

# Best Corporate Governance Awards 2019

## Judges' Report



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會



# 2019 最佳企業管治大獎

## Best Corporate Governance Awards

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### Hang Seng Index Category

Platinum

CLP Holdings Limited

Gold

Hong Kong Exchanges and Clearing Limited

### Non-Hang Seng Index (Large Market Capitalization) Category

Gold

Hysan Development Company Limited

### Non-Hang Seng Index (Medium Market Capitalization) Category

Platinum

The Hongkong and Shanghai Hotels, Limited

Gold

Li & Fung Limited

### Non-Hang Seng Index (Small Market Capitalization) Category

Special Mention

Convenience Retail Asia Limited

Special Mention

SOCAM Development Limited

### H-share Companies and Other Mainland Enterprises Category

Platinum

Lenovo Group Limited

Special Mention

AAC Technologies Holdings Inc.

Special Mention

CGN Power Co., Ltd.

### Public Sector/Not-for-profit (Large) Category

Gold

Airport Authority Hong Kong

Special Mention

Mandatory Provident Fund Schemes Authority

Special Mention

Securities and Futures Commission

# 2019 最佳企業管治大獎

## Best Corporate Governance Awards

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### Sustainability and Social Responsibility Reporting Awards

#### ■ Hang Seng Index Category

Winner	CLP Holdings Limited
Winner	Hong Kong Exchanges and Clearing Limited
Special Mention	The Hong Kong and China Gas Company Limited

#### ■ Non-Hang Seng Index (Large Market Capitalization) Category

Winner	Swire Properties Limited
Winner	Vitasoy International Holdings Limited

#### ■ Non-Hang Seng Index (Medium Market Capitalization) Category

Winner	VTech Holdings Limited
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#### ■ Non-Hang Seng Index (Small Market Capitalization) Category

Special Mention	Landsea Green Group Co., Ltd.
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#### ■ H-share Companies and Other Mainland Enterprises Category

Winner	China Mobile Limited
Winner	Lenovo Group Limited

#### ■ Public Sector/Not-for-profit (Large) Category

Special Mention	Airport Authority Hong Kong
Special Mention	Drainage Services Department

### Commendation on Website Corporate Governance Information

NWS Holdings Limited

### Self-nomination Awards

Commendation on Corporate Governance improvements	Construction Industry Council
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# Introduction

## Background, Aims and Scope

### *Background*

The annual Best Corporate Governance Awards (“BCGA” or “Awards”) organized by the Hong Kong Institute of Certified Public Accountants (“the Institute”) are now in their 20<sup>th</sup> year. They are recognized as an important benchmark of Hong Kong’s current corporate governance (“CG”) standards and best practices, while winners of awards regard their awards as a significant achievement and accolade.

The Awards seek to highlight the value of good CG and to encourage companies and public sector organizations to review and improve their CG standard, and to be responsive to changing attitudes and expectations among shareholders, investors and other stakeholders.

This year, the Awards include:

- Seven main categories covering listed companies of different sizes and public sector/ not-for-profit organizations.
- Commendations for Website Corporate Governance Information.
- Self-nomination Awards for good CG practices, aimed at smaller companies and public sector/ not-for-profit organizations.
- Sustainability and Social Responsibility Reporting (“SSR”) Awards.

The Institute, as always, wishes to express its gratitude for the continuing support from the Hong Kong SAR Government, financial services regulators, investor groups, and the business, academic and professional communities. The Institute would also like to thank the companies whose CG was reviewed for their participation in the Awards.

### *Aims and scope*

The BCGA aims to (i) establish benchmarks of CG and SSR best practice in Hong Kong and (ii) encourage more companies<sup>1</sup> to refer to those benchmarks and improve their own CG standard.

Primarily through disclosures in annual reports and sustainability reports<sup>2</sup>, the reviewers and judges seek to identify those companies that have firmly established good governance and socially responsible and sustainable practices as part of their corporate culture.

## **Categories and Judging Criteria**

There are seven main awards categories, namely:

A. Companies listed on the Hong Kong Stock Exchange (“SEHK”):

### *Main Board*

i. Hang Seng Index (“HSI”)-constituent companies

### *Main Board or Growth Enterprise Market (“GEM”)*

Non-HSI-constituent companies:

- ii. Large market capitalization
- iii. Medium market capitalization
- iv. Small market capitalization
- v. H-share companies and other Mainland enterprises

B. Public sector/Not-for-profit organizations:

- i. Large organizations
- ii. Small and-Medium organizations

In all of the above categories, diamond, platinum and gold awards may be presented. Special mentions may also be given out to other companies that have made notable efforts to implement good CG and/or SSR.

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<sup>1</sup> In this report, the terms “company” and “companies” are used hereinafter to cover both listed companies and public sector organizations, unless the context suggests otherwise. In the detailed commentaries on the award winners, references to “company” may also include references to the listed group.

<sup>2</sup> The term “sustainability report” is used generally for reports which some companies may call corporate social responsibility, social responsibility or environmental, social and governance reports.

The judging criteria for the main CG awards cover:

- Promptness of reporting
- Quality of disclosure in relation to the following information:
  - CG statement and practices
  - Capital structure
  - Board structure, including composition and diversity, and board functioning
  - Management discussion and analysis, including operating and financial review and strategic outlook
  - Remuneration policy and details of directors' and senior management's remuneration packages
  - The nomination committee's work and policies, and the nomination processes
  - Risk management and internal control
  - Connected transactions and relationships
  - Other voluntary disclosures relating to, e.g., audit committees, internal audit and investor relations
- Compliance with the CG-related disclosure requirements of the Companies Ordinance (Cap. 622) ("CO") and the Listing Rules governing the listing of securities on the SEHK Main Board or GEM, as appropriate.
- Quality of presentation of compliance information.

As indicated above, there are also awards available for SSR reporting and for website CG information, as well as awards based on self-nominations. Candidates for all these different types of awards are assessed on the basis of specifically-designed criteria.

## Review and Judging Procedures

This year, the initial vetting process covered around 500 annual reports and over 500 sustainability reports. As indicated above, the primary source of information (except in the case of the awards for website CG information) continued to be annual reports and, for the SSR Awards, sustainability reports. A preliminary review of annual and sustainability reports was conducted, with the assistance of a small group of university post-graduate students, to see whether a more in-depth analysis of particular companies' CG and SSR performances was merited. Companies were filtered out at this stage for a variety of reasons but, primarily, where the standard of their CG or SSR reporting in key areas was not sufficiently high for them to be considered further.

Experienced reviewers, mainly from professional firms and industry/ professional associations, then undertook more detailed assessments of the CG and SSR disclosures and practices of the companies that passed the initial vetting and drew up shortlists of the best candidates in the different categories. These were referred to the judges for final evaluations and determinations. The work of the reviewers included the following:

- Main Categories of Awards:

Conducting detailed reviews of CG information in annual reports to identify candidates for the shortlists, based on the results of two rounds of "quality reviews" and a "compliance review". The compliance review was carried out on those companies shortlisted after a second round of quality review, in order to confirm their full compliance with the mandatory CG- and SSR-related disclosure requirements under the CO and the Listing Rules, including the latest environmental, social and governance ("ESG") reporting requirements.

- SSR Awards:

Conducting a more detailed assessment of the sustainability/ ESG reporting of those companies that passed the initial screening phase.

- Commendations for website CG information:

The websites of companies containing good CG information, as identified during the initial vetting process, were given a more detailed assessment.

- Self-nomination Awards:

Non-HSI-constituent (small market capitalization) companies and public sector/ not-for-profit organizations were invited to put themselves forward for consideration, on the basis of the quality of their overall CG framework, including any recent developments, and to highlight any particularly strong features of their voluntary disclosures and practices. It was explained that interviews might be conducted to hear directly from applicants about their good CG practices.

## Judging Considerations

BCGA focuses mainly on voluntary information about companies' CG architecture, policies and practices that exceed the statutory and regulatory requirements and which are indicative of a strong CG culture.

The reviewers and judges also consider other publicly-available information, including news and media reports that may give further insights into how companies' CG or sustainability regimes are being implemented in practice. The reviewers and judges assess the scope and quality of CG-related information and the standard of the related governance practices. They endeavour to take an overall view of a company's CG performance and gain an impression as to whether a good, top-down CG culture has been firmly established throughout the company. They also consider whether efforts have been made towards further improving standards. Where applicable, they assess the transparency and scope of relevant information contained in companies' annual or sustainability reports on matters of public interest or concern that may have been reported in the media.

## Recent CG-related developments

### Hong Kong

Legislation:

- The Financial Reporting Council (Amendment) Ordinance 2019 ("Amendment Ordinance") came into effect on 1 October 2019. Just prior to that, on 27 September, the Financial Reporting Council ("FRC") and the Institute signed a Statement of Protocol on Oversight Arrangements, marking a new stage of collaboration between the two bodies. The Amendment Ordinance vests the FRC with direct powers of inspection, investigation and discipline concerning auditors of Public Interest Entities ("PIE"), as well as recognition of overseas PIE auditors. Under the arrangements, the Institute will be responsible for the registration of PIE auditors, the setting of continuing professional development requirements and setting of standards on professional ethics, auditing and assurance for registered PIE auditors, subject to oversight by the FRC.

Reviews, guidance and Listing Rule changes:

- Towards the end of 2018, Hong Kong Exchanges and Clearing Limited ("HKEX") published the findings of its latest periodic review of issuers' CG disclosures, as well as their level of compliance with the Corporate Governance Code ("CG Code") and Corporate Governance Report under the Listing Rules, covering issuers with their year end between June 2017 and March 2018 inclusive. HKEX noted that the results of the 2017/18 Review demonstrated a high level of compliance with the CG Code. Whilst the compliance rates were similar to previous years, they noted a 2% rise in the number of issuers that complied with all 78 Code Provisions.

- Various amendments to the CG Code and related Listing Rules became effective on 1 January 2019. These relate mainly to the independence requirements of independent non-executive directors (“INEDs”), board diversity and nomination policies.
- In addition, HKEX updated its guidance, “How to prepare an ESG report?”, relating to the requirements in the ESG Reporting Guide under the Listing Rules, taking into account recent international climate-related disclosure recommendations, and with an emphasis on the issuer’s governance structure for ESG reporting.
- HKEX published its 2018 report, “Review of Issuers’ Annual Report Disclosure”, setting out its findings and recommendations to enhance transparency and accountability to investors. It was observed that certain key areas of some listed companies’ disclosure on their business model and financial performance could be further enhanced by discussing the key performance drivers for each core business and why they were significant to the issuer’s strategies and results. In addition, on material intangible assets, issuers should aim to improve the quality of disclosures and ascertain whether the processes for assessing impairment were sufficient and appropriate. Directors and management were responsible for performing proper analysis and exercising judgement to assess the reasonableness of key assumptions applied in impairment testing so that assumptions applied (such as growth rates and discount rates) would not be overly optimistic. The audit committee should give due attention to financial reporting integrity as part of its core oversight responsibilities.

#### Consultations:

- In May 2019, HKEX issued a consultation paper aimed at supporting and improving issuers’ governance and disclosure of ESG activities and metrics under the ESG Reporting Guide.

#### Key proposals:

- ✓ Introducing mandatory disclosure requirements in the ESG Reporting Guide to include: a board statement setting out the board’s consideration of ESG issues; and the application of relevant reporting principles and boundaries in the ESG report
- ✓ Requiring disclosure of significant climate-related issues which have impacted and may impact the issuer

- ✓ Amending the “Environmental” key performance indicators (“KPIs”) to require disclosure of relevant targets
- ✓ Upgrading the disclosure obligation of “Social” KPIs to “comply or explain”
- ✓ Shortening the deadline for publication of ESG reports to align with the publication timeframe of the annual report (i.e., within four months (Main Board issuers) or three months (GEM issuers) after the year-end.

The Institute, in general, supported the enhancements of ESG requirements, while making additional comments and suggestions on the detailed implementation. It was suggested, for example, that HKEX should work towards requiring ESG reporting to be done at the same time as annual reporting, by a certain date in the future, e.g. two years after the latest proposed changes take effect.

- HKEX also released a consultation paper to seek views on the proposed codification of general waivers and principles relating to initial public offerings and listed issuers, as well as minor amendments to the Listing Rules. The aim was to (i) improve the clarity of the Rules; (ii) ensure the Rules reflected currently acceptable standards in the market place; and (iii) codify a number of administrative provisions that were currently provided in HKEX guidance letters or listing decisions.

