



# Media Note

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Subject	BDO recognises companies with outstanding performance in ESG reporting and sees ESG factors gain importance in investors' decision-making process	

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## **BDO recognises companies with outstanding performance in ESG reporting and sees ESG factors gain importance in investors' decision-making process**

Hong Kong - BDO, the world's fifth largest accountancy network, is holding the awards presentation ceremony of the second BDO ESG Awards ("the Awards") today to recognise Hong Kong-listed companies that stand out in having all-round and long-term sustainability strategies, goals and plans in managing Environment, Social and Governance (ESG) issues in the course of business. The winners shall be honoured for implementing creative and proactive sustainability initiatives and for their excellence in ESG reporting.

### ***Advocating high-quality ESG disclosure***

Launched in 2018, the BDO ESG Awards aims to encourage companies to be more conscious of their social responsibility by incorporating sustainability into their business models and striving for a high reporting standard. Following the success of the inaugural awards, more companies enrolled and contended for the different honours this year in the three award categories as follows:

1. Best in ESG Awards
2. Best in Reporting Awards
3. ESG Report of the Year Awards

And, this year, a new category "ESG Report of the Year (Newly Listed Companies)" has been added to recognise newly listed companies for their good performance in various ESG areas.

### ***The Way to Go: Advancing from ESG Reporting to "Impact Reporting"***

"It is obvious that the non-financial information of companies are gaining importance among investors worldwide in investment analysis. To protect their long-term capital investment and ensure good returns, investors now actively refer to ESG-related information of a company they invest in to understand how it manages such environmental and social issues as climate change, talent retention, sustainable supply chain and customer satisfaction, and also governance risks so as to maintain competitiveness," said **Mr Ricky Cheng, the Director and Head of Risk Advisory at BDO in Hong Kong**, "The quality of ESG reporting thus essentially affects a company's value as



an investment in the eyes of investors and that commands a company to make the best attempt to communicate its ESG strategies, management approaches and achievements or difficulties, as informative and transparent as possible, and embark on shifting from ESG reporting to ‘Impact Reporting’ to meet not only stakeholders’ expectations, but also investors’ of its ESG performance.”

### ***More stringent judging criteria and greater focus on the role of the Board***

In line with global demand and development of ESG reporting, the top five contenders in each of the market capitalisation categories of the Awards were selected based on judging criteria above the minimum requirements set out in the ESG Reporting Guide by the Hong Kong Exchanges and Clearing Limited (HKEx). This year, BDO refined the judging criteria, particularly of the Best in Reporting Awards, using more stringent standards to evaluate reporting of qualitative information. The shortlisted were deemed to have fully integrated ESG into their companies’ strategic planning that entails systematic tracking of ESG concerns and the company’s performance in addressing those concerns.

“The Board of a company, the ‘tone at the top’, plays an important role in fostering the embrace of ESG development and integration of related principles and efforts in the company’s culture and business model. Hence, the judges focused on reviewing the role of the Board in a company’s ESG management and ESG strategies in connection with the United Nation Sustainable Development Goals (“SDGs”), and also the risk management framework adopted for identifying material ESG risks and opportunities for the company’s business,” said **Ricky**, “Another key area the judges looked at was a company’s performance in addressing material ESG issues. For instance, the contenders were required to detail how they assess and identify material ESG issues, prioritise them and execute ESG strategies including goals, targets, management approaches and initiatives, plus further action plans. Only those companies, which clearly demonstrated in ESG reporting its active efforts in contributing to ESG development in the company could make it on the lists of finalists deserving of the honours.”

With most of the contenders this year affording high performance standards, the competition for the awards was rather intense. Most of them clearly exceeded the minimum ESG reporting requirements, went on with making “recommended disclosure” in HKEx’s ESG Reporting Guide, or even adopting international reporting standards such as GRI in preparing their ESG report, and some sought third-party - internationally renowned accounting or certification bodies - assurance on the credibility, accountability and balance of data and/or information disclosure in the report. Some companies heeded the SDGs when determining their ESG strategies and management framework, embedding sustainability elements across their entire value chain.

Other remarkable ESG undertakings of the shortlisted candidates include:

- ◆ Well-rounded stakeholder participation and materiality assessment by industry specialists to help them understand ESG-related business risks, material ESG topics as well as demands and expectations of key stakeholders. Subsequently, with the help of the crucial information gathered, they came up with effective methods for stakeholder engagement and materiality assessments, as well as the actions to take to address the concerns raised by key stakeholder groups.
- ◆ Some companies launched family-friendly initiatives, including but not limited to support for nursing mothers, extending family-related paid leaves and organising family-bonding activities, above and beyond legal requirements, to support working parents, enhance the sense of belonging among staff and retain talent.



