



Media Note

Date	25 January 2018	For immediate release
Subject	BDO awards outstanding performers in ESG reporting and sees ESG gaining solid ground in core business considerations	

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Hong Kong - BDO Limited (“BDO”, “The Group”), the world’s fifth largest accountancy network, is holding the awards presentation ceremony of the inaugural **BDO ESG Awards** (“the Awards”) today to recognise outstanding Hong Kong-listed companies which have made a positive impact in the areas of Environment, Social and Governance (ESG) through excellent performance in ESG reporting and implementing outstanding sustainability initiatives. The Awards aim to encourage companies to be more aware of their social responsibility and to incorporate sustainability best practices into their business and reporting models.

Advocating high-quality ESG reporting

Effective 2016, every listed company in Hong Kong has been required by the Hong Kong Stock Exchange to comply with the new ESG disclosure guidelines and annually report its ESG-related information with a view to facilitating the issuers’ disclosure and communication with investors and other stakeholders. BDO has conducted two ESG-related surveys in 2017, one of which reviewed the ESG disclosure and reporting performance of 300 companies listed on the Main Board of the Hong Kong Stock Exchange, and another which revealed the challenges that Hong Kong-listed companies encounter when compiling their FY2016/2017 ESG reports under the new regulation. As part of the Group’s continuous efforts in promoting high standards in ESG reporting, BDO has subsequently launched the BDO ESG Awards and invited listed companies of various sizes in Hong Kong to enter and contend for the Awards. Over 55 listed companies have participated in the inaugural Awards.

Mr Ricky Cheng, the Director and Head of Risk Advisory at BDO Hong Kong, said, “We are happy to see the high standards and good practices demonstrated by the contesting companies in their ESG reports. What we see from the judging process has aligned with the findings from our earlier surveys that a majority of Hong Kong-listed companies are going beyond the minimum ESG disclosure requirements and saw benefits from issuing an ESG report. By rewarding and showcasing outstanding ESG performers through the Awards, we want to help more companies to see the various advantages of ESG initiatives and, more importantly, the business case for better ESG reporting”.



Hong Kong-listed companies demonstrate commitment and high standards in ESG

The contending companies are found to be ‘walking their talk’ by putting their ESG commitments into action. As the judges closely reviewed their ESG reports, it is clearly seen that many businesses are mainstreaming ESG into their operations, not only for better risk control, but also for greater transparency in order to meet investors’ expectations, as well as for creating goodwill to attract investments from the ‘green movements’ catalysed by the Paris Agreement concluded in 2015.

In addition, the companies are clearly going a lot beyond the minimum ESG reporting requirements. The majority of them disclosed key performance indicators (KPI) data in ‘Social’ aspects, which is still only a ‘recommended disclosure’ area according to the reporting requirements. On the whole, the reports are found to be very easy to read and contain very interesting information regarding the companies’ ESG performances. Interestingly, the reports are found to be getting thinner but containing more useful information. There is a clear change observed where companies use less commenting and apply more numbers to do their talking for them, which is encouraging.

Other distinctive ESG features observed within the award contenders’ reports include:

- **Companies are adopting international ESG reporting guide and standards** such as GRI, ISO standards (e.g., ISO14000, 18000 and 26000) and the UN sustainable development goals for such reporting, considered to a step beyond the current reporting requirements.
- **There is a high level of management involvement**, with Chairmen and the Board of Directors of some listed companies standing out, making clear statements about their responsibilities and what they want to achieve. There is a clear management and reporting structure (i.e., the ESG committees) in these companies to implement and track the ESG commitments. The implemented company-wide ESG strategies demonstrated the well-constructed and top-down organisational governance and management procedures in ESG.
- **Comprehensive risk and materiality assessments by industry specialists and stakeholder engagement have been conducted** by companies to understand their business risks, as well as expectations and the degree of significance on different ESG topics from key stakeholders. Subsequently, relevant ESG policies and management approaches have been developed for the most material topics and aligned with the materiality assessment result.
- **Policies and relevant management procedures are comprehensively elaborated in the report** which has enhanced the transparency of the company operations (e.g., resources management, supplier selection process, occupational health and safety management, privacy and bribery management, etc)
- **Clear and tangible goals and targets in ESG have been set in companies to drive and lead ESG development.** Typically, companies are implementing clear and tangible resources and energy-saving measures, such as incorporating green building features and even actively harnessing renewable energies by installing solar panels into their new/existing premises.
- **Through proactively disclosing the KPIs related to staff training and development**, companies are clearly taking action to show how they appreciate contributions from their staff members, and how they are planning to continue to invest in rewarding their staff, making them more productive, stronger, happier and healthier.



