

Analysis of Tencent ESG Disclosure Highlights and Issues

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Abstract: This thesis analyzes Tencent's disclosure status in depth based on its 2022 ESG report. In terms of highlights, Tencent presents environmental, social and corporate governance results through specific cases, regularly updates its report to show progress, and follows international and domestic standards to ensure compliance. However, there are also significant problems. In terms of quantitative indicators, key data in many areas are missing or not detailed, which affects performance evaluation; in terms of materiality issues, disclosure of key ESG initiatives and their effectiveness is lacking; and in terms of stakeholder engagement, there are insufficient details of cooperation and interaction with various parties. Tencent should improve its disclosure strategy, enhance the quality of information, and increase stakeholders' understanding of and trust in its ESG efforts in order to promote the optimization of sustainable development practices.

Keywords: Tencent, ESG disclosure, Sustainability, Stakeholders, Corporate governance.

1. Introduction

In today's business environment, corporate sustainability is in the spotlight, and ESG disclosure has become the key to measuring the fulfillment of corporate social responsibility. As an industry leader, Tencent's ESG practices have important research value. Based on Tencent's 2022 ESG report, this paper analyzes its disclosure status. By exploring the highlights and issues, it aims to comprehensively present Tencent's performance in the field of ESG, provide reference for the enterprise's own improvement and the industry, and push the enterprise to continuously optimize its environmental, social and corporate governance, so as to achieve the goal of sustainable development.

2. Analysis of Tencent's ESG Disclosure Highlights

Tencent has demonstrated multi-dimensional highlights in ESG disclosure, which reflect the company's practice and promotion of the concept of sustainable development in different aspects. These highlights reflect the company's practice and promotion of the concept of sustainable development in different aspects. They are mainly reflected in three key aspects: first, vividly demonstrating the actual effectiveness of ESG work in the integration of specific cases; second, ensuring the timeliness of the information and its continuous improvement through timely updating and advancement; and third, enhancing the standardization and credibility of the disclosure in strict compliance with international and domestic compliance requirements.

2.1. Integration of Specific Cases

In the field of environment, through the introduction of green operation initiatives of data centers, such as the Shanghai Data Center being awarded LEED Platinum certification for Data Center Operation and Maintenance, it demonstrated its efforts in optimizing site selection, adopting energy-saving technologies and improving energy efficiency, which provided a model for the industry to learn from.

At the social level, Tencent's investment in education is

reflected in programs such as the "Tencent Youth Artificial Intelligence Dream Camp", in which creative programming courses have been introduced to a large number of schools, benefiting a large number of students and demonstrating its practical actions to help education development (Stocker V et al., 2024). In addition, in the area of rural revitalization, the "Cultivator" revitalization program has provided offline training to many people and promoted the digital toolkit for rural governance, covering a wide range of villages and demonstrating the positive impact on rural development through practical results.

In terms of corporate governance, WeChat Pay protects consumer rights and interests by building strategic models to defend against fraud. The incorporation of these specific cases makes Tencent's work in all aspects of ESG vivid and palpable, helping stakeholders gain a deeper understanding of the company's practices and achievements in environmental, social and corporate governance, and enhancing the company's image and credibility in the ESG field.

2.2. Timely Updating and Advancement

In terms of releasing reports on a regular basis, Tencent follows the timeline and launches its ESG report on time every year to ensure the consistency and timeliness of the information. The 2022 report, for example, comprehensively covers the latest developments in the areas of environment, society and corporate governance for that year, enabling stakeholders to keep abreast of the company's ESG progress.

In terms of updating key information in a timely manner, Tencent disclosed in detail the latest data and results of various key indicators in the report (Zhang L., 2020). Among them, in the area of environmental protection, it continuously updates data on energy consumption efficiency and carbon emission reduction, demonstrating the company's continuous efforts and improved results in energy conservation and emission reduction. In the area of social responsibility, the Company announced in a timely manner the new investment and milestone results in education and rural revitalization projects, so that stakeholders can clearly see the Company's active practice of social responsibility (Wang J, et al., 2023). In the area of corporate governance, timely disclosure of the

optimization and adjustment of the corporate governance structure to ensure the transparency and effectiveness of corporate governance.

