

Sustainability & Impact Investing of Family Offices Legal Perspective & Structures

家族办公室持续性及影响力投资方面的法律观点和结构

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- more than 20 years corporate and commercial experience in the financial institutions and financial services sectors;
- deep and broad focus in the areas of asset management, diverse forms of investment funds across asset classes and structures, retail funds and privately placed funds, investments in public markets, private equity, real estate and alternative investments;
- market-leading in having developed a unique focus on corporate and regulatory issues around environmental, social, and corporate governance (ESG), sustainable finance, responsible investment, impact investing and social finance
- broader practice experience includes advising on trusts and tax matters, international tax issues, wealth management and private client matters, pre-IPO trust structures and employee share schemes, and also advising on establishing or structuring of charities, foundations, philanthropic giving or social enterprise

Why is sustainability a big topic?

ESG and sustainability issues are moving mainstream in global capital markets and business practice

为何环境、社会及治理（ESG）和可持续性已成为全球资本市场和商业界业务实践中备受关注的重要问题？

ESG: What does it stand for? 涵盖什么？



Environmental – climate change through emissions and carbon footprint, natural resources, pollution, waste, land contamination, biodiversity, energy use etc.

环境—排放和碳足迹引起的气候变化、自然资源、污染、废物、土地污染、生物多样性、能源使用等



Social – workplace and industry health and safety standards, labour standards, pay equity and other issues relating to employees and community etc.

社会—工作场所和工业健康与安全标准、劳工标准、薪酬公平以及与员工和社区等相关的其他问题



Governance – corporate governance and behaviour, ethics, anti-corruption, transparency, anti-competitive practices and corporate sustainability strategy etc.

治理—公司治理和行为、道德、反腐败、透明度、反竞争做法和公司可持续发展战略等

ESG is a means of measuring the environmental, social and governance performance, risks and stakeholder expectations of a business

衡量企业环境、社会和治理绩效、风险和利益相关者的期望

Stakeholders and regulators are increasingly expecting and requiring businesses to meet requirements and standards on ESG, with gathering pace of new law

利益相关者和监管机构越来越期待，要求企业满足 ESG 标准，新法律的步伐不断加快

The evolution of ESG 环境、社会和管治方面的演变 Framework, Principles & Standards 框架、原则和标准

- Beyond Corporate Social Responsibility
超越企业社会责任
- Responsible Business, Stakeholder Capitalism, Triple Bottom Line 负责任的企业、利益相关者资本主义、三重底线



2015 Paris Agreement on Climate

Task Force on Climate Related Financial Disclosure (TCFD)

Global Reporting Initiative

Sustainability Accounting Standards Board

ISO26000

Others...

United Nations Guiding Principles on Business & Human Rights

OECD Guidelines for Multinational Enterprises

2030 Sustainable Development Goals

ESG in the press

Corporations are feeling the pressure, reputational risks

ESG is everywhere, being spoken about by everyone...

Deliveroo IPO: Is the gig economy empire crumbling?

CITY AM 31 March 2021

Hire Up: ESG Drives More Hiring, Tech-Related Practices Make Moves

Law 26 March 2021

Investors deliver post-mortem on Deliveroo's IPO flop

Portfolio Advisor 01 April 2021

How to incentivise senior management to achieve ESG goals

Global Banking Finance 15 April 2021

Inclusion is a contact sport managers should be happy to play

Training Zone 15 April 2021

Investors want proof on ESG pledges

The Times 31 March 2021

CEOs shift focus to the "S" in ESG

Many CEOs have been thinking about their "corporate purpose" when it comes to responding to the pandemic

Investment Executive 23 March 2021

Social factors must be at the heart of pension schemes' ESG strategy

CITY AM 24 March 2021

Report: 45% of UK businesses linking executive pay to ESG targets

Edie18 March 2021

Walmart's Sustainability Pitch to Wall Street

The retailer is "decarbonizing" supply chains and investing in employees, its sustainability chief said at Cowen's virtual summit.

Addressing Climate Risks 应对气候风险

Net Zero Asset Owner Alliance

净零资产所有者联盟

Net Zero Asset Managers Initiative

净零资产管理人倡议

Net Zero Banking Alliance

净零银行联盟

Net Zero Insurance Alliance

净零保险联盟

Net Zero Investment Framework

净零投资框架

October 21

Glasgow Financial Alliance for Net Zero

格拉斯哥净零金融联盟

UN's Race to Zero 联合国的归零竞赛

Climate Action 100+ 气候行动 100+



Families as 家族同时为:
business operators 企业经营者
asset owners 资产所有者
Investors 投资者
Innovators 创新者!