One of the proposals related to codifying in the Rules a waiver of Main Board Rule 3.28 for an issuer to appoint a company secretary who may not have the required qualifications or experience, subject to certain conditions. The Institute among others, expressed reservations about the possible effect of this particular proposal on CG and regulatory compliance in Hong Kong.

## International

- The International Federation of Accountants (“IFAC”) published a *Point of View* reaffirming the need to enhance the corporate reporting system to bring together financial and non-financial reporting in a more holistic way. IFAC believes that the Integrated Reporting (“IR”) framework provides a basis for narrative information and metrics that enables organizations to more effectively communicate their ability to create value over time and that, crucially, IR supports “integrated management thinking”.
- Given the importance of IR, as explained by Richard Howitt, the former CEO, International Integrated Reporting Council (“IIRC”), the role of accountants has been changing:

*Those at the forefront of the profession not only need to understand and advise on more than just the health of an organization’s finances, but also understand and articulate how all of the resources and relationships the organization uses and affects are being harnessed to create long term value.*

*Advances in globalization, technology, the rise of social media and the ever-increasing risks surrounding climate change are just some of the emerging drivers that have led to this new recognition that the health of a company is synonymous with interconnected financial, manufactured, social and relationship, intellectual, human and natural capitals.*

*Accountants are helping to embed this concept of multi-capitalism through the adoption of integrated reporting. In over 70 countries, accountants are supporting their organizations to pursue this new way of thinking, acting and communicating.*

- It can be a challenge to integrate financial and non-financial corporate reporting. However, the world’s leading frameworks have the same common foundations, based on the key objectives of transparency and accountability, according to a position paper published by the framework providers. In the paper, entitled “Understanding the value of transparency and accountability”, CDP, the Climate Disclosure Standards Board, the Global Reporting Initiative (“GRI”), the International Accounting Standards Board, the IIRC, the International Organization for Standardisation, and the Sustainability Accounting Standards Board set out seven principles of transparency and accountability that they commonly believe are fundamental to corporate reporting namely, materiality, completeness, accuracy, balance, clarity, comparability and reliability.

- A new IFAC report “Enabling the Accountant’s Role in Effective Enterprise Risk Management” explores the opportunity for professional accountants, chief financial officers (“CFOs”) and the finance function to enable more effective enterprise risk management throughout their organizations.
- The United Kingdom (“UK”)’s Financial Reporting Council has launched a new code for the corporate governance of large private companies, providing a framework to help them not only meet legal requirements, but to promote long-term success in this vital sector. Recognizing this, the “Wates Principles” encourage such companies to adopt a set of key behaviours to secure trust and confidence among stakeholders and benefit the economy and society in general. The Principles are part of a number of changes made this year to the UK corporate governance framework.
- The Organization for Economic Cooperation and Development has published its “Corporate Governance Factbook 2019”, which provides easily accessible and up-to-date information about the institutional, legal and regulatory frameworks for CG across 49 jurisdictions worldwide. It complements the G20/OECD “Principles of Corporate Governance” and can be used by governments, regulators and the private sector to compare their own frameworks with those of other countries and also to get information on practices in specific jurisdictions.
- Harvard Business School has published an article which looks at some of today’s key debates in CG and identifies the main areas in which changes are being called for.

# Commentaries

## Observations in 2019

1. The judges reaffirmed the approach that companies needed to achieve a certain absolute standard of CG quality to merit a diamond, platinum, or gold award. This means that the three levels of awards are not automatically given out, sequentially, to the best, second and third-place companies in a particular category.
2. The judges reiterate that the BCGA are not annual report awards or just disclosure awards. The reviewers and judges look at the overall CG framework of the shortlisted candidates and how it is implemented in practice. This also includes paying attention to news stories and media reports, including those published after the relevant reporting year. Such information can reflect on a company's actual practices and conduct, and can expose possible inconsistencies between words and actions. It can also alert the reviewers and judges to new issues and how these are being addressed by the company.
3. In the final analysis, this year, the judges decided once again not to give out any diamond awards. While they took note of some positive steps that had been taken to address issues of concern to investors and other stakeholders, they felt that there was still scope for all the shortlisted companies to do more.
4. A record number of potential candidates for SSR Awards passed through an initial vetting stage and were given a more detailed assessment by the reviewers and judges. As a majority of these companies made reference to emerging international standards and norms in preparing their sustainability reports, the ones that stood out, in general, were those that more clearly and concisely aligned their sustainability practices and reporting with international benchmarks, excelled in their presentation of relevant information, and demonstrated an unequivocal commitment to pursuing the long-term sustainability of the company.
5. It is disappointing that no award winner could be identified in the new category for mid- to small-size public sector /not-for-profit organizations. The judges hope to see more candidates coming through in the years ahead. On the other hand, they were pleased to see more public sector organizations improving their ESG reporting and competing for SSR Awards.
6. A specific observation made by judges was that there is a significant gap between the remuneration of the chief executive officer ("CEO") and that of the second-highest-paid individual in some companies. There is a concern that this could be indicative of an over-concentration of power in the hands of a single individual.
7. A Self-nomination Award for good CG practices was introduced a couple of years ago, aimed at small-cap and public sector entities. We are pleased to see an increasing number of self-nominations being submitted. This year, eight self-nominations were submitted and, among these, one public sector organization was subsequently identified as a potential awardee and was considered to have taken some very positive steps towards improving its CG. Representatives of the organization were invited to attend an interview/ meeting with a panel of reviewers and judges to give them the opportunity to explain some of the organization's CG developments in more detail and to enable the panel to raise questions.

8. Overall, the judges agreed on a record number of awards, three more than the previous highest number. In particular, they were pleased to be able to identify more SSR awardees, which is encouraging. While the awardees were generally companies with a relatively larger market capitalization, which would tend to have more resources at their disposal, there was a diverse range of candidates reaching the final stages of the process. This bodes well for the future.

## **Observations of Judges and Reviewers on Specific Areas of Strength and Weakness**

1. Despite the progressive raising of the bar, in terms of the minimum CG and SSR requirements, over the past few years, the best performers in most categories were still able to achieve high scores on the strength of their voluntary additional disclosures and practices. These companies are also likely to be early adopters of any changes in requirements, as they see the benefits of a good CG regime to the long-term success and sustainability of the company.
2. The judges found that companies are providing more relevant details about their risk management. Increasingly companies categorise and analyse the principal types of risk that they face, the probability of their materializing, and the underlying control and mitigation measures in place to address those risks. However, there is scope for companies to provide additional information about the likelihood that particular risks will eventuate. In addition, disclosures relating to the review of internal controls could be elaborated to include, for example, an overview of how the function operates, recommendations to enhance it, information about any significant findings from the review, and measures that have been or will be taken to address these.
3. No major improvements were found in the following areas:
  - A process for regular evaluation of the board's performance, which is a Recommended Best Practice ("RBP") under the CG Code, does not seem to be implemented widely among companies. Where companies indicated that an evaluation was conducted, in the majority of cases, matters such as how the evaluation was carried out and the underlying methodology, were not explained in any detail.
  - Explanations given for specific appointments and resignations of directors, including appointments of family members to the board; and clear information on the process and criteria for the selection and appointment of directors, including executive directors ("EDs") and INEDs. It is worth reiterating that shareholders have reason to be concerned if they cast their votes for a director who subsequently resigns without adequate explanation.

- Public sector organizations might not feel it necessary to disclose the above information where their board members are normally appointed by the government. As these organizations often use public monies, the public would naturally want to know whether there is a formal and rigorous process for the selection and appointment of board members and whether appointed members have suitable qualifications, skills and experience to take up the office effectively. As we have mentioned before, a distinction should also be drawn between NEDs and INEDs and a clear definition given of what independence means in the public sector. This is important, particularly where outside directors are from the same, or a related, sector as the organization itself.
  - Disclosing more detailed information about the individual remuneration packages, including the breakdown of total remuneration, of senior management. We would reiterate that this is useful and relevant information for shareholders, particularly for boards where there are many non-executive directors (“NEDs”) and few EDs. It would help to increase transparency and accountability, especially where remuneration is influenced by different components of corporate performance, including financial, and non-financial performance, such as ESG factors.
  - Succession planning, which is still not widely discussed in companies’ reports, is an important issue for investors, particularly in family businesses, and it is reasonable to expect some acknowledgment and discussion of this at appropriate times. Planning for a smooth and progressive transition of the leadership helps to instil confidence, ensure stability, and allay possible concerns about disruption.
  - The tenure of directors on the board, particularly INEDs, should not be indefinitely long. Where the tenure of INEDs is well over nine years, it was noted that not many companies provide information to explain why such directors are still considered to be independent and should be retained on the board.
  - While companies may illustrate the composition and make up of their boards quite well, not enough of them disclose clear policies and targets in relation to board diversity.
4. The judges would like to draw companies’ attention to a few observations arising from the reviews for the SSR Awards:
- The number of sustainability reports and the overall standard of reporting has gone up, which is a welcome development. This is of course due, in part, to a ratcheting up of the minimum standard by HKEX, primarily through the ESG Reporting Guide. But it is also an indication that more companies are beginning to appreciate that their own long-term success depends not only on making profits for shareholders, but also on how they make their profits and the impact of their operations on the wider community.

- The overarching sustainability vision and strategies, and the action plans and initiatives to implement sustainability strategies, should be made clear in the reports, so that the reader can see the linkages between them. It should be made relatively easy for the reader to follow progress in implementing sustainability initiatives.
- Most companies are able to provide a reasonable analysis of their main stakeholders and the issues that are material to them; but fewer entities give a good explanation as to how stakeholders' concerns are addressed, with clear illustrations.
- Not enough companies provide a balanced view of the positive and negative aspects of their sustainability performance. In the majority of cases, their reports tend to be only positive. While KPIs on economic, environmental and social performance, which show a deterioration in performance, may be disclosed, often there is a lack of explanation for the underlying changes. Sometimes these data appear in interesting performance tables covering more than one year, at the back of the sustainability report. The data may be cross-referred to the KPIs in the ESG Reporting Guide and the GRI standards, and references given to where more information can be found in the report; but, as indicated above, often, no explanation is given of variations in performance from year to year.
- More companies need to set performance targets and compare progress towards these against the prior year or years, and indicate what specific actions they intend to take to make progress towards those targets (e.g., substantive reductions in greenhouse gas emissions).
- While the judges were pleased to see more companies obtaining external independent assurance on their sustainability reports, the exact scope of that assurance is not always clear. It is necessary to read very carefully the scope of the assurance provided. Some companies indicated that their reports were assured based on ISAE 3000 but "based on" is a vague term and it is not always clear whether the assurance engagement was conducted in full compliance with the standard. It would be clearer if companies indicate whether the standard has been applied in its entirety in the assessment of their reports.

# Hang Seng Index Category

## PLATINUM AWARD

### CLP Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Richard Kendall Lancaster (Chief Executive Officer)  
Geert Herman August Peeters

##### NON-EXECUTIVE

The Hon Sir Michael Kadoorie, *GBS* (Chairman)  
William Elkin Mocatta (Vice Chairman)  
John Andrew Harry Leigh  
Andrew Clifford Winawer Brandler  
Lee Yui Bor  
Philip Lawrence Kadoorie

##### INDEPENDENT NON-EXECUTIVE

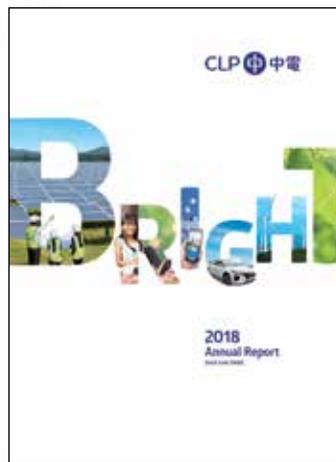
Vernon Francis Moore, *BBS*  
Sir Roderick Ian Eddington  
Nicholas Charles Allen  
Cheng Hoi Chuen Vincent, *GBS, OBE, JP*  
Law Fan Chiu Fun Fanny, *GBM, GBS, JP*  
Zia Mody  
May Siew Boi Tan

#### Audit & Risk Committee:

Vernon Francis Moore, *BBS* (Chairman)  
Nicholas Charles Allen  
Law Fan Chiu Fun Fanny, *GBM, GBS, JP*  
May Siew Boi Tan

