



CERTIFICATION SCHEME ON MATURITY OF ESG

IMPLEMENTATION

ACROSS ORGANIZATIONS

企業組織實施 ESG 成熟度認證方案

(CSMESG™)

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Contents

Pages

Foreword	
Introduction	
1. Scope	
2. Terms and definitions	
3. ESG Framework of an organization	
4. ESG Principles	
5. Organizational cultural and leadership commitment	
5.1 Organizational cultural	
5.2 Leadership commitment	
6. ESG Risks and opportunities management framework	
7. Engagement of interested parties	
8. Materiality in ESG	
8.1 Identify material impacts	
8.2 ESG materiality assessment	
9. ESG Implementation Framework	
9.1 ESG Performance Goals	
9.2 Considerations in Formulating ESG Goals	
9.3 Building ESG Performance Indicator (KPIs)	
9.4 ESG Performance Management and Key Processes	
9.5 Strategies for ESG Performance Improvement	
10. ESG Disclosure and Reporting	
10.1 ESG Disclosure	
10.2 ESG Reporting	
10.3 Coverage of ESG Report	
11. Continual improvement	
12. Evaluation of ESG Maturity Implementation	
12.1 The management system on ESG Implementation Principles	
12.2 Objectives and Sector-Specific KPIs	
12.3 Stakeholder Engagement	
12.4 Information Disclosure	
12.5 Continual Improvement	
13. Auditor Evaluation Report and Certificate of ESG Implementation	
13.1 Auditor Evaluation report	
13.2 Certificate of ESG Implementation	
14. Experience and qualification of Auditors	

Foreword

Established in 2006, the Hong Kong Institution of Certified Auditors (HKICA) serves as both a learned society and an International Personnel Certification Body (PCB). It offers certification services across a wide range of professional domains in Hong Kong, including quality management, environmental, occupational health and safety, food safety, laboratory operations, and other verification/validation personnel.

In response to growing public concern over the lack of Certification scheme to recognize organizations, SMEs in sustainable development, in particular the effort in achieving Environmental, Social Accountability, and Governance (ESG) goal, this scheme was developed by HKICA to promote a holistic view on maturity of ESG implementation of stakeholders in the field of ESG and disclosure on voluntarily basis.

This scheme was developed through a multi-stakeholder approach, engaging representatives from professional bodies, academic institutions, research organizations, non-governmental organizations (NGOs), trade associations, suppliers, and consumers.

A technical committee was established under the patronage of the Hong Kong Institution of Certified Auditors (HKICA) to assess the maturity of ESG implementation across organizations, industry sectors, and small and medium-sized enterprises (SMEs). This initiative aims to provide a structured evaluation framework that supports progressive ESG integration, fosters transparency, and promotes sustainable development within the corporate landscape.

Certification bodies or trade association can use this ESG certification scheme for their client or member companies by signing agreement with HKICA for holding ESG Maturity certification. It grants the right to use CSMESG trademarks (the CSMESG initials, the name Certification Scheme on Maturity of ESG Implementation across Organizations, the CSMESG™ logo).

Acknowledgements

The goal of establishing an ESG Certificate was initiated by the Materials Division of the Hong Kong Institution of Engineers, the Hong Kong Construction Materials Association, and the Hong Kong Institution of Certified Auditors. With the joint support of partner organizations, a technical committee was formally established in January 2026.

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The Council of the Hong Kong Institution of Certified Auditors extends its sincere gratitude to the supporting organizations and members of the Technical Committee for their invaluable support and contributions to the development of the CSMESG™. Without their dedication and expertise, this certification scheme would not have been possible.

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Introduction

The scheme is designed by the Hong Kong Institution of Certified Auditors to recognize the commitment of SMEs and organizations in sustainable development goal and implementing their set ESG objectives, KPIs with reference to the ISO IWA 48 implementing environmental, social and governance (ESG) principles.

This scheme is intended to assist organizations to have a transparency and integrity framework within their management system, integrating a reachable ESG objective and benchmarkable sector-specific KPIs, and have a holistic conclusion on the maturity of their management system in ESG implementation, that fosters information disclosure to stakeholders on voluntarily basis.

This scheme is intended to be flexible so it can be applicable to organizations of all sizes, sectors and jurisdictions, while reflecting changes in emphasis that can emerge within ESG more widely. It is outcome-focused and performance-based, enabling a holistic and measurable approach, facilitating sustainable change. It is intended to encourage organizations to go beyond legal compliance in their social responsibility.

This scheme is designed not intended to be interpreted as a “standard”, “guideline” or “recommendation”, nor to provide a basis for legal actions, complaints. It is not intended or appropriate for regulatory or contractual use.

CERTIFICATION SCHEME FOR ESG IMPLEMENTATION (CSMESG™)

1. Scope

The scheme designed by the Hong Kong Institution of Certified Auditors align the ESG risks & opportunities into the Quality Management System of an organization. Core elements of Environmental, Social Accountability, and Governance (ESG) implementation principles of ISO ESG IWA 48 are integrated with organizational ISO9001 management system objectives, culture & commitment, and risks & opportunities.

Comparison table mapping the ISO ESG IWA 48 clauses to the corresponding ISO 9001 clauses is given in Appendix A, illustrating how ESG principles are integrated into a Quality Management System (QMS):

Certification of ESG implementation includes evaluation audit of a corporate Participants' ESG system, followed by surveillance visit ensuring ESG implementation that takes into account the evident of conformity to this certification scheme and participants' own prescribed ESG goals and KPI's.

