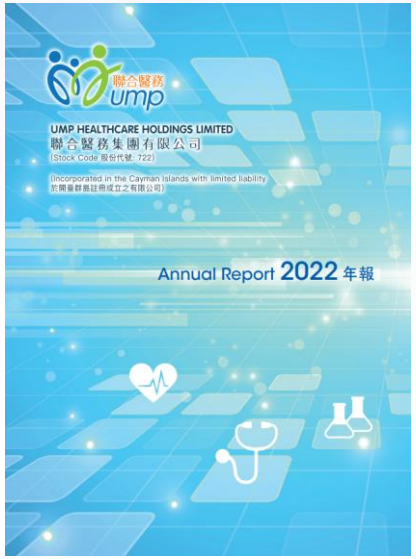


EC Healthcare 醫思健康 HKEx Stock Code: 2138

Annual Report



盈健醫療 HUMAN HEALTH



聯合醫務 ump

Response to UN SDGs



盈健醫療 HUMAN HEALTH









Source: UN

EC Healthcare 醫思健康 HKEx Stock Code: 2138

"To achieve sustainable growth, we have put in place eight implementation pillars for our ESG strategy this year, which are derived from the **United Nation's Sustainable Development Goals** (SDGs)." – EC Healthcare 2021/2022 ESG Report

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Not mentioned in the report

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Mandatory Disclosure Requirements

Governance Structure

The board's oversight of ESG issues

"**The Board** is the highest decision-making and management authority of the Group. It is responsible for **overseeing** all **ESG-related issues**…" - Human Health 2022 Annual Report

The board's ESG management approach and strategy

"The Group's **short-term strategies** shall be implemented by integrating and allocating the public needs, market trends…" - Human Health 2022 Annual Report

How the board reviews progress made against ESG-related goals and targets

- **Quarterly meetings** — EC Healthcare 醫思健康 (HKEx Stock Code: 2138)
- ESG Committee's regular **report** — 盈健醫療 HUMAN HEALTH
- ~~The working group meets twice a year to discuss roles and responsibilities~~ — 聯合醫務 ump

3 reports
2 reports
1 report
No report

Reporting Principles & Reporting Boundary



Mandatory Disclosure Requirements	Items	Descriptions
Reporting Principles A description of the application of the reporting principles in the ESG report	Materiality	Material ESG factors selection process
		Stakeholders' identification and engagement
	Quantitative	The standards, methodologies, assumptions and calculation tools used, and the sources
	Consistency	Changes to the methods and KPIs used
Reporting Boundary	The reporting boundaries of the ESG report	
	The process used to identify which entities or operations are included in the report.	

3 reports
2 reports
1 report
No report

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“Comply or explain” Provisions

