

An assessment of Environmental and Social  
transparency of food related companies currently  
listing in Hong Kong Stock Exchange

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樂施會  
**OXFAM**  
Hong Kong

無窮世界  
World  
Without  
Poverty

**CSR** ASIA

Hong Kong

## Executive Summary

Oxfam Hong Kong seeks to better understand opportunities to engage with companies in Hong Kong. Oxfam Hong Kong commissioned CSR Asia to conduct a benchmarking exercise to assess the Environmental and Social transparency in the food, beverages, and agricultural products sectors in Hong Kong.

The aims of this exercise were:

- To assess food companies' Environment and Social transparency
- To summarise the Environment and Social transparency of selected companies.
- To assess what companies are doing to create more inclusive business models relating to both products and value chains, and to engage with issues associated with access to food products for poor people.
- To make recommendations on the business case for food companies to implement responsible business policies

In total, 61 companies were benchmarked in this study. Data was compiled from publicly available information published in 2015 including corporate websites, annual reports and sustainability reports.

Overall, the level of disclosure by the 61 companies is relatively low and indeed they were failed. Only 3 companies achieved over 30 points and 55 of the companies scoring below 20 points. This may seem disappointing at first but it should be recognized that the GRI indicators are very comprehensive and that most companies in Hong Kong are a long way from being able to report on them. Companies demonstrated weak performance in both categories in which the average score of social and environment are 12.5 and 8.7 respectively.

Oxfam Hong Kong (OHK) believes that a just society should move towards a human economy. In other words, profit should not be the only goal; instead, the needs of people should be a priority in economic development. To build a just society, the basic needs of the underprivileged should be taken into account. Among 17 SGDs set up by the United Nations<sup>1</sup>, Oxfam believes that by achieving No Poverty (SDG 1), gender equality (SDG 5), ensuring decent work and economic growth (SDG 8), and reducing inequality (SDG 10), disparity between the rich and poor will be eliminated and our society would be better off and be more equal.

As people living in poverty can benefit from economic development, OHK has been promoting the integration of 'Environmental, Social, and Governance' (ESG) into corporate policies and business operations since 2004. OHK conducted three pioneering

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<sup>1</sup> <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

studies in 2008, 2009 and 2016 to study the CSR performance of the Hang Seng Index (HSI) constituents by looking at the implementation of their CSR initiatives. OHK hopes to influence companies to adopt international standards to formulate or improve their corporate social responsibility policies especially in terms of committing to or reporting on areas such as the labour and supply chain, human rights, equal employment opportunities and the environment and set pro-poor policies. Ultimately, OHK aims to promote corporate social responsibility and call on the largest companies in Hong Kong to comply with the highest international standards so as to help eradicate poverty.

Though HKEx raised its reporting obligations to ‘comply or explain’ on general disclosure in all aspects in January 2016. In other words, only general policies – and not Key Performance Indicators (KPIs) – require disclosure. More stringent reporting standards that require the disclosure of environmental KPIs will be elevated to ‘comply or explain’ in 2017 as well. However, this new requirement will not be applied to social KPIs, thus clearly lagging behind international reporting standards.

Food related companies play a crucial role in facilitating sustainable development. Companies’ policy on labor have significant impact on those either directly or indirectly employed workers’ livelihoods and labor rights. Their procurement policy and the price they pay for supplier affect those the livelihoods of farmers who provided the raw materials. Finally, food related companies and their suppliers purchase raw materials around the world and their actions will pose significant impact over the local environment. To date, there are nearly six hundred million family farms in the world, about ninety-four percent of them are smallholders with less than five hectares of farm land<sup>2</sup>. Seventy-four per cent of the family farms are located in East Asia and the Pacific (9%), South Asia (6%), India (24%) and China (35%)<sup>3</sup>. If the food related companies able fulfill corporate social responsibility, preventing any violations of human rights, protect community and the environment in supply chain, the poor, the smallholders and the workers, will able to improve their livelihoods and ultimately eradicate poverty.

Given the results of this report there are a number of recommendations for Hong Kong Stock Exchange and businesses:

### **Recommendations for HKEx**

The very first step to improve companies’ ESG performance is to enhance their transparency. Therefore, Oxfam recommends that the HKEx should:

- Extend companies’ reporting obligations to cover all KPIs in social factors using a ‘comply or explain’ approach.

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<sup>2</sup> <http://www.fao.org/3/a-i4040e.pdf>

<sup>3</sup> Ibid.

- Adopt the GRI's latest guidelines as the reporting standard so that companies are on par with international standards. Food Process Sector Supplement should also be adopted to further regulate food companies' reporting obligations.
- Set a timeline indicating when the HKEx will shift from a 'comply or explain' approach to making ESG reporting mandatory for all companies.

Given the fact that the HKEx is the seventh largest stock exchange in the world<sup>4</sup>, it has enough power to promote and encourage sustainability among listed companies. The HKEx should thus join The Sustainable Stock Exchanges (SSE) Initiative and sign the commitment letter to promote sustainability performance.

## **1.1 Recommendations for food companies**

### **Ñ Companies should adhere to international reporting standards**

The senior management of all the food companies should make a pledge to improve corporate social responsibility policies so that they are on par with international standards. The GRI's G4 Guidelines are a recognised global standard for sustainability reporting that has been adopted by the European Commission, Taiwan Stock Exchange, and Singapore Stock Exchange. The study revealed that only three companies employed GRI standards. Oxfam believes companies should implement international standards and adopt the latest 2016 GRI standard<sup>5</sup> to compile independent reports that have obtained third-party assurance. Companies should formulate environmental policies and disclose environmental data to enhance public understanding of their environmental performance. A credible report would help external stakeholders better understand companies and their approach to environmental and social issues.

### **Ñ Implement an inclusive business strategy**

Food companies should develop more inclusive business strategies to enable more smallholder farmers and poor communities to benefit from their business operations. Companies may consider direct employment or require suppliers to hire and train their staff – especially those who live in poverty – to provide them with technical support to increase their competitiveness in the supply chain and thus their income.

### **Ñ Ensure protection of human rights and environmental performance in the supply chain**

Companies should introduce a code of conduct for suppliers that conforms with international labour, human rights,<sup>6</sup> and environmental standards<sup>7</sup>. They should also keep their suppliers' accountable, and require them to follow the code of conduct to protect

<sup>4</sup> <http://www.sfc.hk/web/EN/files/SOM/MarketStatistics/a01.pdf>

<sup>5</sup> GRI Standards, <https://www.globalreporting.org/information/sustainability-reporting/Pages/gri-standards.aspx>

<sup>6</sup> E.g. OECD Guidelines for Multinational Enterprise, United Nations Guiding Principles on Business and Human Rights, United Nations Global Compact, etc.

<sup>7</sup> E.g. ISO14001, etc.

employees' labour and human rights, as well as the environment. After selecting a supplier, companies should enforce monitoring mechanisms to audit suppliers' daily operations so as to prevent the violation of human rights and to ensure environmental protection. The results of these audits should be open to the public to help the public better understand companies' operations.

The UNPRI's guidelines for investors<sup>8</sup> offer various examples of exemplary companies. For instance, food companies can take reference to the responsible sourcing code of conduct of an Australian food company<sup>9</sup>. In terms of social performance, their code ensures the prevention of forced and child labour, that living wages are paid, and working hours are not excessive. In terms of the environment, codes regarding the environmental management for efficient use of materials, water and energy, and sustainable sourcing were in place as well.

#### **Ñ Introduce policies regarding the use of materials and greenhouse gas emissions**

Apart from environmental issues in their supply chains, companies should set up internal environmental policies to improve their environmental performance. Policies in this area should include directives on the efficient use of materials to reduce waste during the production process. In terms of greenhouse gas emissions, companies should introduce policies and measurable targets to mitigate their environmental impact during the production process.

#### **Ñ Enhance tax transparency**

Companies should provide country-by-country tax information, including information about their revenue, profit and amount of tax they paid. Disclosing this information would provide investors, the public and the government with a clearer understanding of companies' operations and would enable them to know if companies are engaging in tax avoidance.

Insufficient tax transparency prevents the effective public monitoring of companies. Without transparency, companies can shift their tax burdens to countries with low tax rates and tax concessions, which would take a toll on the public finance resources of developing countries. This would translate into insufficient public finance to provide welfare, education, and medical services for the country's people, thus also affecting poverty alleviation efforts. It is thus essential to enhance tax transparency and require companies to pay their fair share of tax.