The evaluation on ESG Implementation maturity will focus on organization has integrated and internalized ESG as part of its DNA and core values, and ESG implementation conforms to the below ESG attributes of the CSMESG certification scheme.

- (a) The management system on ESG Implementation Principles
- (b) Objectives and Sector-Specific KPIs
- (c) Stakeholder Engagement
- (d) Information Disclosure
- (e) Continual Improvement

2. Terms and Definitions

For the purposes of this document, the following terms and definitions apply.

Certificate Issuing Body (CIB): an organization licensed by HKICA to adopt and apply the Certification Scheme on Maturity of ESG Implementation (CSMESG) for conducting ESG certification activities.

ESG Auditor: A registered ESG auditor of Hong Kong Institution of Certified Auditors appointed by the Certificate Issuing Body (CIB) to carry out Assessments.

ESG Certificate: The certificate issued by the Certificate Issuing bodies to confirm an Applicant implementing their ESG goal effectively in respect of this certification scheme.

Certification: the process by which a Certificate Issuing Body adopts this certification scheme as the basis for assessment, to evaluate the conformity of an organization's ESG implementation.

Materiality in ESG: the attribute attached to ESG factors and their impacts that enables an organization to identify and prioritize impacts (positive or negative, or both), develop strategies and action plans, and implement change, while allowing the organization and other interested parties, including intended users, to make decisions and judgements on the organization, its products and/or services.

Maturity: continuous improvement, embedding and updating good practice to integrate ESG as a core value within the organization with effective risks and opportunities management, measurement and reporting, ensuring that ESG becomes integrated and owned as part of the DNA, core values, drivers and learning, rather than an external one-off, tick-box requirement.

Scheme: The certification scheme for ESG implementation which is administered by the Council of Hong Kong Institution of Certified Auditors.

ISO ESG IWA48: Environmental, social and governance (ESG) implementation principles. IWA 48:2024. 1st edition. ISO 2024.

環境、社會與治理 ESG 概念、框架與應用評估通論，中央財經大學可持續準則研究中心，中國認證認可協會可持續發展評價專業委員會編著. 2025

HKEX-listed companies Appendix C2 Environmental, Social and Governance Reporting Code.

International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards

3. ESG Framework of an organization

Environmental, Social and Governance (ESG) is a strategic for organizations of any size and type, to implement and report on their activities, products, services and commitment to support the achievement of sustainable development, social justice and good governance.

- (a) ESG Implementation framework covers the three pillars of Environment (E), Social (S), and Governance (G), each of which includes a series of Key Performance Indicators (KPIs), collectively forming a comprehensive ESG measurement system.
- (b) Environmental (E) includes climate change mitigation and adaptation, sustainable resource use and energy efficiencies, circular economy, prevention of pollution and waste management, protection of the environment, biodiversity and restoration of natural habitats.
- (c) Social (S) include internal and external social factors and impacts, including human rights, labour practice, decent work, consumer issues, community relations and engagement (including involvement in, influencing and embedding the organization's ESG activities), privacy and data protection, health, well-being and safety, supply chain management, other human capital and social justice issues.
- (d) Governance (G) of the organization, including the governing of the environmental (E) and social (S) categories: corporate board composition and structure, strategic sustainability oversight and compliance, executive compensation, anti-corruption, responsible political involvement, fair competition, promoting social responsibility in the value chain, respect for property rights and interrelationship with communities and society.
- (e) ESG adds an additional dimension to risks and opportunities and their management: the organization should identify, assess or evaluate, manage (and report) risks and opportunities posed by the organization to the environment and society, notably to the organization's immediate and potentially widespread communities that can be affected or supported by its activities.
- (f) The ESG Frameworks adopted by each organization may vary based on their industry, geographical location, jurisdiction and interested party expectations. The main components of ESG framework presented in Figure 1, an overarching structure of principles and cross-cutting themes supported by key performance indicators (KPIs).

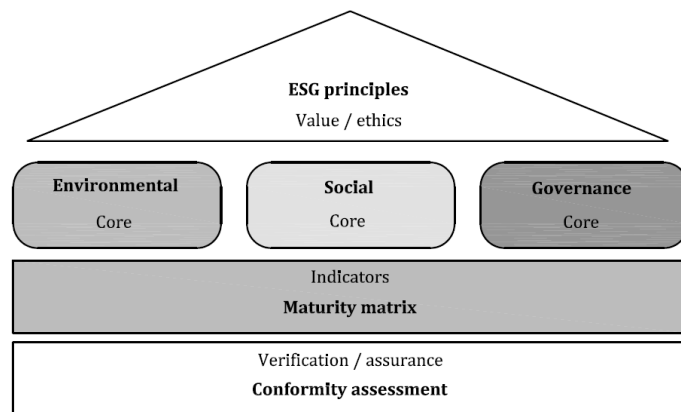


Figure 1: Main components of the ESG framework

Ref: ISO ESG IWA48:2024

4. ESG Principles

An organization incorporating ESG into the management system should adopt the following principles:

- (a) **Integrity:** applying commonly shared ethics, utilizing elements of independence, objectivity, openness and transparency in all ESG decision-making and reporting; with effective accountability mechanisms based on sound leadership, systems and controls, including feedback from interested parties.
- (b) **Outcomes-focused:** identifying, evaluating and managing the direct and indirect, strategic and operational outcomes, as well as the outcomes of environmental and social impacts based on decisions and activities, including intended and unintended consequences on and from the organization.
- (c) **Equity:** ensuring shared values and a balance of interested parties' interests in as objective, fair and impartial way as possible, bearing in mind long- and short-term risks and opportunities, practicalities such as resource availability, materiality dimensions and the interests of all relevant interested parties, including future generations.
- (d) **Risks and opportunities:** integrating the identification, understanding and management of risks and opportunities into ESG strategies and operations, including across the value chain and broader impacts on and from the environment and society.