In addition, Tencent actively listens to the opinions of all parties and continuously improves ESG information disclosure. Through communication and exchange with investors, regulators and the public, it has continuously improved the disclosure framework and content, enhanced the quality of information, and committed itself to meeting the growing demand of stakeholders for the Company's ESG information, demonstrating the Company's high sense of responsibility and proactive spirit in ESG information disclosure.

2.3. Compliance with International and Domestic Compliance Requirements

Tencent strictly follows international and domestic compliance requirements in its 2022 ESG disclosure, demonstrating its high degree of standardization and responsibility. In terms of standard compliance, Tencent has made full reference to international standards, including GRI standards, SASB framework and TCFD recommendations, to ensure that the disclosure is comprehensive and systematic. At the same time, it closely adheres to the HKEx's Environmental, Social and Governance Reporting Guidelines, so that the content of the report is highly compatible with the requirements of the Exchange, which enhances the authority and comparability of the information disclosure, and provides investors and stakeholders with a basis for evaluating the ESG performance of the company in an internationalized perspective.

In terms of content accuracy, Tencent adheres to the principles of “comprehensiveness, exhaustiveness, truthfulness and accuracy” and has established a comprehensive internal control, auditing and verification mechanism. Through strict internal process control, the data and information in the report are carefully scrutinized to ensure their truthfulness and reliability (Yuan P., 2024). The report lists in detail the persons in charge of the relevant departments and their contact information, which provides a convenient channel for further verification and consultation of the information and further enhances the credibility of the report's content.

In presenting the results, Tencent fully demonstrates transparency and traceability. The report clearly discloses data sources, calculation methods and verification processes, enabling readers to gain an in-depth understanding of the basis and reliability of data generation. In addition, links to other documents related to the ESG report are provided to facilitate in-depth review and verification by stakeholders, effectively enhancing the traceability of the disclosure, making it fully compliant with compliance requirements, and laying a solid foundation for the company's sustainable development.

3. Analysis of ESG Disclosure Issues in Tencent

Although Tencent has made achievements in ESG information disclosure, it still reveals some problems that affect the completeness and validity of the information, and hinder stakeholders' comprehensive understanding of the company's ESG efforts. This is manifested in the following three main areas: insufficient quantification of indicators has

weakened the strength of data support, insufficient disclosure of materiality issues has led to a lack of transparency in key areas, and insufficient stakeholder participation has affected the interaction of multiple actors and the comprehensive presentation of the company's sustainable development strategy.

3.1. Insufficient Quantification of Indicators

On the environmental front, although many efforts are described, such as optimizing data centers, key indicators are missing. The total greenhouse gas emissions are only given as an overall figure for scopes 1, 2 and 3, with no breakdown of the specific sources and percentage of each scope, making it difficult to clarify the focus of emission reduction. Although the total energy consumption is presented, no distinction is made between the energy consumption of different business segments or operational segments, which is not conducive to accurately assessing the effectiveness of energy conservation (Li S et al., 2024). In terms of water resource management, only water consumption and water consumption per unit of revenue are mentioned, without indicators such as water recycling rate, which is unable to fully demonstrate the efficiency of water resource utilization.

At the social level, the disclosure of employee-related information is insufficient. In terms of employee training, no detailed data was provided on the distribution of training hours by type of training, making it difficult to measure the relevance and effectiveness of the training system. In terms of public welfare projects, although the names of some projects and the amounts invested are listed, the number of beneficiaries and quantitative indicators of the results of the projects are not stated. Tencent Barrier-Free Public Welfare Initiative” did not announce the quantitative effect of improving the barrier-free environment, making the social impact of public welfare investment lack visualization.