#### **Ñ Implement equal employment opportunity policies**

Oxfam urges all companies to develop equal employment opportunity policies that are more stringent than legal requirements. Companies should establish policies that encourage diversity in the workplace, and promote the rights of ethnic minorities, people of different

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<sup>8</sup> [https://www.unpri.org/download\\_report/18258](https://www.unpri.org/download_report/18258)

<sup>9</sup> <http://www.gwf.com.au/static/pdf/Responsible-Sourcing-Code-of-Conduct-September-2014.pdf>

age groups and genders at all levels in their organisations (including at the board level). Companies should also disclose their employee breakdown by gender, age group, and ethnicity.

### **Ñ Ensure fair purchasing practices**

Oxfam urges all companies to adopt fair purchasing practices, especially when purchasing from smallholder farmers and other farmers. Companies could pay smallholder farmers and other farmers based on the cost of production and general agricultural standards, or pay farmers according to the leading market price to ensure that they earn a stable income. Such fair purchasing practices would contribute to the alleviation of poverty among many farmers.

### **Ñ Recommendations for institutional investors**

Oxfam urges investors to take ESG factors into consideration when making investment decisions. Companies with good ESG performance typically have better reputations, are less of an investment risk and are more socially valuable to society, and can effectively help to alleviate poverty. Investors should consider ESG factors when making investment decisions and follow the UNPRI<sup>10</sup>. In addition, institutional investors can take reference to the UNPRI's guidelines for investors<sup>11</sup>. Through their investments, investors can play an active role in improving human rights conditions in food companies' supply chains.

### **Ñ Recommendations for consumers**

Consumers have great influence on companies' CSR performance; as such, they should take the lifecycle of products and services, and their sustainability into account when making purchasing decisions. Oxfam believes that by raising awareness about this, the public will be able to influence companies to respond with environmental and social initiatives.

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<sup>10</sup> Principles include the following: 1) incorporate ESG issues into investment analysis and decision-making processes, 2) be active owners and incorporate ESG issues into ownership policies and practices, 3) seek appropriate disclosure on ESG issues by the entities in which investors invest, 4) promote acceptance and implementation of the Principles within the investment industry, 5) work together to enhance the effectiveness of implementing the Principles, and 6) report on activities and progress towards implementing the Principles.

<sup>11</sup> [https://www.unpri.org/download\\_report/18258](https://www.unpri.org/download_report/18258)

## Background and Objectives

Food companies have generally not received as much attention as others when it comes to Environment and Social transparency. Nevertheless, they are central to the achievement of sustainable development and related issues including food security, food safety and the provision of affordable products for poorer people. Therefore, this study aims to assess the how food companies manage poverty-related and sustainability issues via their policies and practices.

This study assessed 61 companies listed on the HKEx. Companies were picked from food related industries according to HKEx's industry classification. 7 subsectors were selected, namely 1) Animal Feeds, 2) Agricultural Products, 3) Dairy Products, 4) Food Additives, 5) Non-alcoholic Beverages, 6) Packaged Foods, and 7) Poultry & Meat. Companies which were suspended trading are not included in the research.

In 2015, sixty-one food related companies together hired 675,741 employees, with nearly HK\$712 billion revenue and HK\$48 billion profit before tax. Of the sixty-one companies, five companies together gained nearly 60.5% of total revenues (about HK\$430 billion). As 20-June, the total market capitalization of the companies reached almost HK\$586 billion.

The objectives of this study were:

- To assess food companies' Environment and Social transparency
- To summarise the Environment and Social transparency of selected companies.
- To assess what companies are doing to create more inclusive business models relating to both products and value chains, and to engage with issues associated with access to food products for poor people.
- To make recommendations on the business case for food companies to implement responsible business policies

## Methodology

This benchmarking study aims to assess the Environmental and Social transparency on 61 food, beverage and agricultural companies listed on the Hong Kong Stock Exchange (HKEX), as shown in Appendix I.

A survey (Appendix II) was developed and distributed to each company, which included a follow-up call. The survey questions were based on issues not covered by the GRI Guidelines, as well as the Sustainable Development Goals (SDGs)<sup>1</sup>. The SDGs seek to realize the human rights of all and to achieve gender equality and the empowerment of all women and girls. They cover the two dimensions – the environmental and social – of sustainable development. Survey questions covered topics on poverty reduction and knowledge transfer and capacity building.

Despite repeated requests, no survey responses were received which means that this research had to be based only on publicly available data. This may reflect an unwillingness on the part of companies or it may be that people consider it too time consuming to respond to such questions.

Data and information used for scoring each company was obtained from publicly available sources published in 2015, including sustainability and annual reports, corporate websites, press releases and other websites. The information was drawn from FY2015 onwards.

A total of 93 indicators were developed (Annex III). Table 1 shows the breakdown of the number of indicators and the aspects covered in each of the disclosure category. The indicators are based on the GRI G4 Sustainability Reporting Guidelines, and the Food Processing Sector Disclosures<sup>ii</sup>. The GRI G4 guidelines is a recognised global standard for sustainability reporting that offers an extensive and comprehensive quantitative framework. In addition, a number of indicators were added to this list based on Oxfam’s particular interest in poverty and more inclusive business models relating to both products and value chains. To what extent companies engaged with issues associated with access to food products for poor people were also considered.

Table 1. Number of Indicators and Aspects by Disclosure Category

<b>Environment (weighting 50)</b>	<b>Social (weighting 50)</b>
<b>27</b>	<b>66</b>
Materials	Economic Performance
Energy	Procurement/Sourcing Practices
Water	Employment
Biodiversity	Labor/Management Relations
Emissions	Training and Education
Effluents and Waste	Diversity and Equal Opportunity, Non-Discrimination
Compliance	Occupational Health and Safety
Transport	Human Rights
Overall	Child and Forced Labour
	Anti-Corruption
	Public Policy
	Local Communities
	Customer Health and Safety
	Product and Service Labeling
	Marketing Communications
	Customer Privacy
	Animal Welfare

The ESG performance of each company was given a score of 0, 1 and 2 as follows:



- 0: No information provided or specified for the particular criterion
- 1: The issue is mentioned but not substantial enough to be considered as a measurable indicator
- 2: There is detailed information substantiated with guidance related to measurement

In calculation of total marks, each category carries equal weighting (50). The maximum scores obtainable for environmental and social category are 54 and 132 respectively. Scores obtained in each category will be multiplied by the weighting (50) and added together for the final score. The maximum score is 100.

*Note:* This scoring method indicates the level of coverage of data and information disclosed by each company. This benchmarking methodology does not evaluate the actual sustainability performance of the listed companies.

## Overall Benchmark Results

Overall, the level of disclosure by the 61 companies were failed. No company obtained a passing score of 50. The food companies clearly displayed they were lacking awareness of in both disclosure and policies in the areas of Environment and Social. Social area is a bit better performed than Environment. Table 2 shows that only 6 companies achieved over 20 points and 55 of the companies scoring below 20 points.

Table 2. Distribution of scores by Companies

Score (Maximum score 100)	No. of companies
<b>30 – 39</b>	3
<b>20 – below 30</b>	3
<b>10 – below 20</b>	20
<b>Below 10</b>	35
<b>Average</b>	<b>10.6</b>

Table 3. Distribution of scores in Environment and Social aspects by companies

Score (Maximum score 100)	Environment	Social
<b>40 or above</b>	1	0
<b>30 – 39</b>	3	1
<b>20 – below 30</b>	3	8
<b>10 – below 20</b>	8	26
<b>Below 10</b>	46	26
<b>Average</b>	<b>8.7</b>	<b>12.5</b>

## Analysis by Aspects

This section provides an overview on the level of disclosure of the 61 companies by GRI G4 material aspects.

### Category: Social

The Social category indicators aimed to investigate the extent to which companies disclose their policies, initiatives and figures related to the social aspects. Issues covered economic performance, procurement practices, labor practices and decent work, human rights, society, and product responsibility.