- (e) Evidence-based: identifying and evaluating outcomes as scientifically or analytically as possible, using reliable, verifiable evidence, prioritizing external and internal risks and opportunities and their materiality.
- (f) Maturity: continuous improvement, embedding and updating of good practice to integrate ESG as a core value within the organization with effective risks and opportunities management, measurement and reporting, ensuring that ESG becomes integrated and owned as part of the DNA, core values, drivers and learning, rather than an external one-off, tick-box requirement.

5. Organizational cultural and leadership commitment

5.1 Organizational culture

- (a) Organizational culture is the set of shared assumptions, attitudes, ethics, values and everyday practices that shape and influence personnel behaviour.
- (b) ESG specifically includes a focus on sound personnel practices such as the promotion of diversity, equity, fairness, health and wellbeing, inclusion, safety, security and a sense of belonging.
- (c) Top management should clearly articulate the purpose of ESG throughout all levels of the organization consistently.
- (d) Top management should lead ESG implementation by driving changes in perspective, mindset, and organizational culture. Culture reflects the predominant attitudes towards ESG. The ESG mindset develops in line with the maturity levels outlined in Appendix B.

5.2 Leadership commitment

- (a) Top management should be proactive and ensure resources.
- (b) Governing body should build culture, should ensure decisions assess/treat/monitor risks, and should oversee activities.

6. ESG Risks and Opportunities Management Framework

To mitigate or treat risk and capitalize on opportunities, the organization should establish clear role and responsibilities to:

- (a) identify, assess/evaluate, manage (and report) ESG and climate-related risks and opportunities over the short, medium, and long term. This includes specific categorization of:

- Physical Risks: Acute (event-driven, e.g., extreme weather) and Chronic (longer-term shifts, e.g., sustained higher temperatures or sea-level rise).
 - Transition Risks: Policy and legal, technology, market, and reputation risks arising from the shift toward a low-carbon economy.
- (b) Assess the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario (referencing TCFD/ISSB scenario analysis logic). Draw on differing perspectives of all relevant interested parties on risk and opportunity.
- (c) Commit adequate resources and oversight by senior management, ensuring clear accountability for climate-related governance.
- (d) Develop a robust ESG and climate transition roadmap to support decision-makers in aligning business models with global sustainability targets (e.g., Net Zero pathways).
- (e) Implement clear communication strategies, and actions to understand the interests of different audiences and communicating relevant information to each group of interested parties, including how climate risks impact the organization’s financial position and performance.
- (f) Ensure the accuracy of disclosed information, ensuring it is true, consistent, verifiable and/or validatable with the available evidence and other reported information. Quantitative and qualitative sources, such as:
- pollution monitoring, Greenhouse Gas (GHG) emissions (Scope 1, 2, and/or 3) and carbon intensity data;
 - waste collection statistics;
 - recycling rates;
 - meter readings (e.g. energy and water);
 - building management systems (BMS) data;
 - plant operational data (run hours, maintenance costs, labour hours, etc.);
 - machine sensor data, learning tools/AI data collection and other credible sources of published information;
- (g) Explain how the data and information used
- have integrity and credibility along with any sources;
 - indicate which data have been measured, calculated or estimated;
 - explain underlying assumptions, emission factors, and techniques used for estimation, as well as any limitations;
 - understand the variability and uncertainty within the data used and communicate these when reporting;
 - Use methodologies to quantify qualitative data and information, such as the potential financial impact of climate risks.
- (h) Publish an annual/periodic ESG and/or sustainability report aligned with local standard

(e.g., HKEx ESG Reporting Code) or international standards (e.g., TCFD, ISSB IFRS S1/S2), detailing its ESG initiatives, climate resilience, progress against targets, and future goals.

7. Engagement of interested parties

ESG interested parties are organizations or individuals that have interests in any ESG decision or activity (see Figure 2). Organization should:

- (a) engage with relevant interested parties, to increased understanding and relationships with those interested parties who can add a perspective which can result in a strengthened solution and actually or potentially be the basis for a claim.

[Note: When identifying interested parties in relation to ESG-related interests, the factors listed in ISO ESG IWA48, section 4.4.2 can be considered]

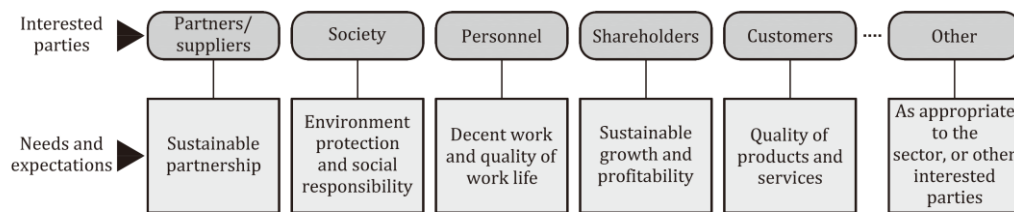


Figure 2 — Interested parties and their needs and expectations (source: ISO9004:2018, Figure 2)

- (b) ensure that all identified interested parties as representative and inclusive to enable a balanced view of ESG and especially social value, for all groups affected by an intervention or activity. Environmental conditions and social well-being for future generations should be taken into consideration.
- (c) Ensure engagement follows a structured, unbiased and transparent process. All opinions should be considered.
- (d) Engagement with interested parties can include one or more of the following forms:
 - surveys and questionnaires;
 - focus groups;
 - public consultations;
 - panels of interested parties or advisory committees;
 - workshops and roundtables;
 - partnerships and collaborations;
 - interviews and one-on-one meetings;
 - public reporting and disclosure.