ESG Regulatory Trends ESG 监管趋势

Relevant Hong Kong ESG / Green Finance Policy & Regulations 相关香港环境、社会及管治 / 绿色金融政策法规

HKEx 香港交易所

Updated Environmental, Social and Governance Reporting Guide and Related Listing Rules (Dec 2019), applies from financial period commencing after July 2020:

- Mandatory Board Statement – ESG materiality and strategy
- "Comply or explain" for all environmental and social aspects
- Aiming to align with TCFD recommendations

更新的环境、社会 and 管治报告指南和相关上市规则（2019年12月），自2020年7月起的财务期适用：

- 强制性董事会声明 - **ESG** 重要性和战略
- 所有环境和社会方面的“不遵守就解释”
- 旨在与 **TCFD** 建议达到一致

Securities & Futures Commission (SFC) 香港证监会

Strategic Framework for Green Finance / Green & Sustainable Finance Strategy for Hong Kong
绿色金融策略框架 / 香港绿色及可持续金融策略

Circular on Green or ESG Funds 关于绿色或 **ESG** 基金的规定

Green or ESG funds webpage
绿色或 **ESG** 基金网页

Fund Managers' Management and Disclosure of Climate-related Risks
基金管理人 对气候相关风险的管理和披露

Concerns and sustainability issues for family businesses & family offices?

有关家族企业和家族办公室的可持续性问題？

Sustainability is key to a family's legacy

可持续性对家族传承的重要性

Capacity & opportunities for impact

具影响力的能力和机会

Sustainability for Families

家族可持续性考虑

Success & Sustainability of Family Enterprises

家族企业的成功和可持续性

Wealth Accumulation & Asset Protection

财富累积和资产保护

Succession & Legacy

遗产及传承

Values?

价值观

*Relationship with
Community & the
World?*

与社会及世界的关系？

What is future-proof?

什么可保障未来？

Sustainability for Family Enterprises 家族企业的可持续性：

Corporate ESG Reporting & Disclosures 企业 ESG 报告和披露

“You will be measured whether you like it or not!”
“不管你同不同意，都会被衡量！”

Corporate Values, Purpose & Strategy 企业价值观、宗旨和战略

“Social Licence to Operate” “社会经营许可”

ESG Reporting Requirements for HK Listed Companies

香港上市公司 ESG 报告要求

Disclosure and reporting on policy and compliance with relevant laws and regulations on different environmental or social aspects that have a significant impact on the issuer

披露和报告对发行人有重大影响的不同环境或社会方面的政策和相关法律法规的遵守情况

Note:
TCFD
Governance
Strategy
Risk Management
Metrics & Targets



Materiality Assessment

重要性评估

Issuer assesses material ESG issues

发行人评估各 ESG 方面的重要性

Disclosure and reporting on material ESG Aspects 重大 ESG 方面的披露和报告

Reporting on Key Performance Indicators (KPIs) 报告关键绩效指标

For ESG Aspects considered to be not material to an issuer, disclosure on why 披露对于被认为就发行人不重要 ESG 方面的原因

No further disclosure required 无需进一步披露

ESG Reporting Requirements for HK Listed Companies 香港上市公司 ESG 报告

Environmental Aspects 四个环境方面

*Subject to materiality assessment
须经重要性评估*

Emissions 排放

- Air pollutants
- Greenhouse gas emissions
- Hazardous waste
- Non-hazardous waste
- Emissions reduction
- Waste management

Use of Resources 资源使用

- Efficient use of resources
- Energy consumption
- Renewable and non-renewable energy
- Water consumption
- Packaging materials

Environment & Natural Resources 环境及自然资源

- Impact on environment
- Environmental management system
- Use of natural resources
- Impact on biodiversity

Climate Change 气候变化

- Identifying and mitigating climate-related issues with impact or potential impact
- Physical risks
- Transition risks
- **TCFD recommendations**

ESG Reporting Requirements for HK Listed Companies

Social Aspects – Employment related 社会方面 - 雇员关系

*Subject to materiality assessment
须经重要性评估*

Employment 雇员

- Compensation and dismissal
- Recruitment and promotion
- Equal opportunity & anti-discrimination
- Benefits and welfare
- Workforce gender, employment type, age and geography

Health & Safety 保健及安全

- Healthy and safe working conditions
- Protecting employees from occupational hazards
- Work injuries or fatalities
- Promoting physical and mental health of employees

Development & Training 发展和培训

- Improving employees' knowledge and skills for discharging duties
- Training statistics by gender and employee category – percentage and training hours

Labour Standards 劳工标准

- Avoiding child and forced labour
- Respect, protect and promote fundamental human rights
- Employment practices and measures to eliminate all forms of child or forced labour