- ◆ Comprehensive life-planning management (eg cradle-to-cradle life-planning, green or eco-efficient product designs and impact assessments, etc) are incorporated by them in their product and service systems to aid the linear economy to circular economy transformation.
- ◆ Some companies introduced to their employees the concepts of up-cycling and resources sharing, aiming to minimise wastage and promote green day-to-day living. They also sought opportunities to enhance energy efficiency, via such as upgrading and replacing equipment and machines to electric models or hybrid systems, adopting centralised logistics and harnessing renewable energies in their operation, to help reduce greenhouse gas emission and combat climate change.
- ◆ They also laid down strategic objectives for community investment that are linked with their business competency and interest of the community, with criteria and guiding principles in place for screening community investment proposals to allow them to put effort in their areas of focus. Short-term and long-term programmes were implemented, along with donations, in collaboration with NGOs or they had employees taking part in activities organised by NGOs, helping the communities concerned and socioeconomic growth at large.

“We are happy to see companies, even many of the newly listed ones, caring about the quality of ESG disclosure. This shows that they have come to appreciate the value of ESG reporting and are therefore putting time and resources to incorporate sustainability elements in their business models and value chain. We would like to express our congratulations to all the winners and contenders for their vigorous efforts and commendable achievements, and we encourage their peers to follow in their footsteps to raise the overall ESG standards in Hong Kong together,” said Ricky.

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#### Note to editors

#### About BDO

BDO’s global organisation extends across 162 countries and territories, with more than 80,000 professionals working out of over 1,500 offices - and they’re all working towards one goal: to provide our clients with exceptional service. BDO was established in Hong Kong in 1981 and is committed to facilitating the growth of businesses by advising the people behind them. BDO in Hong Kong provides an extensive range of professional services including assurance services, business services and outsourcing, risk advisory services, specialist advisory services and tax services. For more details, visit [www.bdo.com.hk](http://www.bdo.com.hk).

#### About the BDO ESG Awards

BDO held the inaugural BDO ESG Awards in Hong Kong in 2018. The BDO ESG Awards recognises 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 aims to encourage companies to be more aware of their social responsibility to incorporate sustainability into their business model.

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**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 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** and/or the **ESG Report of the Year (Newly Listed Companies) Awards** (if eligible).

**Judging Panels**

The 2019 judging panels for the **Best in ESG Awards** and **Best in Reporting Awards** were led by panel co-chairmen, Dr William Yu and Professor Carlos Lo, 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>).

**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:

<p><b>Best in ESG Awards</b></p>	<ul style="list-style-type: none"> <li>● <b>Environment</b> (Emissions Control, Use of Resources, Environment and Natural Resources);</li> <li>● <b>Employment &amp; Labour Practices</b> (Employment Benefits and Welfare, Health and Safety, Development and Training, Labour Standards);</li> <li>● <b>Operational Practices</b> (Supply Chain Management, Product Responsibility, Anti-corruption); and</li> <li>● <b>Community Investment</b> (Policies on Community Engagement, Areas of Contribution, Resources Contributed).</li> </ul>
<p><b>Best in Reporting Awards</b></p>	<ul style="list-style-type: none"> <li>● <b>Assurance</b> (Whole report), Assurance (partial)</li> <li>● <b>Materiality Assessment</b> ESG issues highlighted and corresponding measures described; Stakeholder engagement (with detailed descriptions about the mechanism and frequency);</li> <li>● <b>ESG Governance</b></li> </ul>

	<p>ESG steering committee/ Role and responsibility of Board/ Governance mechanism; Identification of ESG risks and developed corresponding strategy; Linking ESG strategy with Sustainable Development Goals</p> <ul style="list-style-type: none"> <li>● <b>Reporting</b> (Channel for reporting the ESG results covering social media and enabling instant feedback capturing; Mechanism for evaluating readers' feedback for future ESG strategy revision; Application of international standard (such as GRI, AA1000, SA8000, etc.); Deployment of Impact Reporting</li> </ul>
<b>ESG Report of the Year Awards</b>	Companies who performed best in both "Best in ESG" and "Best in Reporting" categories will be awarded "ESG Report of the Year".
<b>*New in 2019* ESG Report of the Year (Newly Listed Companies) Awards</b>	Companies listed between 1 January 2016 and 31 March 2018 who performed best in both "Best in ESG" and "Best in Reporting" categories will be awarded "ESG Report of the Year" (Newly Listed Companies) Awards

For details, please visit: [www.bdoesgawards.com](http://www.bdoesgawards.com).

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