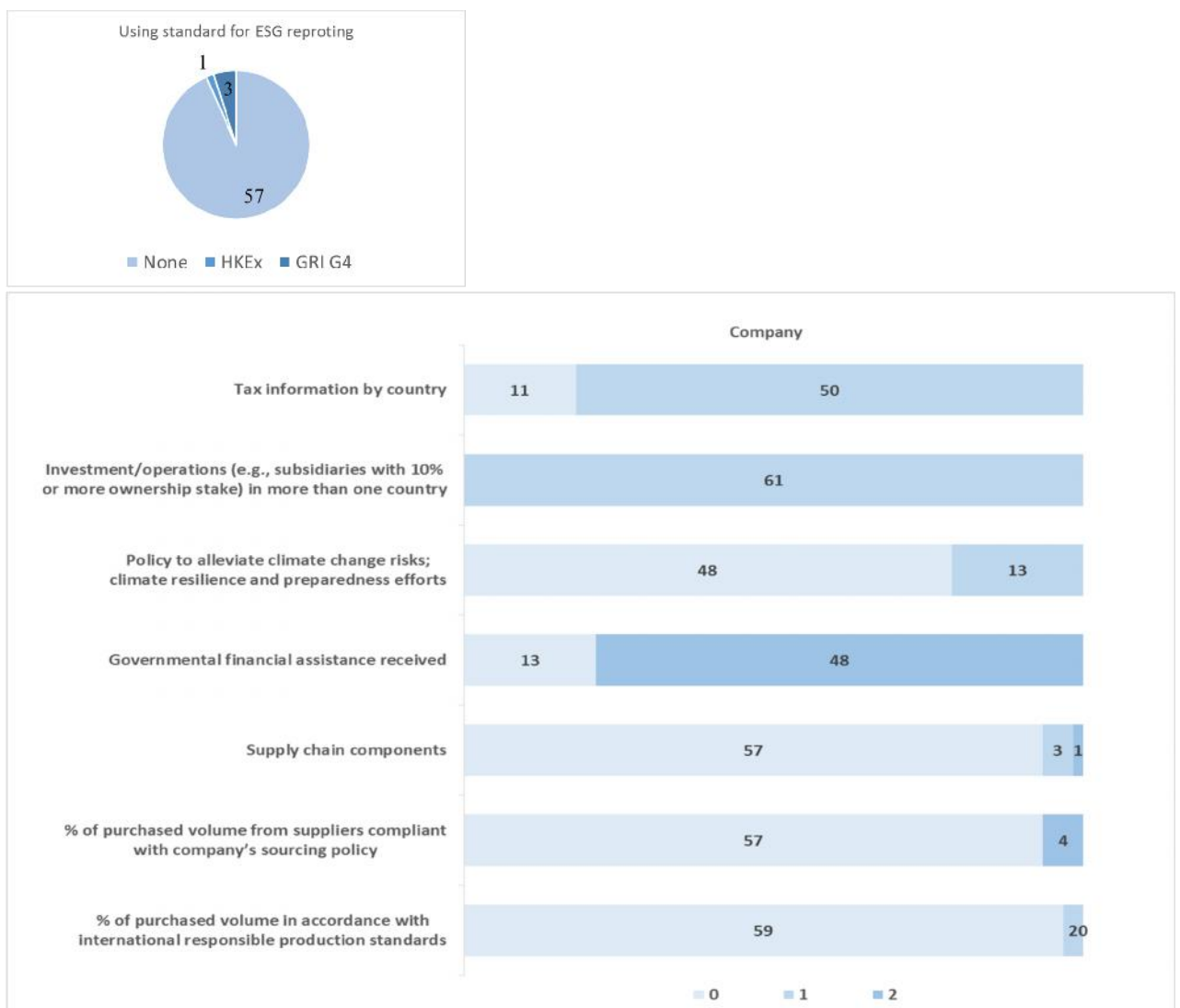


Figure 1. Level of Disclosure for tax information, supply chain issues, and procurement practice.