ESG Reporting Requirements for HK Listed Companies

*Subject to materiality assessment
须经重要性评估*

Social Aspects – Other Stakeholders 社会方面 - 其他关系

Supply Chain Management 供应链管理

- Disclosures on suppliers by geography
- Supply chain management strategy and practices
- Supply chain environmental and social risk assessment
- Green procurement

Product Responsibility 产品责任

- Health & safety impact of products and services
- Labelling practices and quality assurance
- Consumer protection
- Consumer privacy and data
- Respect, protect and promote intellectual property rights

Anti-Corruption 反贪污

- Anti-corruption policies
- Anti-bribery, extortion, fraud
- Anti-money-laundering
- Preventive measures and training
- Whistle-blowing procedures

Community Investment 社区投资

- Community engagement to understand needs of communities where issuer operates
- Ensure activities take into consideration communities' interests
- Contributing to development of local communities

Governance - Board Engagement 治理 – 董事会的参与

Mandatory disclosure 强制性披露要求

- Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses)
- How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses
- The process to identify and the criteria for the selection of material ESG factors
- If stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.
- 董事会的 **ESG** 管理方法和战略，包括用于评估、优先考虑和管理重大 **ESG** 相关问题（包括发行人业务风险）的流程
- 董事会如何审查与 **ESG** 相关的目标和指标取得的进展，并解释它们与发行人业务的关系
- 确定重要 **ESG** 因素的过程和选择标准
- 如果进行了利益相关者的参与，则对识别出的重要利益相关者的描述，以及发行人的利益相关者参与的过程和结果。

Corporate Values, Purpose & Strategy 企业价值观、宗旨和策略？

HKEx Review of Corporate Governance Code 香港交易所 企业管治守则的检讨

Proposes to require an issuer's board to align the company's culture with its **purpose, value and strategy**:

“Establishing a company's overall purpose is crucial in supporting the correct behaviours. The strategy to achieve a company's purpose should reflect the company's values and culture... An effective board should set the tone and define the company's purpose and strategy”

“Corporate culture [should be] appropriate for the context in which the issuer is operating, alignment between its **purpose, values, strategy and business model(s)**”

Proposed disclosure requirement: “description of the vision, value and strategy of the company, alongside with the company's culture and how these affect the business model.... “

提议要求发行人董事会将公司文化与其宗旨、价值和战略保持一致：

“确立公司的总体目标对于支持正确的行为至关重要。实现公司目标的战略应该反映公司的价值观和文化.....一个有效的董事会应该定下基调并定义公司的目标和战略。”

“企业文化 [应该] 适合发行人的运营环境，其宗旨、价值观、战略和商业模式之间的一致性”

提议披露要求：“描述公司的愿景、价值和战略，以及公司的文化以及如何影响商业模式.....”

Sustainability Journey 可持续发展历程

“No organization / family is alike”

“没有相同的机构 / 家庭”

Compliance /
baseline
requirements
满足合规 / 基
础要求

Risk awareness
/ assessment
风险意识和评估

Applying
Due Diligence
应用尽职

De-risking
去风险化

Managing
change and
transition
处理变化及过渡

Values 价值观
Purpose 目的 / 宗旨
Strategy 策略

Future-
proofing
保障未来

Investing in
Impact
影响力投资

Serving
community /
Giving back
服务 / 回馈社会

Case Studies – New World Group

“New World Group is committed to building sustainable communities. Aligning our efforts with the United Nations Sustainable Development Goals (UN SDGs), we created the New World Sustainability Vision 2030 (SV2030). SV2030 is our guide to curate products, services and cultural content focusing on four pillars: Green, Wellness, Smart and Caring. Led by our Sustainability Committee and driven by our stakeholders’ growing sustainability awareness, together we curate opportunities for a life well-lived.”

<https://sustainability.nwd.com.hk/our-strategy/>

All from publicly available information

Separately:

“The Group has established several charitable foundations which contribute to worthy causes and provide practical support to the community:

New World Group Charity Foundation

Established in 2011, it supports programmes and initiatives by NGOs in Hong Kong that align with SV2030.

Others:

K11 Art Foundation

Hong Kong Golf & Tennis Academy Charity Foundation

Culture for Tomorrow

K11 Craft & Guild Foundation

Family Offices / Family Foundations

Case Studies - Danone

History Highlights:

Founded in 1919 by Isaac Carasso in Barcelona
1929: Daniel Carasson founded Danone in France
Antoine Riboud founded BSN in 1966, and announced
new vision of corporate social responsibility in 1972 –
commitment to business success and social progress
Merger of Danone and BSN

Today, there are a total of 37 Danone entities
as certified B Corps.