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. CLP Holdings Limited (“CLP”) sets itself a high CG standard in its own code, which goes beyond the Principles and the two levels of recommendations in the CG Code under the Listing Rules. The way in which CLP exceeds the CG Code in terms of practices and disclosures is set out clearly in the company’s Annual Report and there is a useful *2018 at a Glance* illustration on governance developments undertaken during the year.
2. As the senior management of the company plays a significant role in its daily business, given the preponderance of NEDs, and especially INEDs, on the board, the company discloses information on the senior management, which includes their major responsibilities held with the CLP group. The biographical summaries of directors are informative yet quite concise.
3. Senior management remuneration is disclosed on an individual and named basis, which enhances the level of transparency. While this is an RBP under the CG Code, it is still not a commonly found disclosure in listed companies’ annual reports.
4. The company indicates that it regularly evaluates the performance of its board and committees. While the board evaluation was conducted internally in 2018, it was carried out with the assistance of a specialist advisory firm, in terms of designing the survey questionnaire and facilitating the process to ensure the anonymity of the responses and feedback from the directors. The external consultant was not the same as in the previous year, which should enable new perspectives to be provided.
5. The judges welcomed the fact that CLP has responded to issues raised by investors about succession planning and board refreshment and has taken positive steps towards addressing these issues. An INED has been appointed to take over the chairmanship of the Nomination Committee from board chairman and NED, The Hon Sir Michael Kadoorie. This serves as a good example for family businesses in Hong Kong.
6. The Nomination Committee looked not only looked at succession planning but also the company’s board diversity policy, as a result of which a retirement age guideline for NEDs has been published. NEDs (other than the chairman) will not be considered for re-election after the age of 72, except where a director is considered by the board to have certain skills, experience or capabilities that cannot be readily replaced.
7. CLP provides a detailed justification in the case of a particular director who was re-appointed, although he sits on multiple boards. The company has also responded to stakeholders’ feedback regarding the onboarding process for directors and holding separate meeting sessions between the chairman and the non-executives.
8. Other areas of disclosures in the company’s Annual Report that the judges commended include the Risk Management Report, with its clear exposition of the risk management process and open and unambiguous disclosure of the principal risks faced by the company, and the information on continuing connected transactions. The section, *A Snapshot of CLP in 2018*, succinctly captures the company’s portfolio and interests in the Asia-Pacific region.
9. The company’s standalone Sustainability Report also gained plaudits, from the judges (see pages 42 - 43 of this report).

# Hang Seng Index Category

## GOLD AWARD

### Hong Kong Exchanges and Clearing Limited

#### Board of Directors:

##### EXECUTIVE

LI Xiaojia Charles (Chief Executive)

##### INDEPENDENT NON-EXECUTIVE

Cha Laura May-Lung\*, *GBM, GBS, JP* (Chairman)

Bagri Apurv

Chan Tze Ching Ignatius, *BBS, JP*

Cheah Cheng Hye

Fung Yuen Mei Anita\*, *BBS, JP*

Gil-tienda Rafael\*

Hu Zulu Fred

Hung Pi Cheng Benjamin\*, *BBS, JP*

Leung Ko May Yee Margaret\*, *SBS, JP*

Leung Pak Hon Hugo

Williamson John Mackay McCulloch

Yiu Kin Wah Stephen\*

\* Government Appointed Directors

#### Audit Committee:

Yiu Kin Wah Stephen (Chairman)

Chan Tze Ching Ignatius, *BBS, JP*

Fung Yuen Mei Anita, *BBS, JP*

Leung Pak Hon Hugo

Williamson John Mackay McCulloch

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. HKEX has adopted many CG best practices, such as majority board independence, fully independent committees, board evaluation, as well as induction and ongoing training for directors, the scope of which is set out clearly in the company's Annual Report, supplemented by information on its website.
2. The judges welcomed HKEX's commitment to board diversity. The revised diversity policy sets out HKEX's ultimate goal to achieve gender parity on the board. Changes were also made to the nomination policy, reducing the maximum tenure for NEDs from 12 years to 9 consecutive years. This aims to achieve a balance between continuity of experience and board refreshment, as well as enhancing diversity.
3. There is a Risk Committee tasked with the responsibility of reviewing HKEX's risk policies. HKEX ensures risk governance through the *three lines of defence* model, with oversight and directions from the board, the Risk Committee and the Executive Risk Committee. In addition, the company sets out its principal risks, and mitigation measures.
4. The Business Review section of the Annual Report is informative. HKEX has a rigorous and continuing strategic planning process, which includes a full-day offsite strategy meeting each year, to identify and assess the underlying opportunities and challenges.
5. It was noted that HKEX has formulated a new three-year strategic plan for 2019-2021, focusing on three main themes, *China Anchored*, *Globally Connected* and *Technology Empowered*, with descriptions of key initiatives under each theme.
6. There is an informative Remuneration Committee Report setting out, among other things, performance measures for performance-based pay and the remuneration of directors and senior management on an individual, named basis.
7. To expedite payment of the full-year dividend to investors, HKEX declared a second interim dividend based on the 2018 full-year results, in lieu of a final dividend. This should be welcomed by shareholders and could be considered by other companies, as a means of speeding up the payment of dividends.
8. HKEX is aware of the importance of understanding the forces in the global environment that may affect its operation and development. In February 2019, the company established an International Advisory Council, comprising experts from the fields of economics, business and finance, to give insight and perspective to the company.
9. An *Escalation and Incident Reporting Policy* was established, setting out guidelines on handling critical concerns relating to the group's operations and performance. This is a prudent move.
10. The company issued a standalone Sustainability Report, which has also been given recognition by the judges (see pages 44 - 45 of the Judges' Report).

# Non-Hang Seng Index Category (Large Market Capitalization) Category

## GOLD AWARD

### Hysan Development Company Limited

#### Board of Directors:

##### *EXECUTIVE*

Lee Irene Yun-Lien (Chairman)

##### *NON-EXECUTIVE*

Jebsen Hans Michael, *BBS*

Lee Anthony Hsien Pin

Lee Chien

Lee Tze Hau Michael

##### *INDEPENDENT NON-EXECUTIVE*

Churchouse Frederick Peter

Fan Yan Hok Philip

Lau Lawrence Juen-Yee

Poon Chung Yin Joseph

Wong Ching Ying Belinda

#### Audit and Risk Management Committee:

Poon Chung Yin Joseph (Chairman)

Churchouse Frederick Peter

Fan Yan Hok Philip

Lee Anthony Hsien Pin

#### Auditors:

Deloitte Touche Tohmatsu



## Findings

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1. Hysan Development Company Limited (“Hysan”)’s Annual Report, overall, is well presented, informative, and reader-friendly, with a good mix of narrative, graphics and diagrams.
2. The CG Report indicates that the company complied with all the Provisions of the CG Code under the Listing Rules and exceeded the Code in certain specific areas, which are identified. Hysan’s main governance-related guidelines are set out and the report contains informative biographical details of directors’ competencies, experience and qualifications, as well as brief introductions of the senior management.
3. The CG Report includes a succinct description of the board’s activities during the year, and is split into four main sections - on *Leadership, Effectiveness, Accountability* and *Engagement*, providing key information on each area. It was noted that an internal board evaluation was conducted.
4. Hysan provides comprehensive information on its risk management approach and controls. The company has adopted the COSO (Committee on Sponsoring Organizations of the U.S. Treadway Commission) framework and the *three lines of defence* approach, which is clearly explained and illustrated by means of a diagram in the Annual Report.
5. The Remuneration Committee Report clearly lays out the role, authorities and work performed by the committee. In December 2018, Hysan engaged an independent global human resources and compensation consultancy to conduct an overall review of the compensation structure for EDs, NEDs and board committee members, to better support the company’s strategic objectives. The results were discussed and certain high-level principles were established, which are set out in the report.
6. The Nomination Committee Report explains the committee’s role and work done. The committee undertook a detailed review of INEDs’ independence, which is a key issue in family-owned businesses.
7. To further strengthen the role of the NEDs and to enable them to discuss matters more freely, the NEDs held two discussion sessions during 2018 without the presence of executive members or board members related to the founding Lee family.
8. In the *Attendance at Meetings* section, the company has helpfully disclosed, via the use of symbols, how directors took part in board and committee meetings, whether in person, which was mostly the case, or by telephone, or whether an alternate attended in place of the member. In addition, it is indicated whether a particular director attended a meeting (or part of a meeting) as an invitee. One board meeting was held off-site.

# Non-Hang Seng Index Category (Medium Market Capitalization) Category

## PLATINUM AWARD

### The Hongkong and Shanghai Hotels, Limited

#### Board of Directors:

##### EXECUTIVE

Clement King Man Kwok (Chief Executive Officer)  
Peter Camille Borer  
Matthew James Lawson

##### NON-EXECUTIVE

The Hon Sir Michael Kadoorie, *GBS* (Chairman)  
Andrew Clifford Winawer Brandler (Deputy Chairman)  
William Elkin Mocatta  
John Andrew Harry Leigh  
Nicholas Timothy James Colfer  
James Lindsay Lewis  
Philip Lawrence Kadoorie

##### INDEPENDENT NON-EXECUTIVE

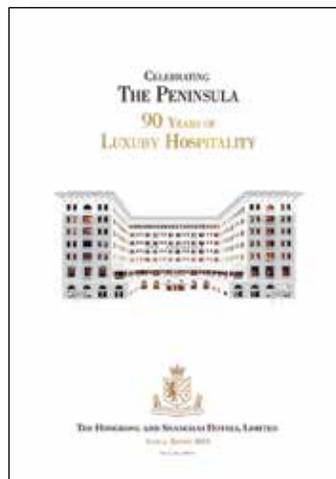
The Hon Sir David Kwok Po Li, *GBM, GBS, OBE, JP*  
Patrick Blackwell Paul, *CBE*  
Pierre Roger Boppe  
William Kwok Lun Fung, *SBS, OBE, JP*  
Rosanna Yick Ming Wong, *DBE, JP*  
Kim Lesley Winser, *OBE*  
Ada Koon Hang Tse

#### Audit Committee:

Patrick Blackwell Paul, *CBE* (Chairman)  
Ada Koon Hang Tse  
Andrew Clifford Winawer Brandler

#### Auditors:

KPMG



## Findings

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1. The Hongkong and Shanghai Hotels, Limited (“HSH”) presents all the main CG and related information in an attractive and pleasant-to-read manner. In addition to the photographic presentation of HSH’s properties, there is a ten-year financial summary, which facilitates comparisons.
2. The CG Report illustrates the two-tiered CG framework structure, with narratives and a diagram providing the reader with clear lines of delegation and accountability throughout the group. The report contains granular disclosures on the composition and structure of the board, and issues looked at during the reporting period. Roles and responsibilities of the board members, board committees and each director are well delineated to enhance transparency and accountability. The two-year-cycle board evaluation process, together with key areas of focus for the board and committees, are neatly disclosed.
3. HSH incorporates a 5-step risk management framework to identify risks, evaluate their impact and mitigate their exposures. The Group Risk Committee Report clearly sets out the methodology, the main risks and mitigation measures. A series of risk workshops was held for senior staff in 2018 and risk engineering surveys conducted on the company’s main properties.
4. The Audit Committee Report highlights include:
  - Reviewing and confirming the structure, adequacy of resources, staff qualifications and experience, training programmes and budget of the group’s accounting, internal audit and financial reporting functions
  - Reviewing possible impacts of new accounting standards, in particular, the requirements of the new lease accounting standard (IFRS 16).
5. For ease of comparison, major financial indicators and industry-specific indicators are disclosed, such as occupancy rate, average room rate, etc. over a long time span, which facilitates investors in conducting a long-term trend analysis of HSH’s financial position. The data are accompanied by the extensive use of charts and key figures to enhance their overall comprehensiveness.
6. HSH has published a standalone Corporate Responsibility and Sustainability report to showcase the company’s continuous effort to achieve its Sustainable Luxury Vision 2020. During its ongoing review in the reporting period, HSH revamped the approach of Vision 2020 to focus on three key stakeholders (i.e. guests, people, cities) to simplify the communication of its efforts and performance. Following a thorough discussion of the company’s efforts in achieving Vision 2020, detailed quantitative data of its sustainability performance, and the extent of compliance with different sustainability standards, are disclosed.