- There are **substantial efforts in community investment** including establishment of education and charity funds to nurture youth development and help the underprivileged, along with donations, collaboration with NGOs (eg, World Vision, Orbis, WWF, etc.) or participate in activities organized by NGOs.
- **Companies enhanced validity of the data and information disclosed in the ESG reports by having third-party assurance** via internationally-renowned accounting or certification bodies. There is also a company going a step further by having peer reviews of the ESG report by leading industry specialists and competitors.

Overall, the contending companies have demonstrated excellence in ESG best practices and high standards in ESG reporting and serve as great examples for others to follow. They certainly see the value in ESG reporting and have committed significant time and resources to achieve this level of excellence. Moving forward, BDO is committed to continue its advocacy of improving ESG standards and will offer support to companies which wish to perform better in ESG aspects and become winners in ESG one day.

About the BDO ESG Awards

The BDO ESG Awards recognise outstanding listed companies in Hong Kong who have made a positive impact in the areas of Environment, Social and Governance (ESG) - particularly those who implement outstanding sustainability initiatives. The Awards aim to encourage companies to be more aware of their social responsibility to incorporate sustainability into their business model. For details, visit: <http://www.bdoesgawards.com>

Award Categories

BDO understands that the resources committed to ESG would vary significantly between companies of different sizes; hence, the Awards have separate award categories by market capitalisation to ensure those who genuinely do well in ESG reporting are rewarded, regardless of the company size. The top three companies from each of the large market capitalisation, middle market capitalisation and small market capitalisation segments of Main Board listed companies, as well as companies listed on the Growth Enterprise Market (GEM) of the Hong Kong Stock Exchange, will be selected as winners of the following two award categories: **Best in ESG Awards** and **Best in Reporting Awards**, while the companies with the best combined scores in both categories will be granted the **ESG Report of the Year Awards**.

Judging Criteria

The judging criteria are designed as follows based on the key ESG reporting principles as stipulated under the Hong Kong Stock Exchange ESG Reporting Guide:



Best in ESG Awards	<ul style="list-style-type: none">● Environment (Emissions Control, Use of Resources, Environment and Natural Resources);● Employment & Labour Practices (Employment Benefits and Welfare, Health and Safety, Development and Training, Labour Standards);● Operational Practices (Supply Chain Management, Product Responsibility, Anti-corruption); and● Community Investment (Policies on Community Engagement, Areas of Contribution, Resources Contributed).
Best in Reporting Awards	<ul style="list-style-type: none">● Report Credibility (Assurance, Transparency); Materiality (ESG issues highlighted, Stakeholder engagement);● Governance (ESG Strategy, ESG Steering Committee, Role and responsibility of the Board); and● Report Framework (Reader-friendliness, Complexity of presentation medium, Precision and Accuracy Balance, quantitative and consistency)
ESG Report of the Year Awards	Companies who performed best in both “Best in ESG” and “Best in Reporting” categories will be awarded “ESG Report of the Year”.

Judging Panels

The judging panels for the **Best in ESG Awards** and **Best in Reporting Awards** were led by panel co-chairmen, Dr William Yu and Dr Kelvin Wong, JP DBA FHKloD, respectively, and consist of members from business, finance, media, academia and ESG advocacy backgrounds (for the full list of judges, please go to: <http://www.bdoesgawards.com/en/judges>). The panel of judges applied their rich corporate management experience and expertise to rate the contending companies according to the specific set of challenges that those companies face. The judges studied the companies’ reports, looked into the ESG commitments, DNA and culture of the companies, to ultimately form an overall and balanced view of the companies’ ESG performances.

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Note to editorsAbout BDO Limited

BDO Limited in Hong Kong is a member firm of the international BDO network of independent member firms. BDO is a global accountancy network with 1,500 offices in 162 countries and over 73,800 people providing advisory services throughout the world.

BDO Limited was established in Hong Kong in 1981 and is committed to facilitating the growth of businesses by advising the people behind them. BDO Limited provides an extensive range of professional services including assurance services, business services & outsourcing, risk advisory services, specialist advisory services and tax services. For more details, visit www.bdo.com.hk.

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