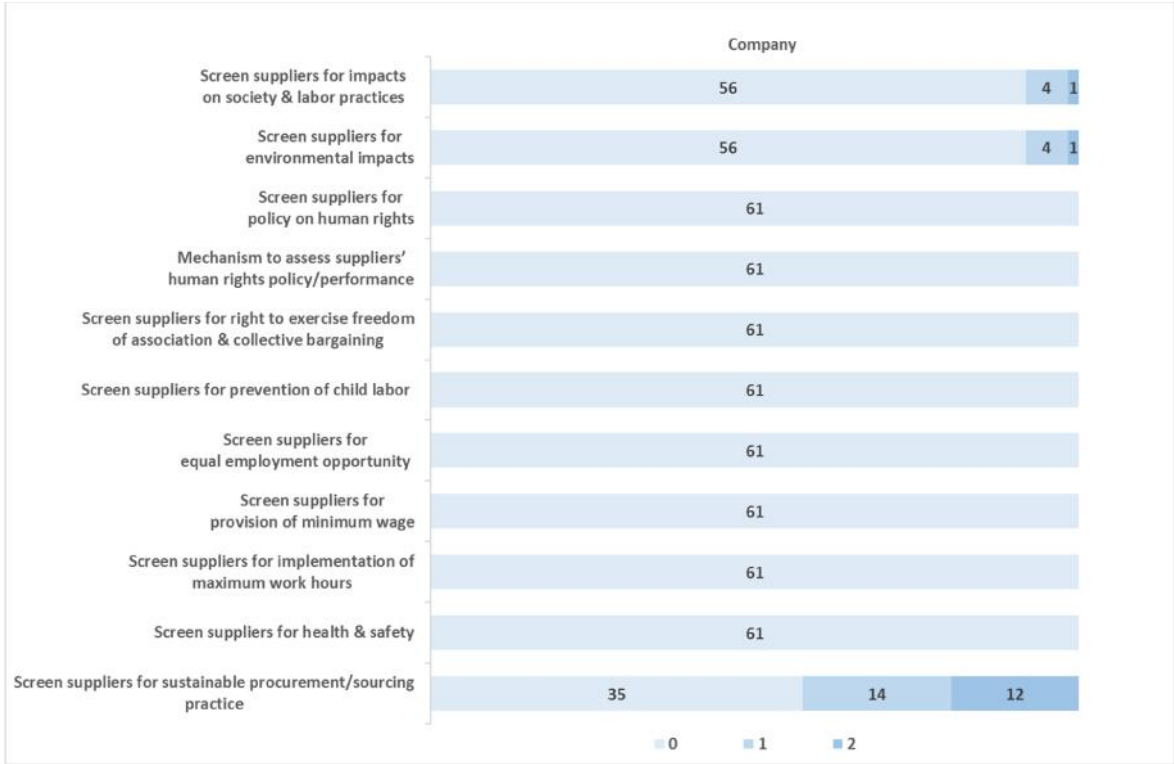


Figure 2. Level of Disclosure for Policy on Procurement / Sourcing

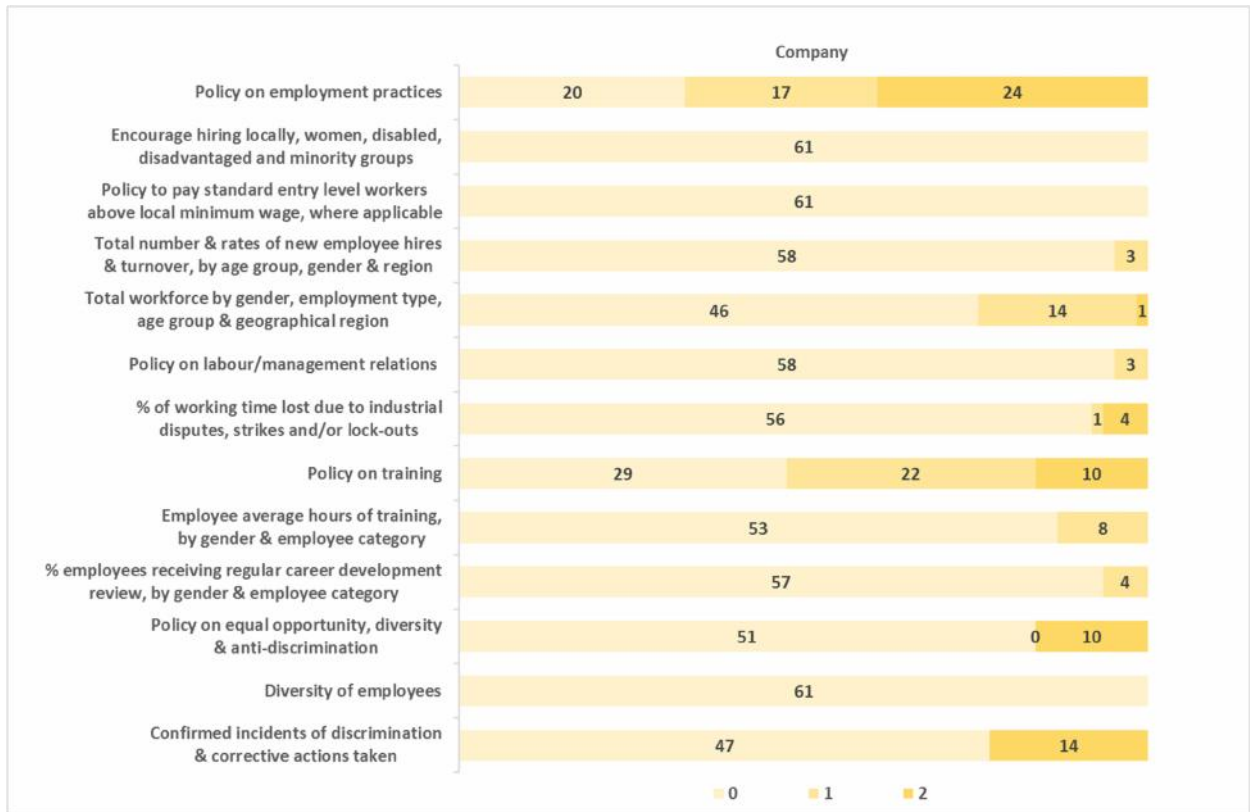


Figure 3. Level of Disclosure for Employment, Labor/Management Relations, Training and Education, Diversity and Equal Opportunity, and Non-Discrimination

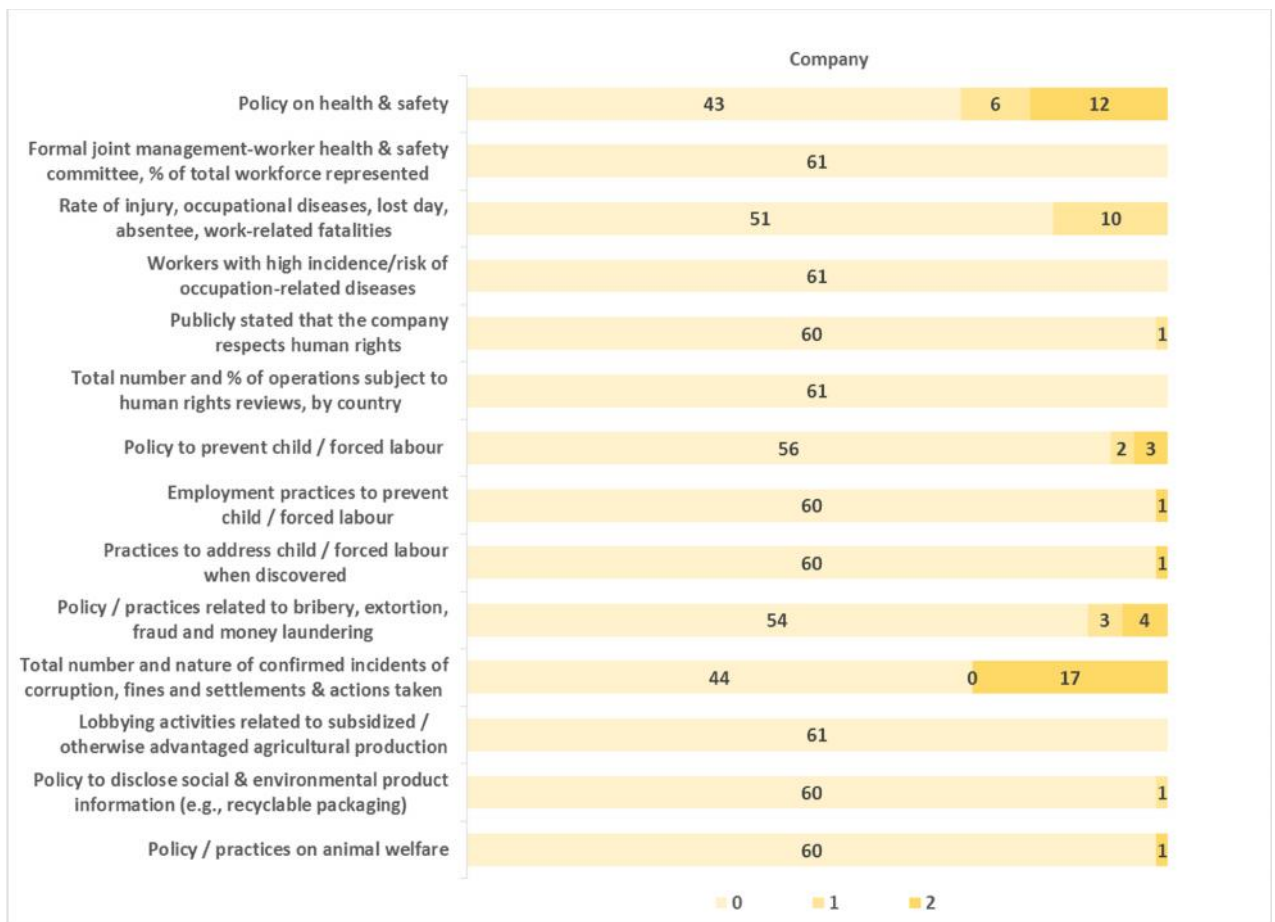


Figure 4. Level of Disclosure for Occupational Health and Safety, Human Rights, Child and Forced Labour, Anti-Corruption, Public Policy, Product and Service Labeling, and Animal Welfare

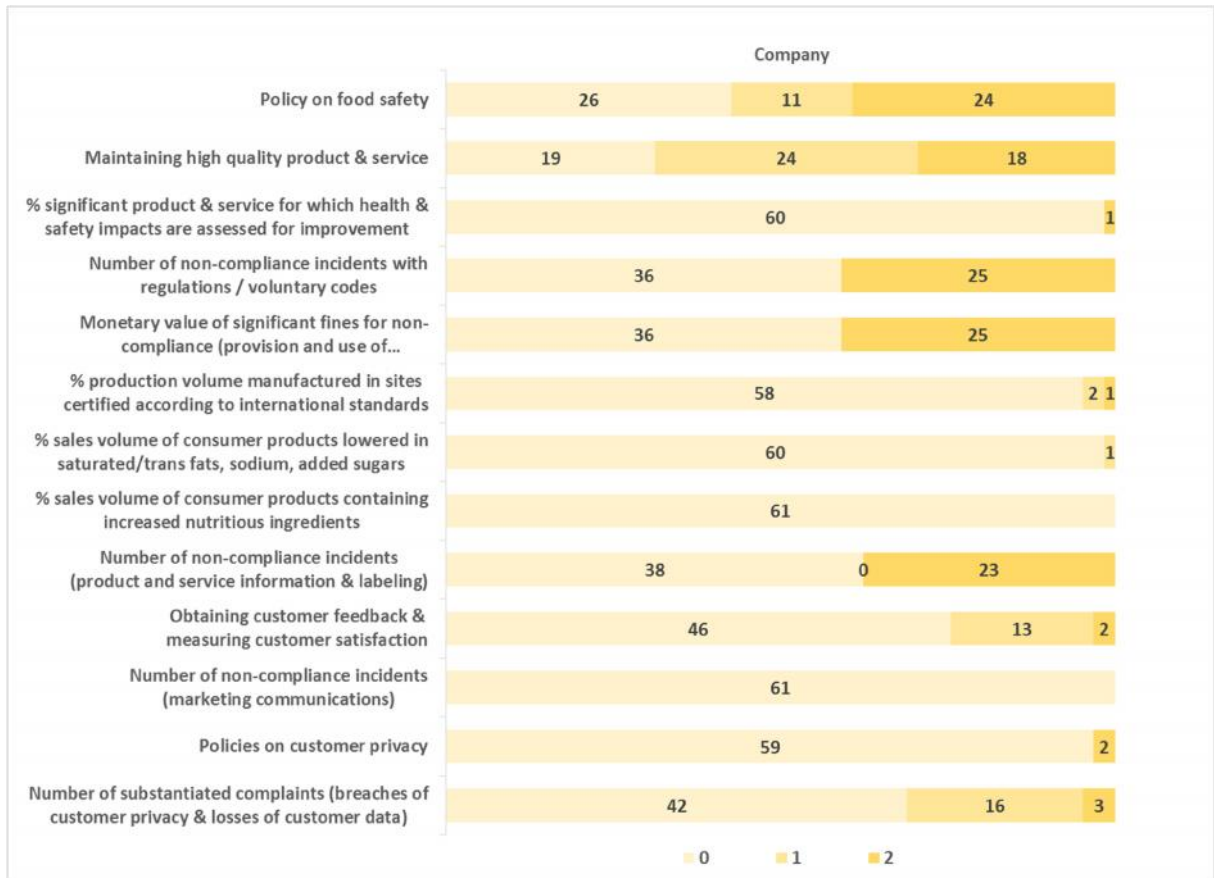


Figure 5. Level of Disclosure for Customer Health and Safety, Product and Service Labeling, Marketing Communications, and Customer Privacy