[Note: Table 10 of ISO ESG IWA48 sets out examples of the kinds of questions an organization can ask and determine how interested parties can engage with answering the questions].

8. Materiality in ESG

Materiality in ESG is the attribute attached to ESG factors and their impacts that enable an organization to identify and prioritize issues that matter most. The organization should adopt a Double Materiality perspective, recognizing that ESG issues are material when they meet the criteria for either Impact Materiality, Financial Materiality, or both.

- (a) **Impact Materiality:** Focuses on the organization's actual or potential, positive or negative impacts on people or the environment over the short, medium, and long term.
- (b) **Financial Materiality:** Focuses on ESG factors that generate risks or opportunities that significantly affect (or could reasonably be expected to affect) the organization's financial health, cash flows, financial performance, or access to capital.

8.1 Identify material impacts

Organization should adopt actionable approaches to identify material impacts, which include:

- (a) Engagement of all relevant interested parties to identify potential ESG issues from the beginning of the process (e.g. sector-agnostic, sector-specific, entity-specific).
- (b) Identification, management, transparency and credibility of data and information which is used for the evidence base and decision-making (by interested party), including but not limited to accuracy, integrity, relevance, accessibility, reproducibility and repeatability and their nature scientific/nonscientific, peer reviewed, industry sector practice, etc.).
- (c) Description of impacts, associated risks and opportunities for each ESG impact identified (considering the materiality and maturity of the topic).
- (d) Assessment of the ESG impacts using a consistent methodology that evaluates the interconnectedness between an environmental/social impact and its subsequent financial consequence (e.g., how a biodiversity loss impact leads to a regulatory fine or supply chain disruption).
- (e) Creation of a double materiality matrix demonstrating the material issues identified. This methodology helps to screen and prioritize impacts based on their dual significance to the business and the world.
- (f) Reviewing and updating strategy, risk and opportunity appetite and actions, carried out regularly and consistently. The frequency of the materiality assessment is dependent on the organizational requirements and its intended users' information cycles (e.g. annual report), regulatory requirements (where required), investment cycles and changes in material impacts.

8.2 ESG materiality assessment

The organization should conduct a systematic double materiality assessment to identify impacts on the organization, environment and/or for communities and society, both internally and externally. These include environmental, social and governance impacts in both “Inside out” and “outside in” directions.

For ESG materiality assessment, the organization should:

- (a) Define the scope and objectives: describe the primary goals of the assessment and why it is being conducted.
- (b) Identify relevant ESG impacts to be covered: research and benchmarking, using sector standards and norms, peer practices and regulatory requirements, and should provide a compiled list of potential ESG impacts across all three ESG factors.
- (c) Engage interested parties: identify interested parties to engage with and the best methodologies (e.g. surveys, workshops, consultations) and strategies for carrying out the engagement. It is important to engage all interested parties’ views (this does not mean everyone has to be engaged with, but the views heard, even and especially if, they are not aligned with the organization’s). List the purpose of the engagement, and record results of all engagements and key insights gained.
- (d) Assess and prioritize the ESG impacts: establish a credible, transparent criteria for assessment (describe the process and scoring criteria used). The criteria should enable a prioritization of ESG impacts (e.g. magnitude of impact on the organization, concerns of interested parties, alignment with organizational strategy). Materiality matrices are a useful tool for plotting results.
- (e) Validate results: internal reviews through the presentation of results to relevant senior management and departments for validation. External validation through the review of results and/or validation by interested parties.
- (f) Reporting/disclosure should incorporate material assessment processes and results, in such a way that all relevant interested parties can interpret and understand the organization’s approach and results.
- (g) Review and update should be carried out at scheduled intervals. Reviewing and updating is part of the continual improvement and development of organizational ESG maturity.

9 ESG Implementation Framework

9.1 ESG Performance Goals

- (a) Organizations should set ESG Performance Goals; evaluate, monitor, and improve their performance in three dimensions—environment, society, and corporate governance
- (b) Organizations should manage their ESG performance such as data generation and utilization, measurement and reporting, decision-making and planning, stakeholder communication, promoting growth and investment, and risk management.

9.2 Considerations in Formulating ESG Goals

Formulating ESG goals based on corporate strategy involves in-depth analysis of the company's current situation, planning for future development, and adapting to changes in the external environment. Organization should:

- (a) Formulating ESG vision, goals, and direction

Organization should align with group strategy and business development plans to establish their ESG vision, short-, medium-, and long-term goals, and transformation direction. This ensures business growth and meets stakeholder expectations.

- (b) Identifying priority issues

Through effective internal and external communication and analysis, organization should identify high-priority strategic issues as pillars of ESG transformation. For example, climate change and greenhouse gas emissions have become focal points of public concern.