*“As a result, approximately 50% of Danone’s
global sales are now covered by B Corp
certification.”*

“B Corp is a movement of companies
verified to meet the highest standards
of social and environmental criteria
and using their business as a force for
good”

Family Values and Corporate Values in Legacy

Corporate Foundations vs Family Foundations

Foundation Michele et Antione Riboud

Daniel and Nina Carosso Foundation

Danone Non-Profit Organisations (examples)

Danone Institute

Indonesian Danone Institute Foundation

Danone Institute North America

Danone Social Innovation Funds:

Danone Ecosystem Fund

Danone Communities

Danone Livelihood Funds

ESG vs Impact Investing

ESG

- Focuses on “financial materiality”
- Concerned with ESG risks and performance

- 着重“财务重要性”
- 关注风险和绩效

Impact Investing

“Intention to generate positive, measurable social and environmental impact alongside financial return”

“seeks to **contribute to solutions** to one or more big world problems”

- www.toniic.com

影响力投资

“意图产生正面、可衡量的社会和环境
影响及财务回报”

“寻求为解决更大世界问题做出贡献”

Venture Philanthropy / Philanthropy

Funding social causes without expecting financial return

公益创投 / 公益

不期望财务回报地资助社会问题

Charitable giving 慈善捐款

UN Sustainable Development Goals 2030

“Decade of Action”



Source: UN SDG Website

Family Offices in Impact Investing 家族办公室影响力投资

*Investing for Global Impact – A Power for Good 2020 **

“ Driven to make the world a better place

The number one ranked reason for respondents to engage in impact investing relates to their sense of responsibility to make the world a better place...”

“Impact investing increasing in portfolio allocation; philanthropy remains constant

... respondents expected to increase their average portfolio allocation to impact from 20% in 2019 to 35% by 2025; 27% plan to allocate more than 50% of their portfolios to impact investing within the next five years...”

A majority (56%) of respondents channel their impact investments directly into companies, projects and real assets, with private equity being the most popular asset class.

*In terms of sectors targeted, investments are mainly expected to increase mainly in: **health care; food and agriculture; water, sanitation and hygiene; education; and information and communication technology**”*

** Report published by Campden Wealth, with GIST and Barclays Private Bank – survey of 302 respondents from 41 countries, estimated accumulated net worth of US\$264 billion; 11% Asia Pacific respondents*

Structure Considerations for Sustainability & Impact Investing

可持续性和影响力投资的结构考虑

Portfolio / Funds vs Direct Investments 投资 / 基金组合、直投

- Structures for succession planning and asset protection 继任计划和资产保护的结构
- Family governance, values and purpose 家族治理、价值观和宗旨
- Capacity, expertise, resources 能力、专业知识、资源
- Level of control / Involvement of family members / next generation 家族成员/下一代的控制或参与程度
- Portfolio construction and diversification 投资组合构建和多元化 / 风险分化

Communicating values and impact goals in investment objectives and strategies

在投资目标和策略中沟通和传达价值观和影响目标

Clarifying expectations and fiduciary duties of trustees, investment managers/advisers on impact and financial returns

说明受托人、投资管理顾问有关影响力和财务回报所受托期望和职责

Engagement and stewardship in investment process and portfolio companies

投资管理过程和投资组合公司的参与及推动

ESG standards, tools, data, frameworks and due diligence

ESG 标准、投资工具、数据、框架和尽职

Impact management and measurement, including positive and negative impacts

影响管理和衡量，包括正面和负面影响

Additional references

Dentons ESG Global Solutions

<https://www.dentons.com/en/issues-and-opportunities/environmental-social-and-governance>

Sustainable Finance & ESG in Hong Kong

<https://hongkong.dentons.com/en/insights/articles/2021/june/1/sustainable-finance-and-esg-in-hong-kong>

Dentons Global Tax Guide to Doing Business

<https://www.dentons.com/en/issues-and-opportunities/global-tax-guide-to-doing-business-in>

Tax Guide to Doing Business in Hong Kong

<https://www.dentons.com/en/issues-and-opportunities/global-tax-guide-to-doing-business-in/hong-kong>

Lexology GTDT ESG & Impact Investing Hong Kong

<https://www.lexisnexis.co.uk/legal/guidance/esg-impact-investing-hong-kong-q-a-guide>

ICLG Environmental Social & Governance Law - Hong Kong

<https://iclg.com/practice-areas/environmental-social-and-governance-law/hong-kong>

Green or ESG Investing - Stewardship & Principles of Responsible Ownership

<https://www.lexology.com/library/detail.aspx?g=4d85820b-b30c-4bcd-9bc0-370f833861b9>

LexisNexis Private Clients: Charities

LexisNexis Hong Kong Guides



Thank you

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