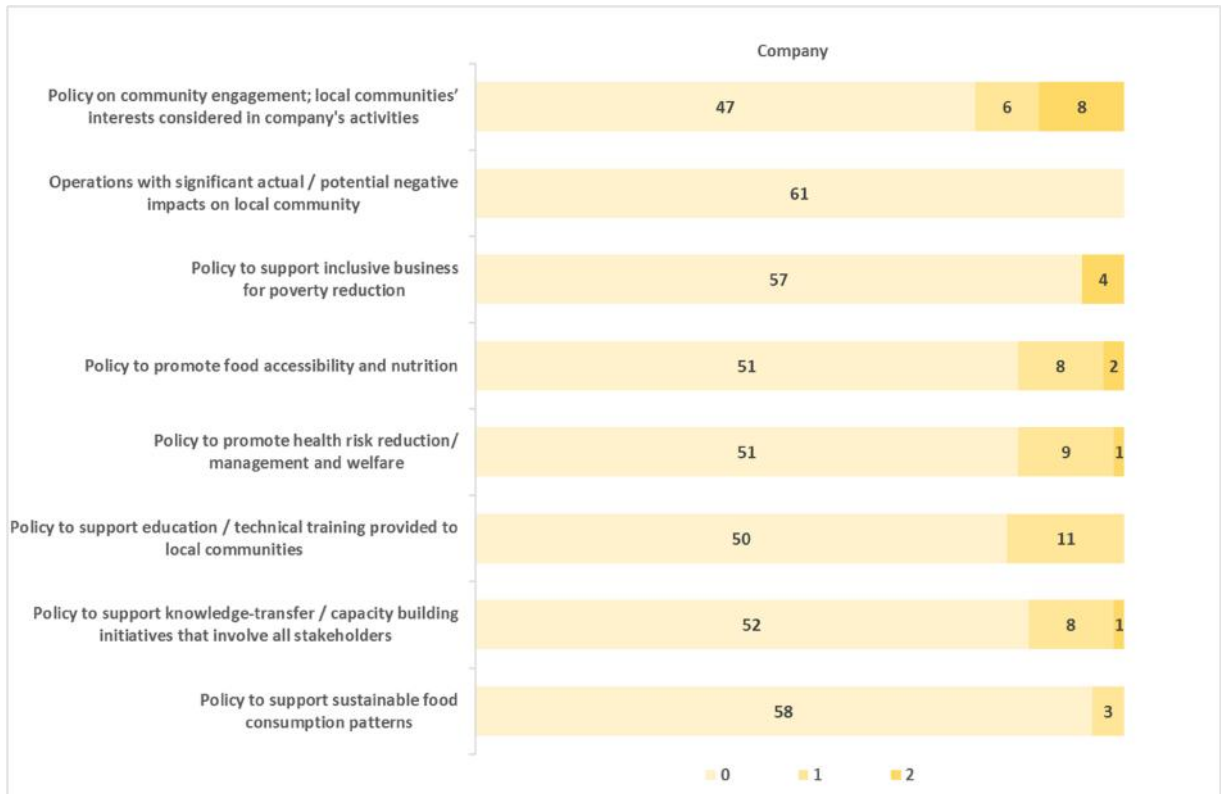


Figure 6. Level of Disclosure for Policy on Local Communities



## Category: Environment

The Environment category indicators aimed to illustrate the extent to which companies disclose policies and initiatives on environmental protection and resource management. Questions covered aspects such as materials, energy, water, waste and emissions.