# Non-Hang Seng Index Category (Medium Market Capitalization) Category

## GOLD AWARD

### Li & Fung Limited

#### Board of Directors:

##### *EXECUTIVE*

William Fung Kwok Lun (Group Chairman)  
Spencer Theodore Fung (Group Chief Executive Officer)  
Joseph C. Phi

##### *NON-EXECUTIVE*

Victor Fung Kwok King (Honorary Chairman)  
Marc Robert Compagnon

##### *INDEPENDENT NON-EXECUTIVE*

Allan Wong Chi Yun  
Margaret Leung Ko May Yee  
Martin Tang Yue Nien  
Chih Tin Cheung  
John G. Rice

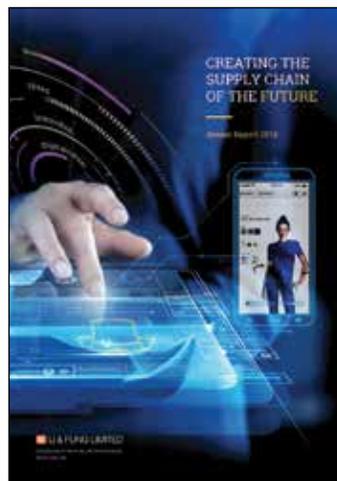
#### Audit Committee:

Margaret Leung Ko May Yee (Chairman)  
Allan Wong Chi Yun  
Martin Tang Yue Nien  
Chih Tin Cheung  
John G. Rice  
Jason Yeung Chi Wai\*

\* Attended the Committee meetings as a non-member

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. Li & Fung Limited (“L&F”) presents its three-year plan (2017-2019), showing the company’s key focuses and strategy for achieving its goals. The statements of the chairman and CEO also provide a concise, balanced discussion on the macro-economic factors affecting L&F and steps towards its targets, including an integrated operating and financial review of factors affecting L&F’s operations.
2. The CG structure of L&F is strong, with 50% of the board members composed of INEDs. The roles and responsibilities of the board and its committees, details of meeting dates and individual directors’ attendance are provided, coupled with succinct and informative descriptions of the major work focuses during the reporting period.
3. A board diversity policy has been issued to set out measurable objectives for the selection, evaluation and nomination of board members in order to enhance the company’s decision-making capability.
4. The company implements a well-established annual evaluation process for assessing the overall performance of the board and its committees, followed by a board analysis and discussion of the responses. L&F adopted the suggestions in the previous year’s board evaluation to further enhance diversity by appointing two additional directors to the board during the reporting period.
5. The company demonstrates a strong commitment to achieving independent reporting of CG by inviting the group chief compliance and risk management officer (“GCRMO”) to attend the board and its committees as a non-member. Under the company’s whistle-blowing arrangements, shareholders and stakeholders, including customers and suppliers, can write to the GCRMO in confidence.
6. The risk management and internal control structure comprises three layers to identify and manage risks and to review internal controls for operational effectiveness and efficiency as well as compliance with applicable laws and regulations.
7. The company is committed to good ESG. It presents its ESG strategy under four pillars – *Supply Chain Sustainability*, *Engaging our People*, *Our Communities* and *Managing our Footprint*. L&F is a longstanding signatory to the United Nations Global Compact (“UNGC”), which is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally-accepted principles of human rights, labour, the environment and anti-corruption. It has been disclosing progress against the UNGC’s 10 Principles and, more recently, has aligned with the UN Sustainable Development Goals (“UNSDGs”) and expanded its reporting.

# Non-Hang Seng Index Category (Small Market Capitalization) Category

## SPECIAL MENTION

### Convenience Retail Asia Limited

#### Board of Directors:

##### *EXECUTIVE*

Richard Yeung Lap Bun (Chief Executive Officer)  
Pak Chi Kin

##### *NON-EXECUTIVE*

Victor Fung Kwok King (Chairman)  
William Fung Kwok Lun  
Godfrey Ernest Scotchbrook  
Benedict Chang Yew Teck

##### *INDEPENDENT NON-EXECUTIVE*

Malcolm Au Man Chung  
Anthony Lo Kai Yiu  
Zhang Hongyi  
Sarah Mary Liao Sau Tung

#### Audit Committee:

Anthony Lo Kai Yiu (Chairman)  
Malcolm Au Man Chung  
Godfrey Ernest Scotchbrook  
Benedict Chang Yew Teck  
Zhang Hongyi

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. Convenience Retail Asia Ltd. ("CRA") indicates that its board is structured to ensure that it is of a high calibre and has a balance of skills, experience, knowledge, diversity and other perspectives appropriate to the business and development of the group. The board currently comprises the non-executive chairman, two EDs, four INEDs and three further NEDs. Informative biographical details of directors are provided.
2. CRA conducts a regular evaluation of its board performance to ensure the effectiveness of its functioning through a questionnaire sent to each director seeking his/her views on the overall performance of the board and committees, board composition, the conduct of board meetings and provision of information to the board. The results of the 2018 board evaluation indicated that the board and its committees continue to function satisfactorily and the committees fulfilled their duties, as set out in their terms of reference.
3. The Audit, Remuneration and Nomination Committees all comprise a majority of INEDs. The first two committees are chaired by an INED, and the Nomination Committee is chaired by the non-executive chairman. The CG Report includes brief summaries of the role of the committees and the work done during the year.
4. The Audit Committee Report explains, among other matters, the company's whistleblowing arrangements for employees to report any concern, including actual or potential misconduct, possible impropriety or fraud in financial reporting, accounting, risk management and internal control matters, to either senior management or the group chief compliance and risk management officer. Any shareholders or stakeholders, including customers and suppliers, can also report similar concerns in confidence to the same group-level officer.
5. CRA discloses the percentage of purchases for the year attributable to its major suppliers, with nearly half of the purchases being sourced from its five largest suppliers. None of the directors, their associates or any shareholders had an interest in these suppliers.
6. The company has issued a separate ESG Report describing its sustainability governance, scope of reporting and the benchmarks that the company adopts. CRA states that the report not only discloses environmental KPIs under the "comply or explain" provisions of the ESG Reporting Guide, but also reports additional social KPIs which are "recommended disclosures".

# Non-Hang Seng Index Category (Small Market Capitalization) Category

## SPECIAL MENTION

### SOCAM Development Limited

#### Board of Directors:

##### *EXECUTIVE*

Lo Hong Sui Vincent, *GBM, GBS, JP* (Chairman)  
Wong Yuet Leung Frankie (Chief Executive Officer)

##### *NON-EXECUTIVE*

Lo Bo Yue Stephanie

##### *INDEPENDENT NON-EXECUTIVE*

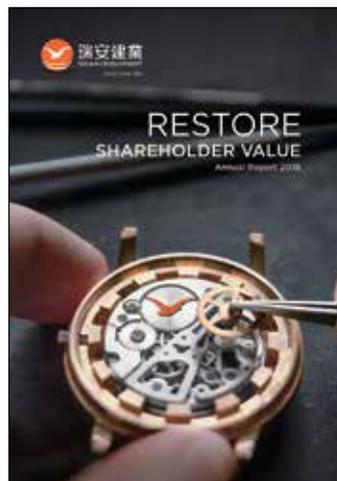
Li Hoi Lun Helen  
Chan Kay Cheung  
William Timothy Addison

#### Audit Committee:

Chan Kay Cheung (Chairman)  
Li Hoi Lun Helen  
William Timothy Addison

#### Auditors:

Deloitte Touche Tohmatsu



## Findings

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1. SOCAM Development Limited (“SOCAM”) provides the reader of its Annual Report with a clear picture of the company’s CG framework.
2. The judges were encouraged to see the acknowledgement by the chairman of SOCAM that the CG enhancement is not simply a matter of applying and complying with the CG Code, but also promoting and developing an ethical and healthy corporate culture.
3. INEDs comprise half of SOCAM’s board (3 out of 6 members). The roles of chairman, CEO, the board and management, and their respective responsibilities, are described in a board charter which is annually reviewed by the board.
4. SOCAM issued separate reports for its Audit, Remuneration and Nomination Committees, which clearly explain their respective roles and the work that they performed during the year. Where there is a deviation from a CG Code Provision (B.1.2) in relation to the Remuneration Committee’s responsibilities, there is an explanation of the rationale. The Audit Committee Report is quite extensive and includes a description of certain specific complaints received through the company’s whistleblowing arrangements. Furthermore, the composition, functions and meeting frequency of three additional board committees, the Finance, Investment and Executive Committees, are also concisely presented in a tabular format.
5. The company briefly describes and illustrates its risk governance structure, which is based on the *three lines of defence* approach. Features of SOCAM’s risk management policy and processes are also explained. The principal risks and mitigating measures are well presented in a table, which also indicates changes in the level of specific risks from the previous year.
6. The company incorporates an ESG Report within its Annual Report. This includes data on resources consumption and carbon emissions compared with the previous year. There are also descriptions of projects and initiatives that demonstrate how the company is trying to reduce its impact on the environment.

# H-share Companies and Other Mainland Enterprises Category

## PLATINUM AWARD

### Lenovo Group Limited

#### Board of Directors:

##### *EXECUTIVE*

Yang Yuanqing (Chairman and Chief Executive Officer)

##### *NON-EXECUTIVE*

Zhu Linan

Zhao John Huan

##### *INDEPENDENT NON-EXECUTIVE*

Tian Suning

Nicholas C Allen

Nobuyuki Idei

William O Grabe

William Tudor Brown

Ma Xuezheng

Yang Chih-Yuan Jerry

Gordon Robert Halyburton Orr

Woo Chin Wan Raymond

#### **Audit Committee:**

Nicholas C Allen (Chairman)

Ma Xuezheng

William Tudor Brown

Gordon Robert Halyburton Orr

Woo Chin Wan Raymond

#### **Auditors:**

PricewaterhouseCoopers



## Findings

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1. Lenovo Group Limited (“Lenovo”) complied with the Provisions of CG Code throughout the year and has adopted some RBPs, with detailed disclosure of:
  - shareholding structure by domicile and by size;
  - key information for shareholders, including market capitalization, public float, daily average trading volume, the highest and lowest closing prices during the year; and
  - details of 2018 AGM, including major items discussed and voting particulars.
2. The board of Lenovo comprises 75% INEDs (9 out of 12 board members), with only one ED, who is the chairman and CEO. While these two roles continue to be performed by the same person, the INED majority on the board can help provide checks and balances. The independence of INEDs is seen as an important principle and it is assessed annually by the company.
3. The appointment of a lead INED to chair the Nomination and Governance Committee meetings and the board meeting when considering the combined roles of the chairman and CEO, and assessing his performance, helps to provide further checks and balances.
4. The CG Report contains an extensive explanation of key features of the board process, together with a graphic and table indicating the matters discussed by the board during the year and the allocation of agenda time to different topics.
5. Lenovo issues a Compensation Committee Report, setting out five overall principles and objectives, as well as the long-term incentive schemes for directors and employees. There is also a clear basis for determining directors’ remuneration, which is broken down into fixed and variable items.
6. Lenovo has adopted a board diversity policy, which is reviewed annually by the Nomination and Governance Committee. It includes certain measurable objectives and links up with the board evaluation process, in which diversity is among the issues covered.
7. The board has a formal process for the evaluation of its performance and the performance of board committees, which also helps to address key issues such as succession planning. The process for the appointment of directors is explained and illustrated diagrammatically.
8. Lenovo’s commitment to an effective two-way communication with shareholders and investors is explained and illustrated in the CG Report. The company issues a separate, high-quality Sustainability Report (see pages 58 - 59 of the Judges’ Report for more information)

# H-share Companies and Other Mainland Enterprises Category

## SPECIAL MENTION

### AAC Technologies Holdings Inc.

#### Board of Directors:

##### EXECUTIVE

Pan Benjamin Zhengmin (Chief Executive Officer)  
Mok Joe Kuen Richard

##### NON-EXECUTIVE

Wu Ingrid Chun Yuan

##### INDEPENDENT NON-EXECUTIVE

Koh Boon Hwee (Chairman)  
Au Siu Cheung Albert, *BBS*  
Tan Bian Ee  
Poon Chung Yin Joseph  
Kwok Lam Kwong Larry, *SBS, JP*  
Peng Zhiyuan  
Zhang Hongjiang

#### Audit and Risk Committee:

Au Siu Cheung Albert, *BBS* (Chairman)  
Poon Chung Yin Joseph  
Kwok Lam Kwong Larry, *SBS, JP*

#### Auditors:

Deloitte Touche Tohmatsu



## Findings

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1. AAC Technologies Holdings Inc. (“AAC”) has a sound CG structure and practices with transparent and understandable disclosures in its Annual Report. The company's board comprises 70% INEDs.
2. AAC fully complies with all CG Code Provisions and voluntarily applies some of the RBPs, such as the publication of quarterly financial results, and conducting annual evaluations of board and committee performances via completion of questionnaires by the board and committee members.
3. The separation of the roles and responsibilities of the board and management is explained. The board and main committees met regularly during the year and there are good, succinct reports on the work undertaken by the board and the Audit, Nomination and Remuneration Committees, with their responsibilities for CG-related matters clearly set out.
4. AAC has adopted a board diversity policy, which is set out on its website. The current board membership, analysed in terms of diversity features, perspectives and backgrounds (such as gender, age, academic background, length of service, skills, knowledge and professional experience) is neatly summarised in a reader-friendly table.
5. Sufficient information is provided on the overall responsibility of the board and the division of major functions and responsibilities among other parties. AAC's top-down and bottom-up approaches to the governance framework, in relation to internal control and risk management processes, are disclosed in detail, together with material risk factors, which are set out in the section on key risks.
6. There is a clear explanation of connected relationships in the CG Report. Furthermore, the company has adopted a whistleblowing policy and procedure, which is well explained. It has issued a Staff Compliance Manual and a Code of Ethics. AAC's commitment to good practices is evidenced by its ethics monitoring system, led by the Ethics Committee, which is chaired by the CEO.