- (c) Developing ESG initiatives and pathways

Based on key issues, enterprises should design efficient and executable ESG initiatives across the entire value chain to achieve cost reduction, value creation, innovation, and risk control. Organization should also establish a clear 1–3-year ESG transformation roadmap with milestone planning, prioritizing actions by urgency and feasibility.

- (d) Dynamic adjustment of ESG goals

Organization should adjust ESG goals in response to external environmental changes and internal progress to ensure ongoing relevance and achievability.

(e) Alignment with international standards

Organization should consider alignment with international standards such as the United Nations Sustainable Development Goals (SDGs), thereby enhancing global competitiveness and reputation. Companies can develop ESG goals that are both strategically aligned and forward-looking, supporting sustainable development and long-term value creation.

(f) Organizations have established ESG Goals that are SMART (Specific, Measurable, Achievable, Relevant, and Time-bound).

9.3 Building ESG Performance Indicator (KPIs)

(a) Organization should establish customized sets of ESG key performance indicators based on the organization's own or sector-specific circumstances and align with the organization's overall ESG goals and priorities.

(b) The ISO ESG IWA 48:2024 ESG implementation guide provides reference general and industry-specific KPI systems of the three pillars of environment, society, and governance for use by small, medium, and large organizations. To facilitate application, the Key themes KPIs are summarized in table 1.

(c) The organization should decide the adoption of 1st Priority Indicators (refer Table 2) and/or 2nd Priority Indicators (refer Table 3), whereas 1st Priority Indicators are designed to apply to small, medium, and large organizations worldwide, ensuring they can all implement and report on these metrics; 2nd Priority Indicators may not be reportable by all organizations in the early stages of ESG management, but they are directional, encouraging deeper reporting over time.

Table 1: KPI measurement framework

(Key Themes)

Environmental Framework	Social Impacts	Governance factors
<ul style="list-style-type: none"> ● carbon intensity; ● renewable energy; ● consumption (water and energy); ● waste management; ● biodiversity impact; ● ecosystem and climate resilience; ● supply chain sustainability and responsible procurement; ● eco-efficiency improvements; ● environmental stewardship; ● environmental compliance. 	<ul style="list-style-type: none"> ● personnel satisfaction; ● diversity; ● health and safety; ● training and development; ● employee engagement; ● community investment; ● human rights compliance; ● social impact of the enterprise's accessibility initiatives and operations on local customer and community well-being. 	<ul style="list-style-type: none"> ● Board diversity, independence and executive compensation ● Anti-corruption and bribery ● Regulatory compliance ● Data management ● health and safety ● Ethics training and policies ● Transparency and disclosure ● resilient Risk and opportunity management

Table 2: 1st Priority KPI Indicators

Environmental KPIs (5.4)	Social KPIs (6.4)	Governance KPIs (7.4)
(a) percentage of company energy consumption that comes from on-site renewables	(a) annual number of work-related incidents of discrimination, hate, and violence reported	(a) annual number of reportable / material data breaches related to customer privacy
(b) company's normalized water consumption	(b) company's gender pay gap	(b) annual number of cases involving penalties or dismissals related to bribery / corruption
(c) company's KPI for scope 1, 2 and 3 greenhouse gas (GHG) emissions	(c) percentage of diverse groups represented in senior management positions and meets the competency requirements	(c) number of annual violations of local environmental regulations, permits, and legal requirements reported
(d) total waste produced by type (hazardous versus non- hazardous)	(d) percentage of products/services meets established accessibility standards	(d) annual percentage of employees found in violation of code of conduct
(e) percentage of company waste diverted from landfill, incineration, etc.	(e) annual percentage of employees that participates in regular performance and career development reviews	(e) percentage of third-party relationships have undergone due diligence checks and are compliant with anti-corruption

		policies
(f) company's normalized energy consumption	(f) percentage of women in senior management	(f) total recordable occupational injury and illness rate (per 100 personnel) according to local regulations
(g) percentage of company's annual total expenditure allocated to climate resilience initiatives	(g) average total number of weeks for paid parental leave	(g) annual number of incidents of non-compliance with industry or regulatory labelling requirements
	(h) percentage of employees from diverse groups	(h) percentage of annual revenue spent on fines, penalties, compensation, and damages due to legal/regulatory violations
	(i) percentage of employees participating in interviews or satisfaction surveys regarding their workplace experiences	(i) percentage of organizational assets and business activities covered by business continuity plan

Table 3: 2nd Priority KPI Indicators

Environmental KPIs (5.4)	Social KPIs (6.4)	Governance KPIs (7.4)
(a) percentage of company procurement budget spent with sustainable suppliers or those committed to developing sustainable practices over times	percentage of annual charitable contributions allocated to local and regional communities	percentage of employees has completed physical security awareness training and cybersecurity training
(b) percentage of company annual total expenditures allocated to action plans aimed at improving local biodiversity	percentage of total employee hours spent on company-led volunteering and/or charitable initiatives	
(c) percentage of company's buildings registered under a voluntary environmental performance scheme		
(d) percentage of suppliers have adopted a science-based greenhouse gas (GHG) target		

Note: Organization may refer to the Mandatory disclosure items in the current version of HKEX Appendix C2 ESG reporting code, which requiring for HKEX-listed companies to disclose climate-related risks and opportunities in line with ISSB standards.