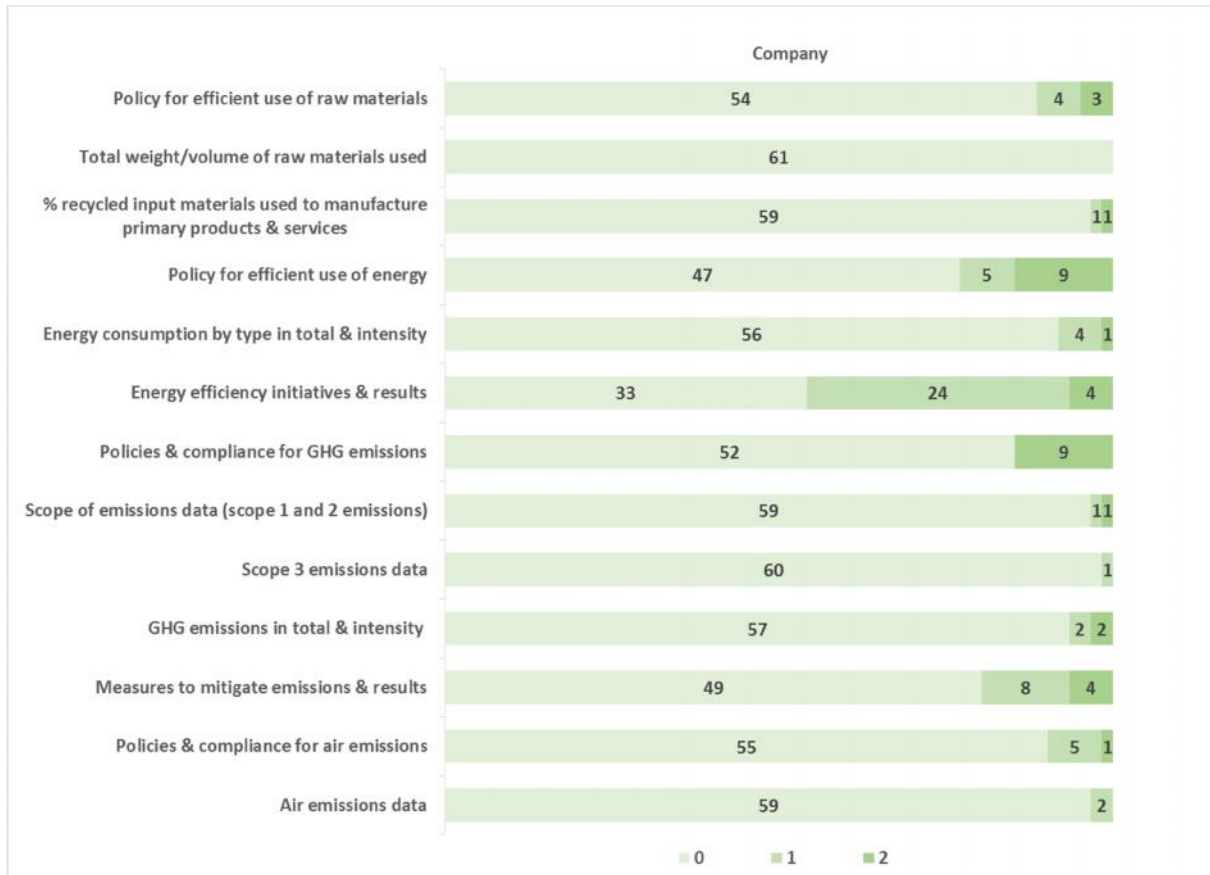


Figure 7. Level of Disclosure for Materials, Energy, and Emissions

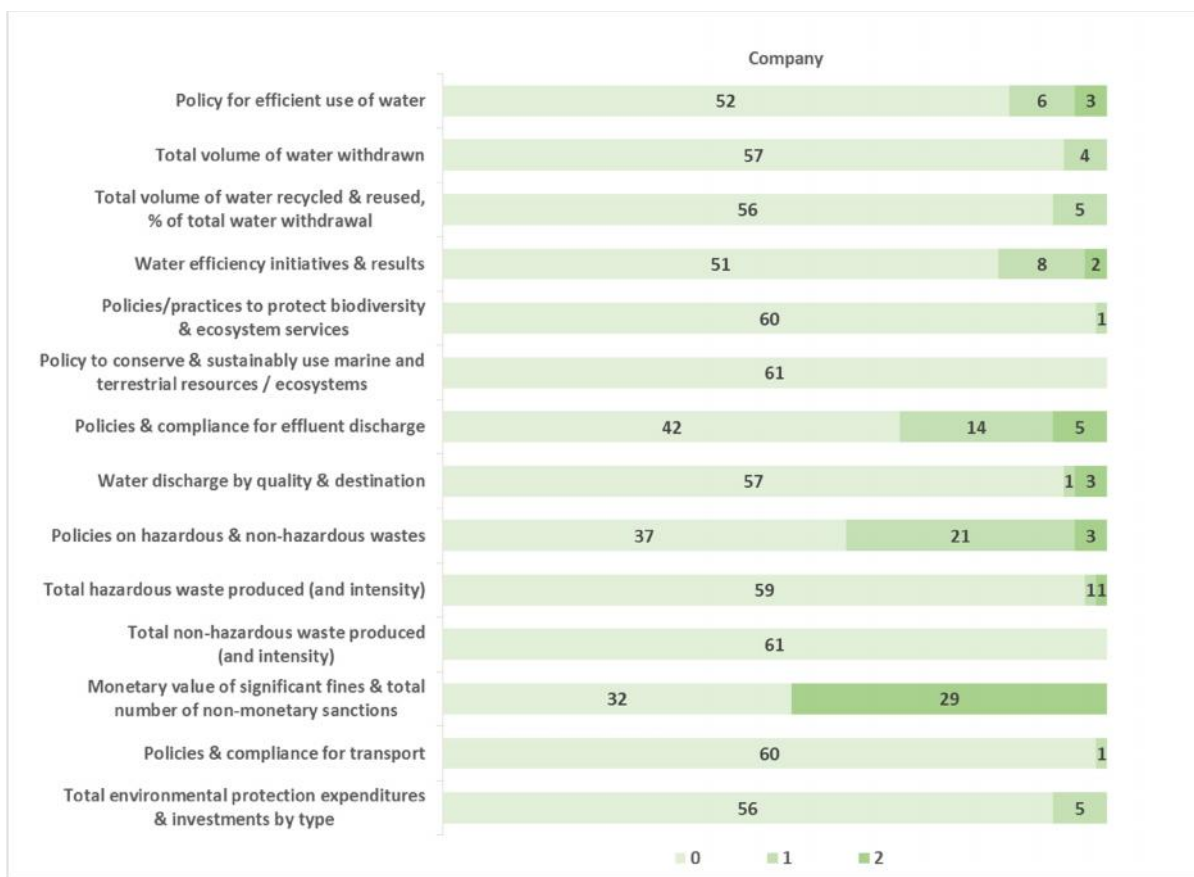


Figure 8. Level of Disclosure for Water, Biodiversity, Effluents and Waste, and other Environmental Aspects

### Analysis

The overall performance of sixty-one companies are unsatisfying in the sense that their degree of transparency are extremely low. As shown in the charts above, most of the companies were scored zero in most of the indicators. It clearly indicated that company is lacking awareness.

### Conclusions

61 food related companies obtained an average score of 10.6 points which displayed a totally unacceptable performance in Environment and Social transparency and lack of awareness in Environment and Social policies; preventing monitoring on socially responsibility performance. It is necessary for all the companies to face the very fact that they were scored low in each indicator, and seek ways to for improvement.

HKEx raised its ESG reporting requirements to ‘comply or explain’ after January 2016; companies are required to disclose their general policies, statistical figures on performance

are not required. A higher standard of disclosure – ‘comply or explain’ – about its environmental Key Performance Indicators (KPIs) was adopted in 2017.

KPIs in social aspect (Particularly labor right related issues) was not required. However, the food related companies are still not ready to meet the relatively lenient requirements. It was then proved that a comprehensive and mandatory reporting obligation is required to enhance companies’ ESG transparency and henceforth an improvement in ESG policies that will benefit the society.

Between 2013 and 2015, the United Nations Principles of Responsible Investment has coordinated thirty-eight signatory institutional investors with combined assets of 2.4 trillion U.S. dollars to work with thirty-four global food and beverage companies to improve supply chain labor standards<sup>12</sup>. We believe that more and more institutional investors will take food related companies’ labor standards in supply chain seriously in making investment decision.

### **Recommendations for HKEx**

The very first step to improve companies’ ESG performance is to enhance their transparency. Therefore, Oxfam recommends that the HKEx should:

- Extend companies’ reporting obligations to cover all KPIs in social factors using a ‘comply or explain’ approach.
- Adopt the GRI’s latest guidelines as the reporting standard so that companies are on par with international standards. Food Process Sector Supplement should also be adopted to further regulate food companies’ reporting obligations.
- Set a timeline indicating when the HKEx will shift from a ‘comply or explain’ approach to making ESG reporting mandatory for all companies.

Given the fact that the HKEx is the seventh largest stock exchange in the world<sup>13</sup>, it has enough power to promote and encourage sustainability among listed companies. The HKEx should thus join The Sustainable Stock Exchanges (SSE) Initiative and sign the commitment letter to promote sustainability performance.

### **Recommendations for food companies**

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<sup>12</sup> [https://www.unpri.org/download\\_report/18258](https://www.unpri.org/download_report/18258)

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Stock Exchange. The study revealed that only three companies employed GRI standards. Oxfam believes companies should implement international standards and adopt the latest 2016 GRI standard<sup>14</sup> to compile independent reports that have obtained third-party assurance. Companies should formulate environmental policies and disclose environmental data to enhance public understanding of their environmental performance. A creditable report would help external stakeholders better understand companies and their approach to environmental and social issues.

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Food companies should develop more inclusive business strategies to enable more smallholder farmers and poor communities to benefit from their business operations. Companies may consider direct employment or require suppliers to hire and train their staff – especially those who live in poverty – to provide them with technical support to increase their competitiveness in the supply chain and thus their income.

#### Ñ **Ensure protection of human rights and environmental performance in the supply chain**

Companies should introduce a code of conduct for suppliers that conforms with international labour, human rights,<sup>15</sup> and environmental standards<sup>16</sup>. They should also keep their suppliers' accountable, and require them to follow the code of conduct to protect employees' labour and human rights, as well as the environment. After selecting a supplier, companies should enforce monitoring mechanisms to audit suppliers' daily operations so as to prevent the violation of human rights and to ensure environmental protection. The results of these audits should be open to the public to help the public better understand companies' operations.

The UNPRI's guidelines for investors<sup>17</sup> offer various examples of exemplary companies. For instance, food companies can take reference to the responsible sourcing code of conduct of an Australian food company<sup>18</sup>. In terms of social performance, their code ensures the prevention of forced and child labour, that living wages are paid, and working hours are not excessive. In terms of the environment, codes regarding the environmental management for efficient use of materials, water and energy, and sustainable sourcing were in place as well.

#### Ñ **Introduce policies regarding the use of materials and greenhouse gas emissions**

Apart from environmental issues in their supply chains, companies should set up internal environmental policies to improve their environmental performance. Policies in this area should include directives on the efficient use of materials to reduce waste during the

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<sup>14</sup> GRI Standards, <https://www.globalreporting.org/information/sustainability-reporting/Pages/gri-standards.aspx>

<sup>15</sup> E.g. OECD Guidelines for Multinational Enterprise, United Nations Guiding Principles on Business and Human Rights, United Nations Global Compact, etc.

<sup>16</sup> E.g. ISO14001, etc.

<sup>17</sup> [https://www.unpri.org/download\\_report/18258](https://www.unpri.org/download_report/18258)

<sup>18</sup> <http://www.gwf.com.au/static/pdf/Responsible-Sourcing-Code-of-Conduct-September-2014.pdf>

production process. In terms of greenhouse gas emissions, companies should introduce policies and measurable targets to mitigate their environmental impact during the production process.