# H-share Companies and Other Mainland Enterprises Category

## SPECIAL MENTION

### CGN Power Co., Ltd.

#### Board of Directors:

##### *EXECUTIVE*

Gao Ligang (President)

##### *NON-EXECUTIVE*

Zhang Shanming (Chairman)

Tan Jiansheng

Shi Bing

Zhong Huiling

Zhang Yong

##### *INDEPENDENT NON-EXECUTIVE*

Na Xizhi

Hu Yiguang

Francis Siu Wai Keung

#### Audit and Risk Management Committee:

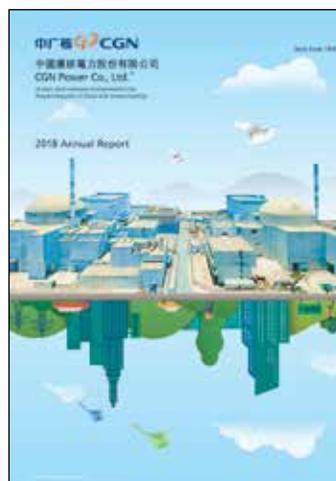
Francis Siu Wai Keung (Chairman)

Na Xizhi

Zhang Yong

#### Auditors:

Deloitte Touche Tohmatsu



## Findings

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1. CGN Power Co., Ltd (“CGN”) has adopted its own CG Code and fully applies the CG Code under the Listing Rules, other than the RBP on quarterly reporting, although in 2018, the company released quarterly operational briefings. In its CG Report, CGN sets out areas where it exceeds the RBPs in the CG Code. These include:
  - The notice period for convening general meetings, which is 45 days (instead of 21 days for an AGM and 14 days for any other general meeting under the CG Code), is more stringent due to Mainland laws and regulations.
  - There is voluntary disclosure of compliance by its controlling shareholder of its undertakings under the non-competition deed between the parties.
  - The company’s Code for Securities Transactions by Directors is no less strict than the Model Code in Appendix 10 to the listing rules and its coverage is extended to the company’s “Supervisors” and senior management.
2. The senior management’s remuneration is disclosed on an individual and named basis, which enhances transparency and goes beyond the norm for listed companies.
3. The Audit and Risk Management Committee, Remuneration Committee and Nomination Committee Reports provide brief, clear information on their composition, duties and work done. There is a separate Risk Management Report which highlights some of the key issues facing the company, including safety, electricity sales (affected by the economy, power market reform and local power generation policies) and exchange rate risk, due to CGN’s foreign currency debts.
4. CGN provides an interesting review of its performance on six capitals, similar to those under the Integrated Reporting Framework, comprising *Production, Intellectual, Human, Financial, Environmental and Social and Relationship Capitals*.
5. A feedback form is available to seek stakeholders’ comments on all sections of the Annual Report to help with improvements in the future.

# Public Sector/Not-for-profit (Large) Category

## GOLD AWARD

### Airport Authority Hong Kong

#### The Board:

##### EXECUTIVE

Fred Lam, *JP* (Chief Executive Officer)

##### NON-EXECUTIVE

Secretary for Transport and Housing

– The Hon Frank Chan Fan, *JP*

Secretary for Financial Services and the Treasury

– The Hon James Henry Lau Jr., *JP*

Director-General of Civil Aviation

– Simon Li Tin-chui, *JP*

##### INDEPENDENT NON-EXECUTIVE

The Hon Jack So Chak-kwong, *GBM, GBS, OBE, JP* (Chairman)

Linda Chan Ching-fan, *SC*

Anita Fung Yuen-mei, *BBS, JP*

The Hon Steven Ho Chun-yin, *BBS*

Franklin Lam Fan-keung, *BBS*

The Hon Jeffrey Lam Kin-fung, *GBS, JP*

Lee Shing-see, *GBS, OBE, JP*

Peter To

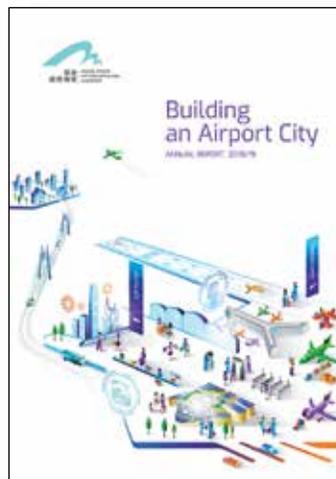
Carlson Tong, *SBS, JP*

Adrian Wong Koon-man, *BBS, MH, JP*

Billy Wong Wing-hoo, *BBS, JP*

The Hon Frankie Yick Chi-ming, *SBS, JP*

The Hon Allan Zeman, *GBM, GBS, JP*



#### Audit Committee and Finance Committee:

Anita Fung Yuen-mei, *BBS, JP* (Chairman)

The Hon Steven Ho Chun-yin, *BBS*

Franklin Lam Fan-keung, *BBS*

The Hon Jeffrey Lam Kin-fung, *GBS, JP*

Carlson Tong, *SBS, JP*

Adrian Wong Koon-man, *BBS, MH, JP*

Secretary for Financial Services and the Treasury

– The Hon James Henry Lau Jr., *JP*

#### Auditors:

KPMG

## Findings

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1. The Airport Authority Hong Kong (“AAHK”) makes good use of diagrams and pictures to illustrate important information, which helps to make its Annual Report pleasant to read. These include a clear diagram of AAHK’s CG structure, showing the roles and responsibilities of the board and other internal and external shareholders.
2. There are brief but informative biographical details on the board and EDs. With the exception of the CEO, all board members are non-executive and 13 Members are considered independent, representing 77% of the board. Uncommonly among public sector organizations, AAHK identifies its INEDs and indicates how it defines their “independence”. This sets a good example for others to follow.
3. The modus operandi and work done by the board, the interface between the board and committees, and duties of, and work undertaken by, key advisory committees and management committees during the year are all well presented, which makes the information understandable and more easily digestible.
4. Also uncommonly for public sector organizations, AAHK voluntarily adopts most of the CG Code Provisions and includes a table showing, on an itemised basis, the deviations from the Provisions and RBPs of the Code, together with reasons. This includes AAHK’s more stringent guideline (than Provision A.7.1) for issuing papers to board members, being at least three calendar days before the meeting, excluding the day of despatch and the day of the meeting.
5. The risk management and internal control session of the report is impressive, and well thought out, showing that AAHK is committed to adopting best practices. Also, key risks are identified and discussed, with sound mitigation measures.
6. AAHK has issued its own code of conduct to promote an ethical culture. New staff are required to undergo online training on the code and, thereafter, staff are required to take an annual refresher course and pass a test.
7. There is an interesting Financial Review section in the Annual Report with an honest assessment of future growth under the heading, *Outlook*. In recent years AAHK has produced a standalone Sustainability Report, which the judges found to be quite impressive in its own right. For further details, see pages 60 - 61 of this report.

# Public Sector/Not-for-profit (Large) Category

## SPECIAL MENTION

### Mandatory Provident Fund Schemes Authority

#### The Board:

##### EXECUTIVE

Alice Law Shing-mui (Deputy Chairman)  
 Cheng Yan-chee  
 Cynthia Hui Wai-yee  
 Gabriella Yee Gar-bo

##### NON-EXECUTIVE

David Wong Yau-kar, *GBS, JP* (Chairman)  
 Hon Abraham Shek Lai-him, *GBS, JP*  
 Kingsley Wong Kwok, *JP*  
 Chan Kam-lam, *GBS, JP*  
 Bankee Kwan Pak-hoo, *JP*  
 Ayesha Macpherson Lau, *JP*  
 Simon Wong Kit-lung, *JP*  
 Yvonne Cheng Wai-sum, *SC*  
 Lam Chun-sing  
 Secretary for Financial Services and the Treasury  
 – James Henry Lau Jr, *JP*  
 Secretary for Labour and Welfare  
 – Law Chi-kwong, *GBS, JP*

#### Audit Committee:

Ayesha Macpherson Lau, *JP* (Chairman)  
 Bankee Kwan Pak-hoo, *JP*  
 Kingsley Wong Kwok, *JP*

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. The Mandatory Provident Fund Schemes Authority (“MPFA”) demonstrates a sound standard of CG for a public sector organization. It has produced an informative Annual Report with effective use of graphics and illustrations, and also an informative CG section.
2. There is a clear illustration of the CG structures. The board is diverse in terms of gender, background and qualifications. The positions of chairman and managing director are held by two different persons, with the former being a NED and the latter an ED. The delegation of authority by the board to various committees, and work done during the year by the committees, are set out in the CG section of the Annual Report report, giving the reader a good understanding of the work of the MPFA. The committees are generally chaired by NEDs. In particular, the Audit Committee comprises three NEDs and is chaired by an accountant. The work performed by the committee during the year, which was quite extensive, is set out clearly.
3. A number of committees, chaired by NEDs, have been established by the management board to give advice and assistance to the board. Their details are neatly presented in a table under *committee/ working group, composition, and work done*.
4. The *three lines of defence* model is adopted to reinforce the MPFA’s risk management and controls, with independent checks and balances to ensure that the organization acts within its regulatory powers.
5. There are interesting, informative and well-presented sections in the Annual Report under the headings *Business Operation* and *Our Organization*. There are also extensive statistical data in Appendix 1.
6. There is a brief section covering various aspects of MPFA’s CSR activities, relating to environmental protection, the community, and the workplace.

# Public Sector/Not-for-profit (Large) Category

## SPECIAL MENTION

### Securities and Futures Commission

#### The Board:

##### EXECUTIVE

Ashley Alder, *JP* (Chief Executive Officer)  
 Julia Leung Fung-yee, *SBS*  
 Thomas Atkinson  
 Christina Choi Fung-yee  
 Brian Ho Yin-tung  
 Keith Lui Kei-kwong

##### NON-EXECUTIVE

Tim Lui Tim Leung *SBS, JP* (Chairman)  
 Albert Au Siu-cheung, *BBS*  
 Agnes Chan Siu-kuen  
 Edward Cheng Wai-sun, *GBS, JP*  
 Lester Huang, *SBS, JP*  
 James C Lin  
 Mary Ma Xuezheng  
 William Wong Ming-fung, *SC*

#### Audit Committee:

Albert Au Siu-cheung, *BBS* (Chairman)  
 Agnes Chan Siu-kuen  
 James C Lin  
 Mary Ma Xuezheng  
 William Wong Ming-fung, *SC*

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. The Securities and Futures Commission (“SFC”) has provided well-structured information in its Annual Report with good use of charts and illustrations. The CG section explains how the SFC is committed to maintaining an effective CG framework, in line with best practices for public sector bodies, including those set out in the Institute’s publication, *Corporate Governance for Public Bodies – A Basic Framework*.
2. The different and separate roles and responsibilities of the chairman, CEO, EDs and NEDs are explained and, the elements of the governance framework are shown in an illustration. The SFC discloses board members remuneration on an individual named basis, which includes the CEO and EDs who form part of the senior management. This is not common among public sector organizations and shows good transparency.
3. The SFC holds frequent board meetings. The board also meets quarterly to conduct in-depth discussions of policy issues and convenes special meetings as needed. 16 board meetings were held last year with an average attendance rate of 85%. The board conducts a regular self-assessment exercise, which involves an evaluation of the board’s and individual members’ performance.
4. An independent external firm was engaged to conduct a robust risk assessment of the SFC’s internal controls, to evaluate their effectiveness and identify key risks of the organization’s business processes. These include banking and investment, finance, procurement, human resources and information technology.
5. The Annual Report contains an interesting *Enforcement* section, which includes details of specific enforcement actions taken to strengthen the accountability of market practitioners. The report also indicates how fairness is ensured in SFC’s decision making in the section on *Independent checks and balances*, and explains its service performance to the public in the section on *Performance pledges*.
6. There is a also section covering CSR governance - a CSR Committee chaired by the CFO and the senior director of corporate affairs reports to the SFC’s Executive Committee on activities relating to marketplace support, the community, the environment and the workplace.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – Hang Seng Index Category

### CLP Holdings Limited

#### Findings

1. The chairman and the CEO of CLP send out a clear and frank message in their joint statement highlighting the key sustainability issues facing the company, particularly climate change, and how they intend to address these. CLP has announced new targets for Climate Vision 2050, a roadmap for decarbonising its operations, aiming for a reduction in carbon intensity of 20 percent by 2020, 33 percent by 2030, 55 percent by 2040 and 80 percent by 2050, compared with the 2007 baseline. The company has also taken on board the recommendations of the Task Force for Climate-related Financial Disclosures. On other matters, it provides an honest assessment of the need to continue improving its safety record.
2. CLP's CEO chairs the Sustainability Committee whose members also include corporate senior management from the company. This reflects a strong emphasis by the company's leadership on sustainability governance and taking the strategic and operational responsibility for overseeing CLP's positions and practices on sustainability issues.
3. A carefully-thought-out materiality assessment was conducted, including interviewing 38 internal subject matter experts across the company, who represent diverse functions and business units. Following on from this, the company identified the five most material topics and 12 megatrends, sitting under three primary drivers, which provide a clear structure for grouping every topic that is material to CLP's current and future prospects.
4. CLP illustrates its stakeholder engagement framework and how stakeholders are engaged, demonstrating its concern for all its stakeholders and for achieving a long-term relationship with them. Additional links are provided for the reader to find out how stakeholders' concerns are addressed.
5. CLP recognizes the need to respond to changes occurring in the energy sector and society at large. This is reflected in a new approach to focusing on the most important ESG issues facing the company.