9.4 ESG Performance Management and Key Processes

- (a) Organization should establish a systematic set of indicators and management procedures to evaluate, monitor, and improve performance across the three themes of Environmental, Social, and Governance (ESG), with the aim of achieving sustainable development goals.
- (b) Key Process involves (a) data collection and management require clear identification of internal and external data sources and the establishment of robust data collection procedures, (b) ESG performance evaluation methods include indicator-based assessment, expert evaluation, and third-party institutional assessment. (c) Performance monitoring methods involve planning, data analysis, implementation of improvement measures, and continuous communication and feedback, (d) ESG performance communication and reporting which include internal dissemination (e.g., training, embedding ESG into corporate culture) and external disclosure (e.g., rating standards, disclosure procedures, regulatory compliance).

9.5 ESG Performance Improvement Strategies

Organization should establish ESG Performance Improvement Strategies across the three themes of Environmental, Social, and Governance (ESG), that:

- (a) Environmental Performance Improvements: Measures include energy management and emission reduction, resource recycling and reuse, among other approaches.
- (b) Social Performance Enhancements: Pathways include human rights protection, employee welfare, and community engagement.
- (c) Governance Performance Strengthening: Methods include deepening ESG system development, enhancing transparency, and optimizing governance structures.

10. ESG Disclosure and Reporting

ESG report is an important output of organization that enhances organizational credibility, supports sustainable decision-making, and builds trust with stakeholders.

10.1 ESG Disclosure

Organization should disclosure on governance, strategy, risk management, indicators and targets for each Environmental (E), Social (S), and Governance (G) related risks and opportunities:

- (a) Governance: The ESG-related disclosure on governance should include structures, monitoring measures, and procedures adopted by the organization to oversee, manage, and supervise ESG-related risks and opportunities (including climate, social, or governance aspects).
- (b) Strategy: addressing ESG-related risks and opportunities, including integration into business models, long-term planning, and resilience measures.
- (c) Risk Management: the processes to identify, assess, prioritize, and continuously monitor ESG-related risks and opportunities, ensuring alignment with regulatory requirements and stakeholder expectations.
- (d) Indicators and Targets: adopted to measure performance in managing ESG-related risks and opportunities, including progress toward legally required targets and voluntary commitments.

10.2 ESG Reporting

When preparing ESG reports, organization should define the content of the reports adhere to the principles below:

- (a) Importance: Organization must report when the board determines that environmental, social, and governance (ESG) matters will have a material impact on investors and other stakeholders. Organization should disclose climate-related risks and opportunities that are reasonably expected to affect their short-, medium-, or long-term cash flows and ESG goal.
- (b) Quantification: Key performance indicators (KPIs) related to historical data must be measurable. Organization should set targets for reducing individual impacts (which can be actual figures or directional, forward-looking statements). This allows the effectiveness of environmental, social, and governance (ESG) policies and management systems to be assessed and verified. Quantitative data should be accompanied by explanations of their purpose and impact, and, where appropriate, comparative data.
- (c) Balance: Environmental, social and governance reports should present a balance view on the organization's performance, avoiding choices, omissions or presentation formats that could unduly influence the report's readers' decisions or judgments.
- (d) Consistency: Organizations should use consistent disclosure statistical methods to enable

meaningful comparisons of environmental, social and governance data in the future.

10.3 Coverage of ESG Report

ESG report should address the key elements:

- (a) should provide an understanding of how and what factors, impacts and associated materiality issues were identified
- (b) the governance disclosure should provide understanding of processes, controls and procedures for managing, monitoring and overseeing the ESG-related risks and opportunities.
- (c) the strategy reporting should explain the effectiveness and how and what the strategy's measured against
- (d) the risk reporting should specify time horizons for short, medium and long term and how they are linked to the planning horizons used by the company.
- (e) metrics/targets should allow for consistent, interpretable, reliable and reproducible outcomes
- (f) transparency should be ensured between ESG metrics and targets
- (g) evidence should support the results against the metrics and targets with clarity and transparency, use recognized and accurate data sources and methodologies, and qualifications about the data and information, including the rationale for selecting them.

11. Continual improvement

Continual improvement is a process that advances the organization's ESG culture, feeding back into materiality assessments, risk and opportunity evaluations, and the identification of interested parties.

Organization should take action to monitor trends, re-align resources, undertake actions, and evaluate on status and effectiveness of ESG goals, ESG KPIs, and lessons learned that a continual improvement process would address.

[Note: Table 15 of ISO ESG IWA48 shows the types of questions a continual improvement process would address.]

12. Evaluation of ESG Maturity Implementation

The evaluation on ESG Implementation should ensure the organization has integrated and internalized ESG as part of its DNA and core values. The organization's ESG implementation conforms to the ESG attributes of the CSMESG certification scheme, in particular

12.1. Management system on ESG Implementation Principles

- The organization should demonstrate an understanding of ESG implementation principles, including governance, environmental management, GHG emissions, organizational ethics, and social values.
- The organization's management system should integrate objectives and KPIs that are relevant to its sector.
- The organization ESG implementation system should not only be compliant but also practically embedded into daily operations.
- The Organization should demonstrate ESG assurance effort such as conducting an evidence-based independent assessment or adopted International Standards that can contribute to the evidence-based approach for reporting, such as using ISO14064-1, ISO9001, ISO14001 and ISO50001 support robust evidence-based reporting.

12.2. Objectives and Sector-Specific KPIs

- Organization should have established ESG Goals that are SMART (Specific, Measurable, Achievable, Relevant, and Time-bound).
- Organization selected KPIs should reflect risks (including sector-specific risk), performance benchmarks, and stakeholder expectations.
- The KPIs performance should meet the targets set for each identified KPIs indicators.
- Organization KPIs should be monitored, reviewed, and updated regularly to drive continuous improvement.