#### **Ñ Enhance tax transparency**

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#### **Ñ Recommendations for institutional investors**

Oxfam urges investors to take ESG factors into consideration when making investment decisions. Companies with good ESG performance typically have better reputations, are less of an investment risk and are more socially valuable to society, and can effectively help to alleviate poverty. Investors should consider ESG factors when making investment

decisions and follow the UNPRI<sup>19</sup>. In addition, institutional investors can take reference to the UNPRI's guidelines for investors<sup>20</sup>. Through their investments, investors can play an active role in improving human rights conditions in food companies' supply chains.

## Ñ **Recommendations for consumers**

Consumers have great influence on companies' CSR performance; as such, they should take the lifecycle of products and services, and their sustainability into account when making purchasing decisions. At the same time, they should demand the HKEx to elevate food companies' reporting obligations to 'mandatory' and ensure that their reporting standards are on par with international standards. This will force food companies to implement more policies that will benefit smallholder farmers and workers in their supply chains. Oxfam believes that by raising awareness about this, the public will be able to influence companies to respond with environmental and social initiatives.

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<sup>19</sup> Principles include the following: 1) incorporate ESG issues into investment analysis and decision-making processes, 2) be active owners and incorporate ESG issues into ownership policies and practices, 3) seek appropriate disclosure on ESG issues by the entities in which investors invest, 4) promote acceptance and implementation of the Principles within the investment industry, 5) work together to enhance the effectiveness of implementing the Principles, and 6) report on activities and progress towards implementing the Principles.

<sup>20</sup> [https://www.unpri.org/download\\_report/18258](https://www.unpri.org/download_report/18258)

## Appendix I – Full Company List

Company	Company
WH Group	Jiashili Group
Want Want China	Vedan International
Dali Foods Group	Four Seas Mercantile
China Mengniu Dairy	China Finance Investment
China Huishan Dairy	Great China
Tingyi (Cayman Islands)	Tianyi (Summi)
First Pacific	China Starch
Uni-President China	China Putian Food
C. P. Pokphand	Fresh Express Delivery
Biostime International	DaChan Food
Vitasoy International	Ping Shan Tea
China Agri-Industries	Labixiaoxin Snacks
China Shengmu Organic Milk	Tianyun International
Huabao International	China Agri-Products Exchange
China Foods	Golden Resources Development International
Yashili International	Hua Lien International
Fufeng Group	Chaoda Modern Agriculture
China Huiyuan Juice Group	Christine International
Tibet Water Resources	China Haisheng Juice
China Modern Dairy	Hung Fook Tong Group
Ausnutria Dairy	Longrun Tea Group
Tenfu (Cayman)	Yantai North Andre Juice
Honworld Group	China Kangda Food
China Yurun Food	Huisheng International
Shenguan Holdings	Global Sweeteners
Changshouhua Food	Heng Tai Consumables Group
Lam Soon (Hong Kong)	Hong Kong Food Investment
China Greenfresh Group	Changmao Biochemical Engineering
China Flavors and Fragrances	Lanzhou Zhuangyuan Pasture
YuanShengTai Dairy Farm	China Green
China ZhongDi Dairy	

## Appendix II – Benchmarking Survey

### Environmental, Social and Governance (ESG) in the Food, Beverages and Agricultural Products Sectors

Oxfam Hong Kong is assessing how the leading food, beverage and agricultural companies in Hong Kong conduct their business with regards to Environmental, Social and Governance (ESG) practices.

As part of this exercise, Oxfam Hong Kong have engaged CSR Asia, an independent third party consultant, to gather information. You are cordially invited to complete this 15-minute survey.

Please be assured that all information and responses will be kept confidential. The results will be reported in aggregate and no responses will be attributed to an individual.

Survey closing date: Friday 27 January 2017

1. Contact Information (strictly confidential)

Name and Position

Company

Email Address

### Corporate Governance

1. Does your company have any policy on risk and crisis management and control procedure/system to ensure food security?

For example:

- To identify and manage known and emerging risks that could affect business continuity, food quality, safety and security
- To reduce vulnerability and strengthen resilience among people and production systems against shocks and stresses
- To promote sustainable food production

Yes

No



**2. Does your company disclose information on investment/operations (e.g., subsidiaries) in more than one country, typically with a minimum 10% ownership stake in a foreign-based company?**

Yes

No

## **Environment**

**1. Does your company have any policy to conserve and sustainably use marine and terrestrial resources and ecosystems?**

For example:

- To reduce environmental impacts on operational site owned, leased, managed in, or adjacent to, fragile/protected areas and other areas of high biodiversity value
- To minimise use of natural resources and toxic materials, generation of waste and pollutants
- Sustainable management of forests

Yes

No

**2. Does your company have any policy to alleviate the climate risks (e.g., changing characteristics of floods, drought, storms, pests, diseases) that could impact on its operations and assets, and the associated climate resilience and preparedness efforts?**

Yes

No

## **Employment / Labour Practices**

**1. Does your company have any equal employment policy in place?**

Yes

No

**2. Does your company encourage hiring locally, women, disabled, disadvantaged and minority groups?**

Yes

No

**3. Does your company have any policy to pay standard entry level workers more than the local minimum wage (where rules apply)?**

Yes

No

No minimum wage rules

**4. Does your company have any policy regarding labour/management relations in place?**

Yes

No

## **Products and Services**

**1. Does your company have any procurement/sourcing policy regarding the following issues?**

Policies that take human rights into considerations in selection of supplier

Mechanism for assessing suppliers' human rights policies and performance

Respecting freedom of association and the right to collective bargaining of supplier

Prevention of child labor

Prompting equal employment opportunity

Provision of minimum wage

Implementation of maximum work hours

Health and safety

Sustainable procurement/sourcing practice

**2. Does your company have any policy to disclose social and environmental product information? For example: organic and fair trade certification, recyclable packaging, carbon/water footprints, understanding of nutrients, balanced diets**

Yes

No

**3. Does your company have any policy regarding food safety (e.g., production, transportation and handling of food; slaughter practices for live terrestrial and aquatic animals)?**

Yes

No

**4. Does your company have any policy to support for programs and practices that promote sustainable food consumption patterns?**

For example:

- To reduce food losses, food waste reduction and recycling
- To educate end-users, and promote sustainable lifestyles and diets

Yes

No

## **Community Investment**

### **1. Does your company have any policy to support responsible/inclusive business for poverty reduction?**

For example:

- To help local communities to realise the potential of the agriculture sector for economic growth and job creation
- To provide technical / financial assistance to independent producers so they can generate income from production, achieve certification (e.g., BAP) or comply with international standards
- To support social protection for the poor, vulnerable and marginalised communities, increase access to basic services

Yes

No

### **2. Does your company have any policy to promote food accessibility and nutrition?**

For example:

- To increase availability and accessibility to safe, nutritious, sufficient and affordable food
- To provide technical and financial assistance to educate locals about healthy, nutritious diets
- To promote a well-nourished population, especially among women and children

Yes

No

### **3. Does your company have any policy to promote health risk reduction and management?**

For example:

- To increase access to medical / health care services
- To encourage healthy lifestyles
- To improve welfare for vulnerable populations / communities in need

Yes

No

**4. Does your company have any policy to support education and technical training provided to local communities to increase their level of qualifications and employability?**

For example: vocational trainings, alternative economic opportunities during off-season

Yes

No

**5. Does your company have any policy to support knowledge-transfer / capacity building initiatives that involve all stakeholders including national and local authorities, the private sector, communities, NGOs, academics etc.?**

For example: appointing locals as Board members, locals shadowing current foreign employees, training opportunities abroad

## **Environment**

### **Materials**

1. Does the company have a policy for the efficient use of raw materials?
2. Does the company report on the total weight or volume of raw materials used?
3. Does the company report the percentage of recycled input materials used to manufacture the organization's primary products and services?

### **Energy**

4. Does the company have a policy for the efficient use of energy?
5. Does the company disclose its energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity?
6. Does the company report on its energy efficiency initiatives and results achieved?

### **Water**

7. Does the company have a policy for the efficient use of water?
8. Does the company report on the total volume of water withdrawn from:
  - o Surface water, including water from wetlands, rivers, lakes, and oceans
  - o Ground water
  - o Rainwater collected directly and stored by the organization
  - o Waste water from another organization
  - o Municipal water supplies or other water utilities
9. Does the company report on the total volume of water recycled and reused, and as a percentage of the total water withdrawal?
10. Does the company describe water efficiency initiatives and results achieved?