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6. Market-leading disclosure is adopted on SSR matters. For example, the Climate Vision 2050 initiative gives investors and other stakeholders a concrete understanding of company's road map towards a low carbon future. CLP commits to reviewing its targets at least every five years.
  7. The company recognizes that a comprehensive governance framework is needed to ensure the effectiveness of existing and planned cyber security activities and investments. For example, an *Operational Technology Cyber Security Policy* has been developed to ensure the protection of relevant operations along the value chain, including the generation, distribution and transmission of energy.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – Hang Seng Index Category

### Hong Kong Exchanges and Clearing Limited

#### Findings

1. HKEX commits to being a champion for change and leadership in sustainability. In order to further the board's oversight of CSR-related matters, the role and responsibilities of its CSR committee have been revised to focus on overseeing the development and implementation of HKEX's CSR initiatives. Also, a new CSR Working Group, comprising senior management of different divisions and departments, has been formed to provide advice and support on the implementation and communication of the company's CSR initiatives.
2. The company is committed to promoting sustainable development in the marketplace and the community and seeks to integrate CSR considerations into its business strategy and management approach.
3. HKEX has put in place a 3-year *CSR Strategy and Plan* which provides guidance on integrating the sustainability principles into the company's business and operational decisions. This shows HKEX's commitment to promoting the development of socially responsible practices within the company.
4. The Sustainability Report indicates how stakeholders are engaged through a number of key activities. More information about HKEX's approach to stakeholder engagement, including the basis for the identification major stakeholder groups, and the corresponding engagement channels, is available on HKEX's website.



5. HKEX and its Women's Exchange continue to promote diversity and inclusiveness through various activities, engaging with both internal and external stakeholders. Meanwhile, a panel of female leaders from different HKEX divisions have been invited to share their career journeys, observations on women's empowerment in the financial market and tips for career success.
6. A *Performance Summary* provides much useful data, including historical data over the past three years in different sections, on *marketplace*, *workplace*, *community* and *environment*. The underlying data measurement techniques and calculation methods are stated where appropriate, which facilitates comparisons.

# Sustainability and Social Responsibility Reporting Awards

## SPECIAL MENTION – Hang Seng Index Category

### The Hong Kong and China Gas Company Limited

#### Board of Directors:

##### EXECUTIVE

Alfred Chan Wing-kin, *BBS*

Peter Wong Wai-yee

##### NON-EXECUTIVE

The Hon Lee Shau-kee, *GBM* (Chairman)

Colin Lam Ko-yin, *SBS*

Lee Ka-kit, *GBS, JP*

Lee Ka-shing, *JP*

##### INDEPENDENT NON-EXECUTIVE

The Hon Sir David Li Kwok-po, *GBM, GBS, OBE, JP*

Poon Chung-kwong, *GBS, JP*

Moses Cheng Mo-chi, *GBM, GBS, OBE, JP*

#### Board Audit and Risk Committee:

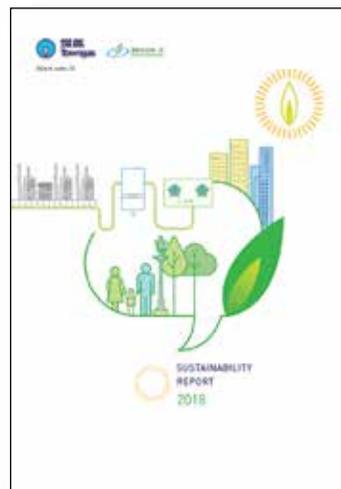
The Hon Sir David Li Kwok-po, *GBM, GBS, OBE, JP* (Chairman)

Poon Chung-kwong, *GBS, JP*

Moses Cheng Mo-chi, *GBM, GBS, OBE, JP*

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. Hong Kong and China Gas Co. Ltd. (“Towngas”) has produced an extensive, well-presented and easy-to-read Sustainability Report, which makes good use of graphics. The sections describing how the company has responded to stakeholders answer key sustainability issues and provide disclosure of, e.g., targets and progress made on CO<sub>2</sub> emissions and carbon intensity per unit of town gas.
2. The managing director’s message sets out key actions on new business lines, new investments and preparation for a declining labour force. This shows the company’s ongoing commitment to sustainable practices and explicit recognition that long-term success is closely connected with how it acts in relation to matters of social responsibility, environmental stewardship and ethical corporate behaviour. The message is followed by a useful snapshot of the year’s performance in a *2018 Highlights* table.
3. The company identifies the top 19 materiality issues, the stakeholder groups to which they are attributed and their boundaries, together with the location in the report where the responses are set out. Interviews and focus group discussions were conducted during the stakeholder engagement exercise to enhance the underlying sustainability strategies.
4. A materiality assessment is conducted every year to ensure the Sustainability Report addresses topics that reflect Towngas’ significant economic, environmental and social impacts. In general, important topics, e.g. greenhouse gas emissions, waste, public safety, safe working environment, emergency preparedness, are covered.
5. Towngas commits to creating safer working conditions, in accordance with its philosophy of growth through innovation and implementation. For example, the company prepared a *Heat Stress Prevention and Emergency Tips* card for staff and contractors, and has introduced various types of protective equipment for working in hot weather.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – Non-Hang Seng Index (Large Market Capitalization) Category

### Swire Properties Limited

#### Board of Directors:

##### EXECUTIVE

Swire Merlin Bingham  
Bradley Guy Martin Coutts  
Lung Ngan Yee Fanny

##### NON-EXECUTIVE

Fenwick Nicholas Adam Hodnett  
Healy Patrick  
Lim Siang Keat Raymond  
Low Mei Shuen Michelle

##### INDEPENDENT NON-EXECUTIVE

Cheng Lily Ka Lai  
Fung Spencer Theodore  
Liu Sing Cheong, JP  
Wu May Yihong

#### Audit Committee:

Wu May Yihong (Chairman)  
Cheng Lily Ka Lai  
Low Mei Shuen Michelle

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. Swire Properties Limited (“SPL”) clearly defines its sustainability vision (“SD 2030 Strategy”), management structure, management approach and stakeholder groups. The company’s Sustainable Development Report demonstrates that there is considerable integration between its corporate strategy and sustainability policies.
2. SPL has set itself the lofty ambition to be the leading sustainable development performer in its industry globally by 2030. It has established clear KPIs for 2020 for each of its five strategic pillars, namely *Places*, *People*, *Partners*, *Performance (Environment)* and *Performance (Economic)*, under its SD 2030 Strategy. The corresponding action plans are clearly illustrated and each pillar is also supported by a working group. There is a good summary of KPIs and progress toward them in a neat summary chart, *SD 2030 Strategy: 2018 Highlights*.
3. In his statement, the company’s chairman puts considerable emphasis on initiating sustainability practices. For example, the company has raised US\$500 million from its green bond for new or existing green projects on green building development, energy efficiency, renewable energy, sustainable water and wastewater management, and climate change adaptation.
4. A stakeholder-driven materiality review was conducted in 2017 to identify topics that are important both to external stakeholders and the company’s business continuity and development.
5. The company has identified seven specific UNSDGs that are most closely connected with its SD vision and SD 2030 Strategy. The 2020 KPIs that the company believes most directly support the UNSDGs, and the progress made in 2018 towards achieving them, are set out in a table.
6. *A Diversity and Inclusion Policy* was introduced to reaffirm its commitment to creating an inclusive and supportive working environment for all employees, regardless of age, gender or gender reassignment, sex or sexual orientation, marital or family status, disability, race (including ethnic origin or nationality), and religious or political beliefs.
7. There are extensive *Performance Data Summary* tables on various aspect of SPL’s performance between 2014 and 2018. This facilitates comparisons across different aspects of the company’s sustainability performance and demonstrates good transparency. Certain data has been assured under a limited independent assurance engagement. It is worth noting that the company has been recognized for its sustainability by a number of benchmark and index providers.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – Non-Hang Seng Index (Large Market Capitalization) Category

### Vitasoy International Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Winston Yau-lai Lo, *SBS* (Chairman)  
Roberto Guidetti  
Eugene Lye

##### NON-EXECUTIVE

Yvonne Mo-ling Lo  
Peter Tak-shing Lo  
May Lo

##### INDEPENDENT NON-EXECUTIVE

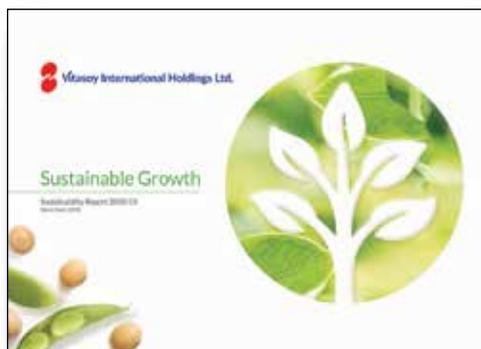
The Hon. Sir David Kwok-po Li, *GBM, GBS, OBE, JP*  
Jan P. S. Erlund  
Anthony John Liddell Nightingale, *CMG, SBS, JP*  
Paul Jeremy Brough  
Roy Chi-ping Chung, *GBS, BBS, JP*

#### Audit Committee:

Paul Jeremy Brough (Chairman)  
The Hon. Sir David Kwok-po Li, *GBM, GBS, OBE, JP*  
Jan P. S. Erlund  
Anthony John Liddell Nightingale, *CMG, SBS, JP*

#### Auditors:

KPMG



## Findings

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1. Vitasoy International Holdings Limited (“Vitasoy”) has produced an interesting Sustainability Report with a high standard of presentation and graphical illustrations, setting out clearly the company’s sustainability vision, management structure, management approach, stakeholder groups and sustainability framework. There is a clear sustainability governance framework, including a Sustainability Committee, composed of the Group CEO and related function heads, which became operational in July 2018 and reports to the chairman of the board.
2. The chairman of Vitasoy demonstrates strong commitment to sustainability. His statement refers to the company using the UNSDGs to guide its sustainability, particularly goals relating to *Zero Hunger, Good Health and Well-being, Clean Water and Sanitation, Affordable and Clean Energy, and Responsible Consumption and Production*. The management has obtained board approval for a Group Environmental Policy, and internal alignment for a Group Responsible Procurement Policy and a Group Responsible Packaging Policy. The chairman states that some disclosures have been expanded to bring the company into closer alignment with GRI standards.
3. Vitasoy’s achievements have already surpassed its 2020/21 goals on most of the KPIs under nutrition, e.g. increasing offerings of moderate-to-zero-sugar-level beverages, and packaging, e.g., increasing fresh-keeping laminated carton packs with the *Forest Stewardship Council* label. The company has therefore raised these goals further to strive for improvements between 2020/21 and 2025/26. The report provides a clear summary illustration of the company’s goals and progress.
4. The company liaised with its stakeholders through regular meetings and briefings to ensure that their expectations continue to be met and that its sustainability approach remains relevant and consistent in view of the ever-changing business environment. Vitasoy provides a list of 20 material issues that it has identified.
5. The company has tried to ensure that its report reflects a balanced picture. For example, the chairman acknowledges that the company fell short of its expected performance in reducing its per-unit water, electricity and fuel usage, although the original 2020/21 goals were met.
6. The report contains a table indicating Vitasoy’s disclosures against the ESG Reporting Guide under the Listing Rules and the equivalent GRI requirements, and where the relevant information can be found.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – Non-Hang Seng Index (Medium Market Capitalization) Category