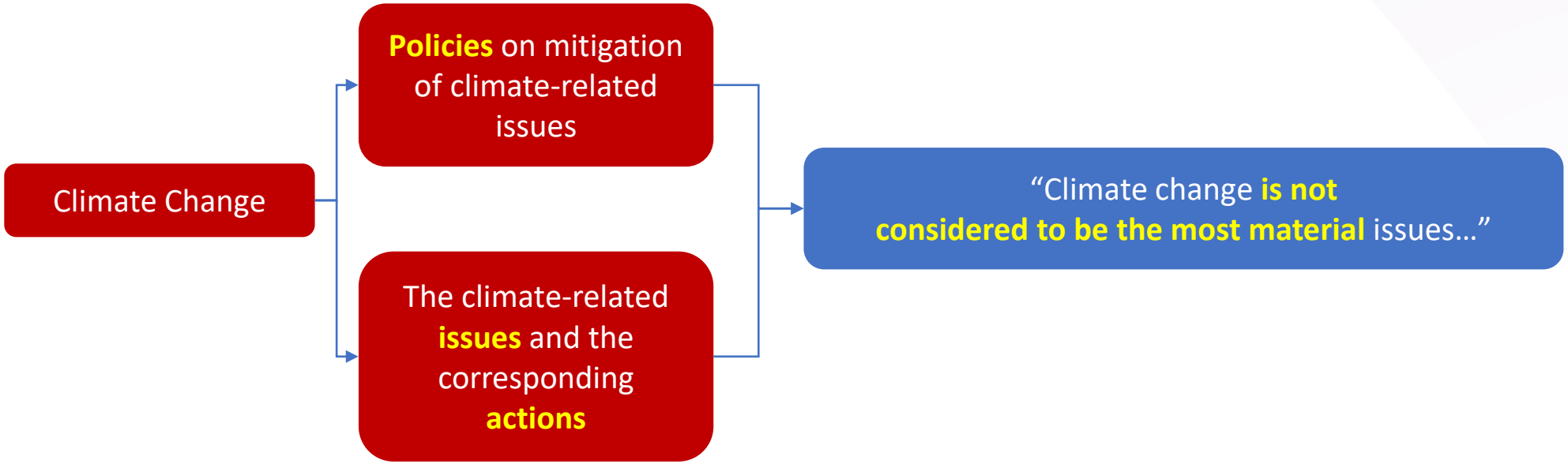
Disclosure of Environmental Information



Aspects	General Disclosure	KPIs						Disclosure rate
A1. Emissions		A1.1	A1.2	A1.3	A1.4	A1.5	A1.6	95% (1)
A2. Use of Resources		A2.1	A2.2	A2.3	A2.4	A2.5	-	89% (2)
A3. The Environment and Natural Resources		A3.1	-					67%
A4. Climate Change		A4.1	-					33%
							Total	82%

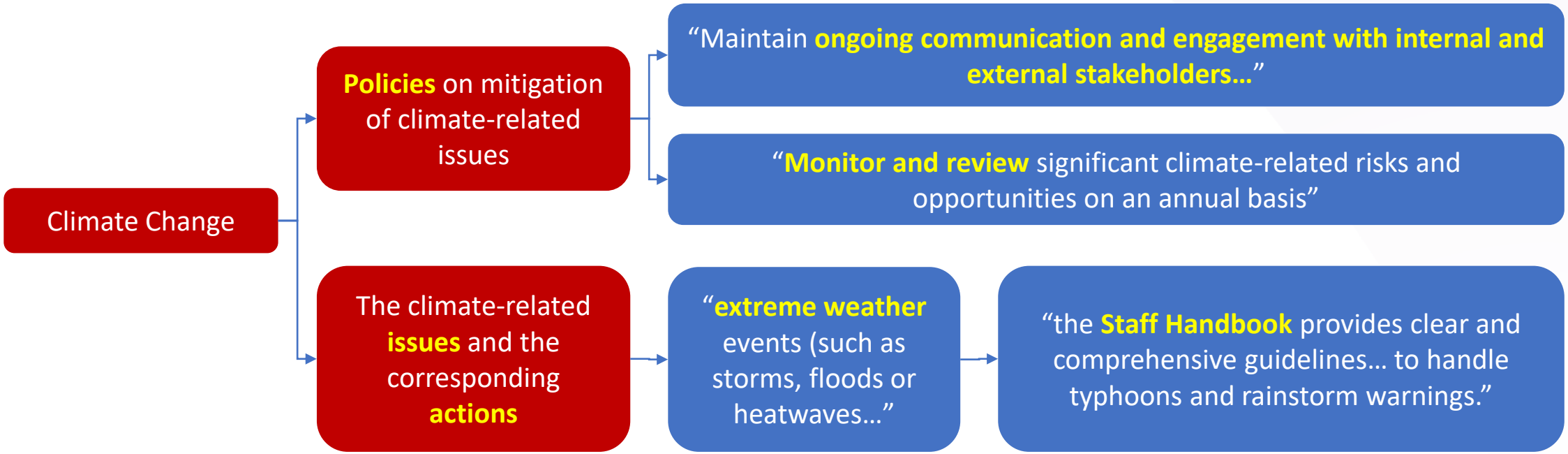
3 reports
2 reports
1 report
No report

Climate Change



Source: 聯合醫務 ump

Climate Change



Source: 盈健醫療 HUMAN HEALTH

Disclosure of Social Information



Aspects		General Disclosure	KPIs					Disclosure rate
Employment and Labour Practices	B1. Employment		B1.1	B1.2	-			78%
	B2. Health and Safety		B2.1	B2.2	B2.3	-		83% (3)
	B3. Development and Training		B3.1	B3.2	-			78%
	B4. Labour Standards		B4.1	B4.2	-			89% (2)
Operating Practices	B5. Supply Chain Management		B5.1	B5.2	B5.3	B5.4	-	73%
	B6. Product Responsibility		B6.1	B6.2	B6.3	B6.4	B6.5	78%
	B7. Anti-corruption		B7.1	B7.2	B7.3	-		92% (1)
Community	B8. Community Investment		B8.1	B8.2	-			78%
							Total	**81%**