12.3. Stakeholder Engagement

- Organization should have mechanisms for stakeholder communication and feedback.
- The ESG reporting and disclosure should foster confidence among regulators, clients, and the public.
- Support practices that go beyond minimum compliance, aiming for proactive engagement.

12.4. Information Disclosure

- Organization should have adopted voluntary disclosure practices that enhance transparency with stakeholders.
- The disclosures should be accurate, timely, and relevant, covering performance, compliance, and sustainability aspects.
- The Disclosure should be a trust-building mechanism, not just a compliance exercise.

12.5. Continual Improvement

- The organizations should demonstrate an ongoing improvement in their management

systems.

- Findings of continual improvement should have feed back into materiality assessments, risk and opportunity evaluations, and the identification of interested parties.
- Organizations should take action to monitor trends, re-align resources, undertake corrective or proactive measures to ensure sustained progress.

[Note: An ESG score, or a verified ESG score obtained from an ESG evaluation system of CIB accepted by HKICA, serves as evidence for assessing the maturity of an organization's ESG implementation.]

13. Auditor Evaluation Report and Certificate of ESG Implementation

13.1. Auditor Evaluation report

The auditor would present an evaluation report on the overall ESG implementation and conformity of the organization established ESG objectives and KPIs to the ESG attributes of the CSMESG certification scheme.

The ESG auditor should conclude a holistic view on organization's prevailing attitude and culture toward ESG and the maturity of ESG implementation [see Appendix B]. With reference to ESG Maturity Stages stated in ISO IWA 48, the following five levels of ESG (Environmental, Social, and Governance) maturity are used to evaluate ESG implementation for the CSMESG certification scheme:

- *Level 1 Nurturing ESG (of early development)*
- *Level 2 ESG Awareness*
- *Level 3 ESG compliance*
- *Level 4 Developing ESG*
- *Level 5 Values-led ESG (of most advanced development)*

13.2 Certificate of ESG Implementation included:

1. *Company Name*
2. *Certificate Title: Certificate of ESG Implementation Maturity*
3. *Logo of Certificate Issuing Body*
4. *Scope of Evaluation: Corporate Achievement in ESG Maturity*
5. *Certificate number, issue date, expiry date,*
6. *Issue and sign by Certificate Issuing Body (issuing company representative)*
7. *Description: The company has been independently evaluated in accordingly with CSMESG™*
8. *Please refer to evaluation report #1234 (attached)*

9. *Disclaimer statement)*

14. EXPERIENCE AND QUALIFICATION OF AUDITORS

Auditors who are eligible for auditing CSMESG™ shall have the following training, experience and qualifications:

- Registered HKICA ESG auditor when performing audit; or
- ESG auditor of CIB and with training on understanding the ISO ESG IWA48: ESG implementation principles recognized by HKICA.

Appendix A: Mapping table of the ISO ESG IWA 48 clauses to the corresponding ISO 9001 clauses

Integration Elements	ISO ESG IWA 48 Clause	ISO 9001 Clause	Details
Embedding ESG values into management systems	4.1 Overarching principles	5.1 Leadership 5.2 Policy	<ul style="list-style-type: none"> ● Leadership commitment to ESG. ● Integrate ESG values into quality policy
ESG risk-based thinking (climate, social, governance)	4.2 Risks and opportunities	6.1 Actions to address risks & opportunities	<ul style="list-style-type: none"> ● Systematic identification, evaluation, and mitigation of risks/opportunities
Governance, disclosure, reporting	4.3 Accountability and transparency	5.3 Organizational roles, responsibilities, authorities; 9.3 Management review	<ul style="list-style-type: none"> ● Clear accountability structures. ● Transparent reporting in reviews
Stakeholder engagement (investors, regulators, community)	4.4 Identification and engagement of interested parties	4.2 Understanding needs & expectations of interested parties	<ul style="list-style-type: none"> ● Identifying stakeholders and integrating their needs into planning
Prioritization of ESG topics (material issues)	4.5 Materiality	6.2 Quality objectives & planning	<ul style="list-style-type: none"> ● Align ESG material topics with measurable QMS objectives
Environmental objectives and actions	5. Environmental framework	6.2 Objectives, 8.1 Operational planning & control	<ul style="list-style-type: none"> ● Environmental goals embedded into QMS objectives and operational controls
Social responsibility, workforce, community	6. Social framework	7.1 Resources, 7.3 Awareness, 7.4 Communication	<ul style="list-style-type: none"> ● Social aspects integrated into competence, awareness, and communication processes
Governance, ethics, compliance	7. Governance framework	5.1 Leadership 5.3 Roles 9.3 Review	<ul style="list-style-type: none"> ● Governance principles aligned with leadership accountability and management review
ESG performance indicators	4.6 KPI measurement framework for ESG standardized reporting	9.1 Monitoring, measurement, analysis, evaluation	<ul style="list-style-type: none"> ● Defining KPIs, monitoring, and reporting performance
Continual Improvement	10 – Continual Improvement of ESG Practices	10.3 – Continual Improvement	<ul style="list-style-type: none"> ● ESG emphasizes sustainability impact; ISO 9001 emphasizes quality and customer satisfaction.

Appendix B: The five stages of ESG maturity, illustrating the differential cultural attitudes and outcomes for both social and environmental dimensions of an organization.