### VTech Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Allan Wong Chi Yun, *GBS, MBE, JP* (Chairman and Group Chief Executive Officer)

Pang King Fai

Andy Leung Hon Kwong

##### INDEPENDENT NON-EXECUTIVE

William Fung Kwok Lun, *SBS, OBE, JP*

Ko Ping Keung, *JP*

Patrick Wang Shui Chung, *SBS, JP*

Wong Kai Man, *BBS, JP*

#### Audit Committee:

Wong Kai Man, *BBS, JP* (Chairman)

William Fung Kwok Lun, *SBS, OBE, JP*

Ko Ping Keung, *JP*

Patrick Wang Shui Chung, *SBS, JP*

#### Auditors:

KPMG



## Findings

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1. The Sustainability Report of VTech Holdings Ltd. (“VTech”) is well presented in a systematic and informative manner, with extensive use of colourful tables, charts and other illustrations. The company’s sustainability vision is “to design, manufacture and supply innovative and high quality products in a manner that minimises any impact on the environment, while creating sustainable value for our stakeholders and the communities.”
2. Top-level commitment is reflected in the chairman’s message. Sustainability is deeply integrated into the company’s corporate strategy through incorporating sustainability concepts into product design and innovation, and demanding the same level of sustainability commitment from its supply chain partners. The message notes that the company has faced a challenging year, which included the bankruptcy of one of its major customers, Toys“R”Us, in the US, but adds that “VTech recognizes that our dedicated sustainability efforts in the past years have facilitated us to be more responsive to the ever-changing market environment”.
3. The Risk Management and Sustainability Committee (“RMSC”) of the board is responsible for providing strategic direction for sustainability activities, reviewing sustainability strategies, assessing how policies are implemented in achieving targets, and monitoring performance progress on a biannual basis.
4. In addition, sustainability sub-committees have been established under the RMSC for each of the five strategy themes, and are responsible for:
  - Monitoring the progress of sustainability activities compared with targets in their responsible product lines and functions;
  - Determining sustainable investments from economic, environmental and social aspects; and
  - Sharing new and significant industry sustainability concerns with the committee members on a biannual basis.
5. There is a brief, but clear and informative, description of the broad scope of stakeholder engagement undertaken to determine the key sustainability issues, together with a summary of the stakeholder groups. The materiality matrix indicates concisely the main issues of concern for the company and its stakeholders.
6. VTech includes a section in the report, “FY2019 Targets and Progress Updates”, in which the company indicates progress against each 2019 target under the five strategy themes in the report to facilitate the reader’s assessment of the company’s implementation progress. VTech is working on developing initiatives and targets up to 2025.

# Sustainability and Social Responsibility Reporting Awards

## SPECIAL MENTION – Non-Hang Seng Index (Small Market Capitalization) Category

### Landsea Green Group Co., Ltd.

#### Board of Directors:

##### EXECUTIVE

Tian Ming (Chairman and Chief Executive Officer)

Shen Leying (Co-Chief Executive Officer)

Wang Lei (Co-Chief Executive Officer)

Zhou Qin

Xie Yuanjian

##### NON-EXECUTIVE

Zhou Yimin

##### INDEPENDENT NON-EXECUTIVE

Xu Xiaonian

Ding Yuan

Lee Kwan Hung

Chen Tai-yuan

#### Audit Committee:

Ding Yuan (Chairman)

Xu Xiaonian

Lee Kwan Hung

Zhou Yimin

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. In his message in the company's ESG Report, the chairman of Landsea Green Group Co., Ltd. ("Landsea"), a Mainland real estate developer and an industry leader in green building processes, indicates a commitment to be an environmentally and socially responsible business with the corporate vision of being a sustainable green company.
2. The company's sustainability governance framework is explained with the chairman being responsible for approving ESG policies and the group strategic department, for reporting on implementation and promoting an ESG philosophy within and outside the company. Functional departments and business units at the execution level are responsible for putting ESG policies into effect and collecting data on performance indicators.
3. The key stakeholders are identified and measures to address their concerns elaborated. There is a clear table listing out the different categories of stakeholders, the engagement methods, stakeholders' main concerns and how these have been addressed.
4. The company aims to differentiate its products from those of other developers, with its focus on sustainability and values including *health, comfort, intelligence, energy-saving, environmental friendliness, and humanistic*.
5. Landsea, together with industry leaders, launched a *Real Estate Green Supply Chain Campaign* in 2016, which calls for developers to take environmental impacts into account and manage the supply chain from material exploitation, through production to end consumption. The company indicates that it has released green purchasing standards for seven categories of materials and resources used in the real estate industry.
6. Since 2008, the company has been conducting its *Landsea Seedling Aid* project, aiming to reduce pressure on poverty-stricken students in remote areas and help them to achieve better academic results.
7. The ESG Report has obtained a limited assurance from an independent sustainability certification provider.

# Sustainability and Social Responsibility Reporting Awards

## WINNER – H-share Companies and Other Mainland Enterprises Category

### China Mobile Limited

#### Board of Directors:

##### EXECUTIVE

Yang Jie (Chairman)

Li Yue (Chief Executive Officer)

Dong Xin

##### INDEPENDENT NON-EXECUTIVE

Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*

Paul Chow Man Yiu, *GBS, SBS, JP*

Stephen Yiu Kin Wah

Yang Qiang

#### Audit Committee:

Stephen Yiu Kin Wah (Chairman)

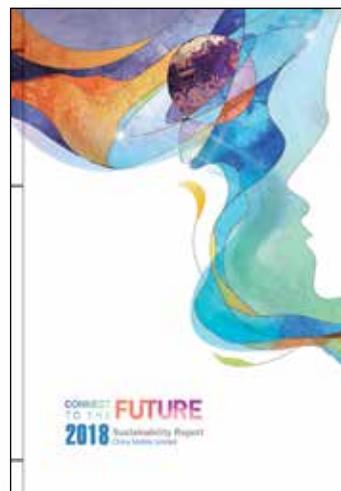
Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*

Paul Chow Man Yiu, *GBS, SBS, JP*

Yang Qiang

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. The chairman of China Mobile Ltd. (“China Mobile”) commits to carrying out sustainability practices, for example, the *Green Action Plan* to realise the UNSDGs through various measures, such as continuously improving energy conservation, emissions reduction management, and developing low-carbon environmentally-friendly applications.
2. The company’s vision, strategies and action plans are clearly set out in its Sustainability Report. With *Responsibility Makes Perfection* as the overall objective, China Mobile hopes to facilitate its employees’ growth and to foster innovative talents, through respecting and protecting employees’ rights, and implementing more comprehensive healthcare and safety measures to help employees achieve work-life balance.
3. There is a good description of stakeholder engagement and materiality, listing out the main stakeholders, their top five key concerns, and the underlying communication channels. In addition, China Mobile evaluated the degree of impact brought on stakeholders by economic, environmental and social issues, and the company’s impact on these issues, based upon the materiality analysis of the various sustainability issues.
4. China Mobile collects feedback from key stakeholders, for example, allowing employees to voice out their opinions through the CEO mailbox, hotlines, employee forums, employee representative conferences. These comments are formally summarized in a report for subsequent action.
5. The comparability of the report is enhanced through disclosing KPI data for three years, allowing the reader to track the changes over the years.
6. Personal stories/ comments are incorporated to make the report more interactive. Under the section of *Supporting Public Welfare and Helping Community Thrive*, for instance, the company explains that it dispatched safety intelligent phone watches to left-behind children, whose parents or guardians need to work as migrant workers in other cities, thus building a bridge between the former and the latter.

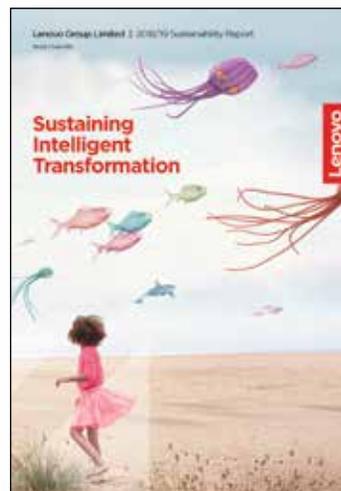
# Sustainability and Social Responsibility Reporting Awards

## WINNER – H-share Companies and Other Mainland Enterprises Category

### Lenovo Group Limited

#### Findings

1. The Sustainability Report of Lenovo Group Ltd. (“Lenovo”) is very readable, clear and concise. Numerous hyperlinks are included throughout the report for reference so as to reduce the need for a very long report. For example, Lenovo provides hyperlinks for regulatory requirements and voluntary standards established by associations and standards organizations as external references.
2. The senior management of Lenovo has a strong sustainability commitment. The chairman's statement sets out Lenovo's sustainability strategy (i.e. responsibility to operate a globally sustainable business), while the statement from its chief corporate responsibility officer highlights the group's sustainability accomplishments.
3. The Sustainability Report reinforces the company's corporate citizenship in identifying and responding to the concerns and different expectations of stakeholders, from the corporate strategy level to SSR governance. Trust in Lenovo is enhanced by obtaining third party verifications for various data in the report.
4. Except where specified, the scope of the report is extensive, covering Lenovo's global operations, including its headquarters in Hong Kong, primary operational hubs in Beijing; and Morrisville, N.C., USA., and call centres in North America, South America, Europe, Asia and Australia, etc.



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5. Lenovo is a signatory to the UNGC and supports the UNSDGs. It incorporates the UNGC's 10 Principles into its strategies, policies and procedures. The company reviews its targets annually and a number of the targets set in Lenovo's last Sustainability Report were achieved in FY2018/19. The targets not met in FY2018/19 continue to be the objectives, as well as targets set for FY2019/20, demonstrating the company's intent to build on its sustainability performance.
  6. In terms of its social investments, the company launched the Lenovo Foundation in 2018 to inspire future generations about technology. The foundation had a total global charitable impact of US\$14 million.

# Sustainability and Social Responsibility Reporting Awards

## SPECIAL MENTION – Public Sector/Not-for-profit (Large) Category

### Airport Authority Hong Kong

#### Findings

1. AAHK has produced an informative and well-presented Sustainability Report, and a dedicated web-based version of the report with an online feedback form. Its ambitious vision is to be the Greenest Airport.
2. A materiality assessment process is in place to identify and prioritize the issues to be covered in the report through engaging stakeholder groups directly, including employees, airport business partners, franchisees, licensees, retail tenants and airlines, suppliers and contractors, etc.
3. In addition to having an independent auditor to verify the report, an external review committee has been convened for the first time to gather independent feedback on the materiality assessment process and the material issues identified, the quality of the report, and communications around sustainability and sustainability reporting.
4. AAHK clearly shows the targets completed or to be completed on the first page of each relevant section, including *Our People*, *World-class Gateway*, *Our Future Airport*, and *HK People's Airport*.



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5. The Work Improvement Team programme serves as a platform for frontline staff to practice AAHK's core values and generate new ideas for value creation in their workplace. Following a pilot run in 2016/17, the programme was extended to frontline staff of all divisions across AAHK in 2017/18, supported by AAHK's chairman and senior management, and airport business partners.
  6. A Q&A format involving employees forms part of the report to help the reader to better understand different sustainable practices adopted by the organization, their importance to the AAHK, the underlying challenges, and collaborations across departments to accomplish the objectives, etc.