In the area of corporate governance, there is also a lack of quantitative data. There is a lack of quantitative indicators to measure the efficiency of decision-making by the board of directors and the effectiveness of the supervisory mechanism, making it difficult to judge the scientificity of decision-making and the strength of supervision. In the area of risk management, there is no disclosure of the quantitative parameters of the risk assessment model, the probability of occurrence of risk events and the estimation of possible losses, etc., which is not conducive to stakeholders' comprehensive understanding of the company's risk control capability. The lack of quantification of such indicators affects the completeness and effectiveness of disclosure to a certain extent, and is not conducive to stakeholders accurately assessing Tencent's ESG performance.

3.2. Insufficient Disclosure of Material Topics

On environmental topics, the disclosure of key initiatives to address climate change is not sufficiently in-depth. Although the analysis of climate scenarios has been carried out, there is a lack of further elaboration on the degree of risk faced by specific businesses under different scenarios, the detailed implementation plan of adaptation strategies and the expected results. Progress in the research and development of carbon offset technology was only briefly mentioned, such as the research stage, application prospect and potential emission reduction of basalt carbon capture technology was not explained in detail, which affected the outside world's comprehensive understanding of the company's carbon

neutral path.

Regarding social issues, the disclosure of employee diversity management lacks systematicity (Pan C L et al., 2022). The data on the differences in remuneration packages and promotion opportunities for different employee groups in terms of gender, age and race are not disclosed, making it difficult to assess the actual effectiveness of the company's efforts in terms of diversity, equality and inclusion. In public welfare activities, the long-term sustainability planning and evaluation mechanism of the program are not described in detail.

In the area of corporate governance, the disclosure of the risk management system is inadequate. Although risk identification, assessment and response measures are mentioned, key information such as the specific settings of risk warning indicators and the frequency of risk monitoring are missing. Meanwhile, in the strategic decision-making process, there is insufficient elaboration on how to integrate ESG concepts into long-term strategic planning and how to balance business interests and ESG objectives, which affects outsiders' overall grasp of the company's sustainable development strategy.

3.3. Insufficient Stakeholder Engagement

In the environmental field, with regard to cooperation with environmental protection organizations, although participation in relevant activities is indicated, the mode of cooperation, the responsibilities of each party and the specific environmental protection objectives and plans jointly formulated are not described in detail; for example, in the cooperation to address climate change, no mention is made of how emission reduction measures are to be promoted in concert with environmental protection organizations (Zhang X., 2024).

On the social front, in terms of interaction with community residents, the report fails to elaborate on the frequency and scale of community activities and the feedback mechanism for resident participation. In terms of employee participation in corporate governance, the report does not fully reflect how the opinions and suggestions of employees influence the company's decision-making process, nor does it address the assessment of the effectiveness of employee participation channels (Dmitrienko A et al., 2023). In terms of public welfare activities, there is a lack of disclosure of incentives and feedback collection mechanisms for consumer participation.

In corporate governance, in terms of communication with regulators, there is only mention of compliance with regulatory requirements, but there is a lack of detail on the frequency of proactive communication, the content of the communication, and the specific role of regulatory opinions in improving corporate governance. In terms of interaction with investors, although there are forms such as general meetings of shareholders, there is a lack of elaboration on the

timeliness and depth of response to ESG issues of concern to investors and how to incorporate investor suggestions into the company's strategic planning, which affects investors' comprehensive understanding of the company's management of its stakeholders, and is not conducive to the construction of a good stakeholder relationship.

4. Conclusion

Tencent has both highlights and problems in ESG disclosure. The highlights are reflected in the vivid integration of cases, timely advancement of updates and good compliance, which provide positive examples of corporate ESG practices. However, deficiencies in the quantification of indicators, disclosure of important issues and stakeholder engagement limit the depth and breadth of information. Tencent should further optimize the disclosure content, strengthen quantitative indicators, go deeper into important issues, and enhance stakeholder interaction, in order to achieve more comprehensive, accurate, and transparent ESG disclosure, and to promote the in-depth implementation and improvement of sustainable development strategies.

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