ESG Maturity	Cultural Attitudes of Organization to ESG
Level 1 - Nurturing ESG	<ul style="list-style-type: none"> • Exploring for future ESG integration through early engagement and learning. • Influenced by industry trends and guidance from external partners to shape ESG efforts. • Individual initiatives are driven by a few key individuals or leadership who are championing the cause.
Level 2 – ESG Awareness	<ul style="list-style-type: none"> • Understand basic external requirements for ESG, e.g. regulations, reporting, etc. • Focus on meeting basic external requirements with limited resources. • Introduce the ESG policy or guidance within the organization to ensure compliance. • Communicate with stakeholders for growing ESG awareness. • Scored by an ESG evaluation system of CIB accepted by HKICA.
Level 3 – ESG Compliance	<ul style="list-style-type: none"> • Follow structured processes for ESG reporting and compliance. • Establish internal ESG governance and accountability for decision-making. • Demonstrate commitment to addressing external expectations and reputational risk. • Adopt some measures to build ESG capabilities and frameworks. • Audited by an ESG evaluation system of CIB accepted by HKICA.
Level 4 – Developing ESG	<ul style="list-style-type: none"> • Recognise ESG as a strategic opportunity that supports business growth and stakeholder engagement. • Proactively communicate ESG achievements to enhance brand reputation and attract like-minded customers and partners. • Start incorporating third-party validation to improve credibility and standards. • Align ESG initiatives mainly with organisational requirements and may consider market trend, regional variance, etc.

<p>Level 5 – Values-led ESG</p>	<ul style="list-style-type: none">• Actively drive positive environmental and social outcomes as ESG is deeply embedded in the organization’s vision, mission, and values.• Adopt strong governance and a culture of responsibility and transparency.• Measure and report outcomes in a balanced and open manner.• Share ESG innovations and best practices with the broader community to lead by example.• Demonstrate resilience, reliability, and continual improvement in ESG performance.
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Appendix C: Examples of actions items in relation to E.S.G. factors are given in table below:

Examples of actions items		
Environmental factors	Social factors	Governance factors
<ul style="list-style-type: none"> ● Climate change/greenhouse gases (GHG) emissions ● Energy, including energy management, substitution and reduction ● Nature, biodiversity and ecosystem services ● Water ● Human and materials/materials and products 	Category 1: Internal: Working conditions, rights and fair practices of personnel. <ul style="list-style-type: none"> ● Respecting difference and inclusion ● Labour pay and practices 	<ul style="list-style-type: none"> ● Board diversity, independence and executive compensation ● Anti-corruption and bribery ● Regulatory compliance ● Privacy and data management ● Engagement with interested parties ● Ethics training and policies ● Transparency and disclosure ● Risk management effectiveness
	Category 2: Direct interested parties: Customers' fair treatment, activities of suppliers/third parties. <ul style="list-style-type: none"> ● Vulnerable consumers ● Modern slavery and exploitative employment 	
	Category 3: Wider community/society: Local or remote communities <ul style="list-style-type: none"> ● Commitment to stress and violence reduction ● Localism: rebuilding local economy and community 	

Table A: Evaluation of ESG Performance Goals

For goals under environmental, social, and governance aspects, please evaluate the level of maturity following the same principles as stated in Appendix B.

ESG Performance Goals		Level of Maturity				
		1	2	3	4	5
Environmental Performance Goals (e.g. Reduce energy consumption by 10% within 5 years through efficiency improvements)	Specific					
	Measurable					
	Achievable					
	Relevant					
	Time-bound					
Social Performance Goals (e.g. Increase workforce diversity by 15% within 2 years, with greater representation of women and minorities in leadership)	Specific					
	Measurable					
	Achievable					
	Relevant					
	Time-bound					
Governance Performance Goals (e.g. Ensure all business decisions meet the ethical standards, with transparent disclosure in annual reports)	Specific					
	Measurable					
	Achievable					
	Relevant					
	Time-bound					

Table B: Evaluation of Specific Key Performance Indicators

For sector- or organization-specific performance indicators under environmental, social, and governance aspects, please evaluate the level of maturity following the same principles as stated in Appendix B.

Key Performance Indicators (KPIs)		Level of Maturity				
		1	2	3	4	5
Environmental indicators	Priority indicator 1					
	Priority indicator 2					
	Sector specific indicators					
Social indicators	Priority indicator 1					
	Priority indicator 2					
	Sector specific indicators					
Governance indicators	Priority indicator 1					
	Priority indicator 2					
	Sector specific indicators					

CERTIFICATE OF ESG IMPLEMENTATION MATURITY



Company Name xxxx

Number: XXX-EE-2345

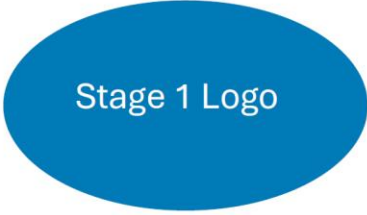
Initial Issue Date: April 15, 2026

Company Address: Company Address:

Revision Date:

Expiry Date: April 14, 2027

*The company has been independently evaluated by
XXXXX Certificate Issuing Body XXXXX
in accordingly with CSMESG™*



Scope of Evaluation:

Corporate Achievement in ESG Maturity (SME)

*Issue and sign by
Certificate Issuing Body
(Company representative)*

Please refer evaluation report No. 1234 (attached)

Disclaimer statement: ~~~~~