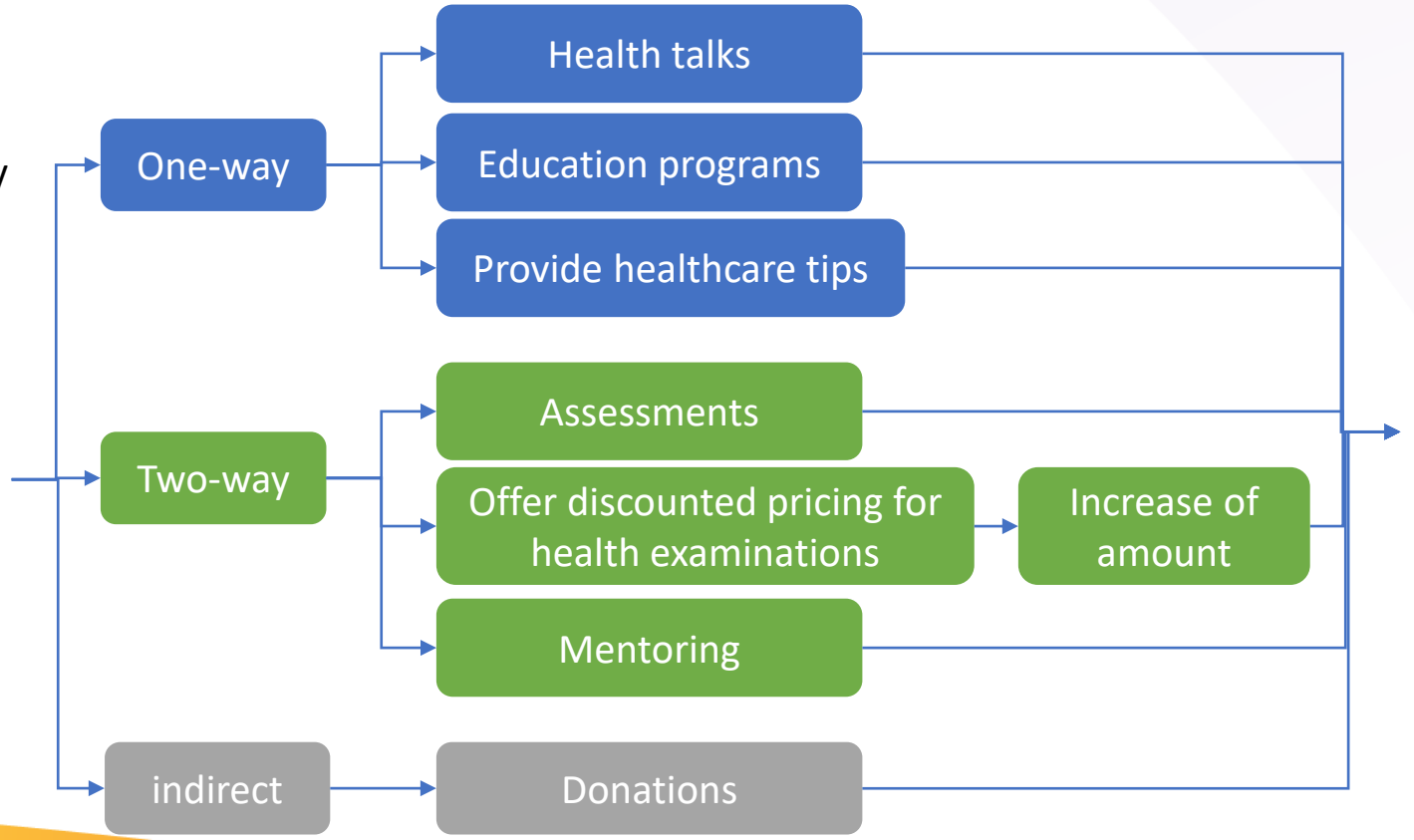
3 reports
2 reports
1 report
No report

Community Investment

General Disclosure:

- understand the communities' needs
- take the communities' interests into its activity consideration

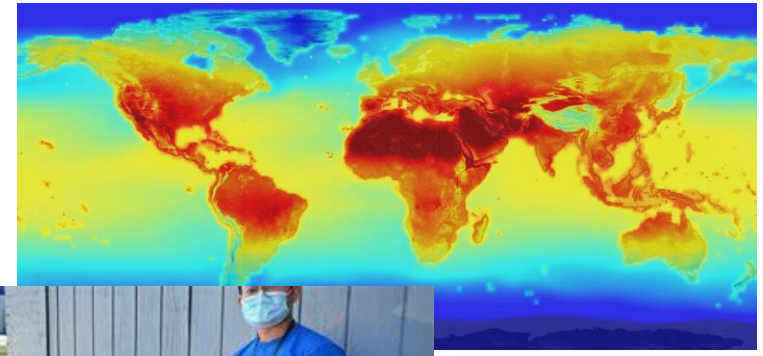






Discussion

Mandatory Disclosure Requirements (89%) + Environmental (82%) + Social (81%) → Total Disclosure Rate (82%)