### **Biodiversity**

11. Does the company provide a description of environmental management policies and practices to protect biodiversity and ecosystem services?
12. Does the company have any policy to conserve and sustainably use marine and terrestrial resources and ecosystems?
  - To reduce environmental impacts on operational site owned, leased, managed in, or adjacent to, fragile/protected areas and other areas of high biodiversity value
  - To minimise use of natural resources and toxic materials, generation of waste and pollutants
  - Sustainable management of forests"

### **Emissions**

13. Does the company disclose policies and compliance for GHG emissions?
14. Does the company disclose the scope of emissions data include breakdown by scope 1 and 2 emissions?
15. Does the company disclose scope 3 emissions data?
16. Does the company disclose GHG emissions in total (in tonnes) and intensity (e.g. per unit of production volume, per facility)?
17. Does the company report on measures to mitigate emissions and results achieved?
18. Does the company disclose policies and compliance for air emissions?
19. Does the company disclose air emissions data?

### **Effluents and Waste**

20. Does the company disclose policies and compliance for effluent discharge?
21. Does the company report on water discharge by quality and destination?
22. Does the company describe policies on how hazardous and non-hazardous wastes are handled, reduction initiatives or results achieved?
23. Does the company disclose the total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)?
24. Does the company disclose the non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)?

### **Compliance**

25. Does the company disclose the monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations?

### **Transport**

26. Does the company disclose any policies and compliance for transport?

### **Overall**

27. Does the company disclose the total environmental protection expenditures and investments by type?

## **Social**

### **Economic Performance**

1. Does the company report on tax information by country?
2. Does the company disclose information on investment or operations (e.g., subsidiaries) in more than one country, typically with a minimum 10% ownership stake in a foreign-based company?
3. Does the company have any policy to alleviate the climate risks (e.g., changing characteristics of floods, drought, storms, pests, diseases) that could impact on its operations and assets, and the associated climate resilience and preparedness efforts?
4. Does the company disclose the governmental financial support for agriculture, biofuels and food production etc.?

### **Procurement/Sourcing Practices**

5. Does the company describe the components of its supply chain and how they relate to its activities, products and services?
6. Does the company disclose the percentage of purchased volume from suppliers compliant with the company's sourcing policy?
7. Does the company disclose the percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard?

Does your company have any procurement or sourcing policy regarding the following issues?

8. Suppliers screened using criteria for impacts on society, and labor practices
9. Suppliers screened using criteria for impacts on environment
10. Policies that take human rights into considerations in selection of supplier
11. Mechanism for assessing suppliers' human rights policies and performance
12. Respecting freedom of association and the right to collective bargaining of supplier
13. Prevention of child labour
14. Prompting equal employment opportunity
15. Provision of minimum wage
16. Implementation of maximum work hours
17. Health and safety
18. Sustainable procurement/sourcing practice

### **Employment**

19. Does the company report on policies and compliance for employment practices, including dismissal, recruitment and promotion, working hours, rest periods, other benefits and welfare?
20. Does the company encourage hiring locally, women, disabled, disadvantaged and minority groups?
21. Does the company have any policy to pay standard entry level workers more than the local minimum wage (where rules apply)?
22. Does the company report on the total number and rate of new employee hires / turnover (voluntary and involuntary) during the reporting period, by age group, gender and region?
23. Does the company disclose the total workforce by gender, employment type, age group and geographical region?

### **Labor/Management Relations**

24. Does the company have any policy regarding labour/management relations in place?
25. Does the company report on percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country?

### **Training and Education**

26. Does the company report on training policies to help employees gain the skills required to do their jobs?
27. Does the company report on the employees average hours of training completed by gender and employee category?
28. Does the company report on the percentage of total employees by gender and by employee category who received a regular performance and career development review?

### **Diversity and Equal Opportunity, Non-Discrimination**

29. Does your company disclose any equal employment policy in place?
30. Does the company report on the composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity?
31. Does the company report on the confirmed incidents of discrimination and corrective actions taken?

### **Occupational Health and Safety**

32. Does the company report on policies or compliance with regard to health and safety?
33. Does the company report on formal joint management-worker health and safety committee, how they are implemented and monitored, and percentage of the total workforce represented?

34. Does the company report on injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities by region and gender?
35. Does the company report on workers with a high incidence or risk of diseases related to their occupation?

### **Human Rights**

36. Has the company publicly stated that it respects human rights and recognizes both importance and universality?
37. Does the company report on the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country?

### **Child and Forced Labour**

38. Does the company disclose any policies or compliance actions to prevent child labour and forced labour?
39. Does the company disclose any employment practices to prevent child and forced labour?
40. Does the company disclose any practices for addressing child or forced labour when discovered?

### **Anti-Corruption**

41. Does the company disclose policies, practices and compliance related to bribery, extortion, fraud and money laundering?
42. Does the company report on the total number and nature of confirmed incidents of corruption, fines and settlements, and actions taken?

### **Public Policy**

43. Does the company report on any lobbying activities related to subsidised or otherwise advantaged production (e.g., lobbying by food processing companies to influence agricultural legislation)?

### **Local Communities**

44. Does the company have policies on community engagement to understand the needs of the communities at location of operation and to ensure its activities take into consideration the communities' interests?
45. Does the company disclose whether its operations have any significant negative impacts on the community?
46. Does the company have any policy to support responsible or inclusive business for poverty reduction?
  - To help local communities to realise the potential of the agriculture sector for economic growth and job creation



- To provide technical / financial assistance to independent producers so they can generate income from production, achieve certification (e.g., BAP) or comply with international standards
  - To support social protection for the poor, vulnerable and marginalised communities, increase access to basic services
47. Does the company have any policy to promote food accessibility and nutrition?
- To increase availability and accessibility to safe, nutritious, sufficient and affordable food
  - To provide technical and financial assistance to educate locals about healthy, nutritious diets
  - To promote a well-nourished population, especially among women and children"
48. Does the company have any policy to promote health risk reduction and management?
- To increase access to medical or health care services
  - To encourage healthy lifestyles
  - To improve welfare for vulnerable populations or communities in need
49. Does the company have any policy to support education and technical training provided to local communities to increase their level of qualifications and employability? E.g., vocational trainings, alternative economic opportunities during off-season, transition assistance programs for managing career endings due to retirement or termination.
50. Does the company have any policy to support knowledge-transfer / capacity building initiatives that involve all stakeholders including national and local authorities, the private sector, communities, NGOs, academics etc.? E.g., appointing locals as Board members, locals shadowing current foreign employees, training opportunities abroad.
51. Does the company have any policy to support for programs and practices that promote sustainable food consumption patterns?
- To reduce food lossess, food waste reduction and recycling
  - To educate end-users, and promote sustainable lifestyles and diets"

### **Customer Health and Safety**

52. Does the company disclose any policy regarding food safety (e.g., production, transportation and handling of food; slaughter practices for live terrestrial and aquatic animals)?
53. Does the company discuss how it maintains a high quality of product and service?
54. Does the company report on the percentage of significant product and service (including packaging) for which health and safety impacts are assessed for improvement?
55. Does the company disclose the total number of incidents of non-compliance with regulations and voluntary codes (fine or penalty, or warning)?

56. Does the company disclose the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services?
57. Does the company report on the percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards?
58. Does the company report on the percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars?
59. Does the company report on the percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives?

### **Product and Service Labeling**

60. Does the company disclose any policy to disclose social and environmental product information? E.g., organic and fair trade certification, recyclable packaging, carbon/water footprints, understanding of nutrients, balanced diets?
61. Does the company disclose the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes?
62. Does the company discuss how it obtains customer feedback and measuring customer satisfaction?

### **Marketing Communications**

63. Does the company disclose the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes?

### **Customer Privacy**

64. Does the company disclose any policies on customer privacy?
65. Does the company disclose the total number of substantiated complaints regarding breaches of customer privacy and losses of customer data?

### **Animal Welfare**

66. Does the company disclose policies and practices on animal welfare (e.g., breeding and genetics; physical alterations; housing systems; use of anaesthetic, antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments)?

## References

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<sup>i</sup> Sustainable Development Goals  
<https://sustainabledevelopment.un.org/sdgs>

<sup>ii</sup> Food Processing Sector Disclosures document  
<https://www.globalreporting.org/resourcelibrary/GRI-G4-Food-Processing-Sector-Disclosures.pdf>