Major gaps in the reports

1. Lack of awareness of the impacts of climate change on the healthcare industry
2. Insufficient two-way community engagement

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Suggestions

Assessing the Impacts of Climate Change on the Healthcare Industry

"...the healthcare industry is one of the **biggest contributors to climate change**...

The US healthcare industry is responsible for **8.5%** of our **national GHG emissions**...

These climate-fuelled weather events can also **disrupt healthcare access, delivery, and supply chains.** "

- World Economic Forum Geneva



healthcare access



healthcare delivery

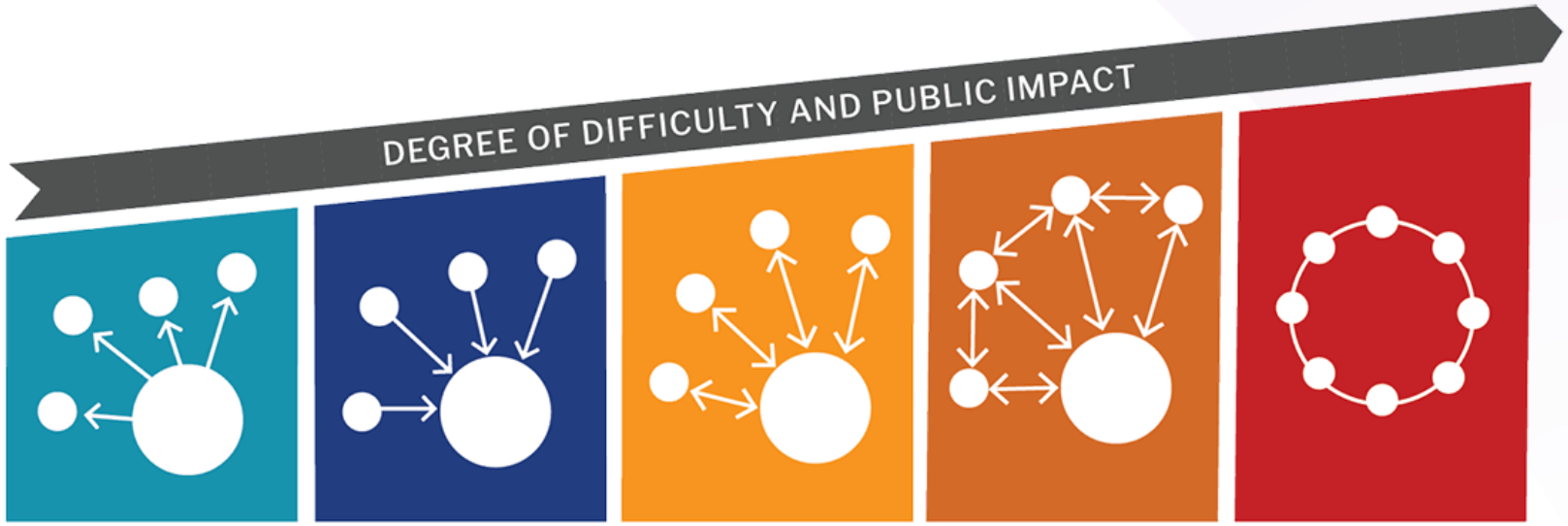


Supply chains



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Increasing the Levels of Community Engagement



	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Examples	Health talks, online health tips	Interviews/survey	Stakeholder meetings, advisory committees	Healthcare workshops	Community development

Source: Harvard Catalyst

Conclusion

The results of the thematic analysis highlight the areas of ESG management where these listed healthcare companies are doing well (**Disclosure rate = 82%**), but also identify specific deficiencies and gaps in how these listed healthcare companies manage their ESG performance and reporting.

Gaps	Suggestions
Lack of awareness of the impacts of climate change on the healthcare industry	Assessing the impacts of climate change on the healthcare industry • healthcare access • healthcare delivery • supply chains
Insufficient two-way community engagement	Increasing the Levels of Community Engagement

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Thank you

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