# Sustainability and Social Responsibility Reporting Awards

## SPECIAL MENTION – Public Sector/Not-for-profit (Large) Category

### Drainage Services Department

#### Senior Management:

Director of Drainage Services

- Edwin Tong Ka-hung

Deputy Director of Drainage Services

- Mak Ka-wai

Assistant Director/Projects and Development

- Wong Sui-kan

Assistant Director/Operations and Maintenance

- Fedrick Kan Yim-fai

Assistant Director/Electrical and Mechanical

- Chui Wai-sing

Assistant Director/Sewage Services

- Anthony Tsang Kwok-leung

Departmental Secretary

- Chris Li Chi-kong



## Findings

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1. Drainage Services Department (“DSD”) has published an impressive Sustainability Report, with a fair amount of detail and various illustrations, as well as a dedicated web-based version of the report with an online feedback form.
2. DSD values open and candid communication with stakeholders, wishing to understand their concerns to help define its operational goals and expectations. In this regard, multiple channels have been established to communicate regularly with stakeholders.
3. DSD has established a sustainability management structure, including three committees and two working groups, to address various topics specific to sustainable development, to provide appropriate recommendations and to supervise the related initiatives.
4. The department has constructed a water harvesting system at Happy Valley to collect groundwater, irrigation water and rainwater from its sports pitches. As the collected water is of better quality, it can attain the standard of reclaimed water for non-potable use after simple disinfection, and be reused for irrigation at the football pitches and toilet flushing.
5. DSD procures a wide variety of products that comply with green specifications, including electrical appliances such as photocopiers, printers, electric fans, computers and refrigerators, and office consumables, such as recycled paper, correction tapes, pencils, rechargeable batteries, toilet paper and garbage bags.
6. There are appendices in the report which summarize the objectives and the overall performance of DSD’s environmental, social and routine services during 2017/18 and contain other key data and statistics. Targets for 2018/19 are also disclosed, to facilitate monitoring and ensure the quality of work and services, and to demonstrate the department’s sustainability commitment to different stakeholders.

# Commendation on Website Corporate Governance Information

## NWS Holdings Limited

### Board of Directors:

#### EXECUTIVE

Cheng Kar Shun Henry, *GBM, GBS* (Chairman)

Tsang Yam Pui, *GBS, OBE, QPM, CPM*

Ma Siu Cheung, *GBS, JP*

Cheung Chin Cheung

Cheng Chi Ming Brian

Ho Gilbert Chi Hang

Chow Tak Wing

#### NON-EXECUTIVE

To Hin Tsun Gerald

Dominic Lai

Lam Wai Hon Patrick

William Junior Guilherme Doo, *JP*

#### INDEPENDENT NON-EXECUTIVE

Kwong Che Keung Gordon

Cheng Wai Chee Christopher, *GBS, OBE, JP*

The Hon Shek Lai Him Abraham, *GBS, JP*

Lee Yiu Kwong Alan

Oei Fung Wai Chi Grace

Wong Kwai Huen Albert, *BBS, JP*



[www.nws.com.hk](http://www.nws.com.hk)

### Audit Committee

Kwong Che Keung Gordon (Chairman)

Dominic Lai

Cheng Wai Chee Christopher, *GBS, OBE, JP*

The Hon Shek Lai Him Abraham, *GBS, JP*

Lee Yiu Kwong Alan

### Auditors:

PricewaterhouseCoopers

## Findings

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1. The layout of NWS Holdings Limited ("NWS")'s website is well-structured and user-friendly. The design of the sections and pages on the website are simple and information is easy to find.
2. Detailed terms of reference, including authorities, duties, reporting responsibilities and meeting procedures for each of the board committees are provided.
3. There is a brief discussion of risk management and internal control. The board is responsible for ensuring that appropriate and effective systems are established and maintained, and overseeing the systems on an ongoing basis, while the management ensures that sufficient and effective operational controls over the key business processes are properly implemented with regular reviews and updates. The company's EDs submit a written report on the effectiveness of the group's risk management and internal control systems to the Audit Committee for review on a half-yearly basis.
4. NWS's whistleblowing policy is spelled out on the website and the contact of the Head of Audit & Risk Assurance is given for communications in confidence.
5. The company's website indicates the policies, practices and some statistical highlights in relation to various areas of sustainability, including sustainability governance, human capital, value chain, environmental performance and community care, in an easy-to-read format with simple graphics.
6. An Environmental Management Committee, chaired by an Executive Director formulates green strategies and oversees the implementation of environmental initiatives. Under *Stakeholder Engagement, Benchmarking and Reporting* there is a link to the company's Sustainability Report and another inviting stakeholder feedback.
7. NWS considers its employees important assets. While department heads and supervisors act as mentors to their subordinates to release their potential, tailor-made training is provided to cater for the needs of different employees.
8. An interactive stock chart is provided for the reader to ascertain, where applicable, the relationship between the company's stock price and various indicators, e.g., earnings, dividends, press releases and period high/ low.

# Self-nomination Awards

## Commendation on Corporate Governance Improvements

### Construction Industry Council

#### Member:

Chan Ka-kui (Chairman)  
 Chan Chi-chiu  
 Chan Kim-kwong  
 Chan Pat-kan  
 Chow Luen-kiu  
 Chung Kwok-fai  
 Fu Chin-shing Ivan  
 Fung Yin-suen Ada  
 Kwan King-fai Alex  
 Lai Yuk-fai Stephen  
 Lam Kin-wing Eddie  
 Lee Sau-king Amy  
 Lo Hong-kam  
 Mo Kon-fei Kenneth  
 Pan Shujie  
 Pang Yat-bond Derrick  
 Poon Lock-kee Rocky  
 Wong Hin-wing Simon  
 Wong Kin-wai Ken  
 Wong Yeuk-lan Eliza  
 Yu Sai-yen  
 Yu Shek-man, Ringo  
 Permanent Secretary for Development (Works)  
 - Lam Sai-hung  
 Representing Permanent Secretary for Transport and  
 Housing (Housing)  
 - Yeung Kwong-yim Connie, JP  
 Director of Buildings  
 - Cheung Tin-cheung



#### Audit Committee:

Wong Hin-wing Simon (Chairman)  
 Paul Chow - *MTR Corporation Limited*  
 Or Siu-ngam Patricia - *Gammon Construction Limited*  
 Wong Yeuk-lan, Eliza  
 Representative of Development Bureau

#### Auditors:

Deloitte Touche Tohmatsu

## Findings

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1. The Construction Industry Council (“CIC”) indicates that it has made reference to various codes and guidelines in developing its CG framework, including *Corporate Governance for Public Bodies – A Basic Framework* issued by the Institute.
2. An Audit Committee was established in 2018 to oversee CG, review the work of the Internal Audit Department, in addition to overseeing financial reporting, risk management and compliance, and the external audit process. The committee is chaired by a member of the Institute.
3. Given the complicated structure of the CIC, consisting of more than 15 committees, and 45 task forces/ subcommittees, to enhance the connection among these units, the committee chairs must be Council members, while the task force/ subcommittee chairs must be committee members.
4. An Executive Committee was also set up, out of the former Committee on Administration and Finance in 2018. This meets bi-monthly, in between Council meetings. It includes the chairs of important committee and boards and is intended to enable more efficient policy-making.
5. The CIC representatives indicated at their meeting with the assessment panel that implementing good CG helps to balance the different interests of the various groups of stakeholders, and ensure that they are all working in the overall public interest. Representatives on the Council and committees are encouraged to adopt a macro perspective, not just a sectoral perspective.
6. New committee members are carefully selected by:
  - Issuing invitations to the relevant construction industry-related bodies for them to nominate candidates in order of priority;
  - Assessing the candidates suitability based on their experience, whether they have previously contributed to CIC task forces, etc., and the needs of CIC; and
  - Discussing recommendations with the relevant committee chairs.
7. A Sustainability Working Group was set up in 2018 to formulate, implement, monitor and review the sustainability initiatives developed for the CIC’s business operations. It includes staff members from a number of different operational departments.
8. CIC recently set up a Committee on Corporate Culture Building, chaired by the ED, which aims to develop and implement a stronger corporate culture throughout the organization.
9. CIC has sought to improve its transparency, publishing a Corporate Governance Manual to provide information about its CG framework, which is aimed at both an internal audience and the public, and a booklet, *2019 Major Work Plans*, has been produced to inform to the public of the CIC’s significant initiatives.

# Judges and Reviewers

The Institute would like to express its appreciation to the judges and reviewers for their invaluable contributions in reviewing, assessing and judging the entries in the 2019 BCGA.

## Judging Panel

Chairman:	Patrick Law, president, HKICPA
Members:	Chris Chan, Ivey Business School
	Eva Chan, Hong Kong Investor Relations Association
	Louis Cheng, The Hong Kong Polytechnic University
	Susanna Cheung, The Treasury
	York Chow, AIA International Ltd.
	Ada Chung, Companies Registry
	Dennis Fullgrabe, course director of Financial Controllershship Programme, HKICPA
	Daryl Ho, Hong Kong Monetary Authority
	Ruth Kung, Hong Kong Securities and Investment Institute
	Zoe Lau/ Tina Chang, BlackRock
	Steve Ong, Hong Kong Exchanges and Clearing Ltd.
	Felix Siu, Mandatory Provident Fund Schemes Authority
	Christopher To, The Hong Kong Institute of Directors
	Jacky Tsang, Hong Kong Securities Association
	Angela Tsang, The Hong Kong Institute of Chartered Secretaries
	K.M. Wong, chairman of Professional Development Committee, HKICPA
	Rex Yeung, The Hong Kong Independent Non-Executive Director Association
	Wendy Yung, Practising Governance
Secretary:	Peter Tisman, director, advocacy and practice development, HKICPA
Assistant Secretaries:	Wallace Wong, associate director, advocacy and practice development, HKICPA
	Rachel Cheung, officer, advocacy and practice development, HKICPA

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Members: **Quality Review**

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Stephen Chan, Trinity-C Management Limited  
Jeffrey Chan, Grant Thornton Hong Kong Ltd.  
Raymond Cheng, HLB Hodgson Impey Cheng Ltd.  
Ricky Cheng\*, BDO  
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Gayle Donohue\*, PricewaterhouseCoopers  
Vency Ip, HLB Hodgson Impey Cheng Ltd.  
Stephen Lee  
Charles Lo, Charles Lo & Co.  
Horace Ma, S. Culture Holdings (BVI) Limited  
Loren Tang\*, KLC Kennic Lui & Co. Ltd.  
Tommy Tsang, Ernst & Young  
Thomas Wong, Nexia Charles Mar Fan Ltd.  
James Ye, Mazars CPA Ltd.

*\* Also conducted sustainability and social responsibility reviews*

**Compliance Review**

Mimosa Chan, Ernst & Young  
Brian Chu, HLB Hodgson Impey Cheng Ltd.  
Ava Ho, ZHONGHUI ANDA CPA Ltd.  
Roy Lo, SHINEWING (HK) CPA Ltd.  
Nelson Tang, KLC Kennic Lui & Co. Ltd.

**Sustainability and Social Responsibility Review**

Yuni Choi, RS Group Asia  
Brigit Fung, Deloitte Touche Tohmatsu  
Brian Ho, Ernst & Young  
Richard Law  
Coleman Ng, Greencove EX Limited  
Eddie Ng, KPMG  
Harris Ng, Sino Trump International Ltd.  
Vincent Pang, AVISTA Group  
Herbert Yung, Deloitte Touche Tohmatsu

Secretary: Peter Tisman, director, advocacy and practice development, HKICPA

Assistant Secretaries: Wallace Wong, associate director, advocacy and practice development, HKICPA  
Rachel Cheung, officer, advocacy and practice development, HKICPA

# Supporting Organizations

The Institute would like to thank the following supporting organizations of the BCGA (in alphabetical order):

BDO	Companies Registry
BlackRock	Financial Reporting Council
Charles Lo & Co.	Financial Services Development Council
Deloitte Touche Tohmatsu	Financial Services and the Treasury Bureau
Ernst & Young	Hong Kong Exchanges and Clearing Ltd.
Grant Thornton Hong Kong Ltd.	Hong Kong Investment Funds Association
HLB Hodgson Impey Cheng Ltd.	Hong Kong Investor Relations Association
KLC Kennic Lui & Co. Ltd.	Hong Kong Monetary Authority
KPMG	Hong Kong Securities Association
Mazars CPA Ltd.	Hong Kong Securities and Investment Institute
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Practising Governance	The Hong Kong Institute of Chartered Secretaries
PricewaterhouseCoopers	The Hong Kong Institute of Directors
SHINEWING (HK) CPA Ltd.	The Hong Kong Independent Non-Executive Director Association
Wong Brothers & Co.	The Treasury
ZHONGHUI ANDA CPA Ltd.	

The Institute would also like to thank the BCGA Organizing Committee for its contribution and support in the development and organization of the Awards programme.

## Organizing Committee for the Awards

Loren Tang, chairman	Patrick Rozario
Derek Broadley	K.M. Wong
Stephen Chan	James Ye
Ricky Cheng	Wendy Yung
Eddie Kam	Peter Tisman, secretary
Stephen Lee	Wallace Wong, assistant secretary
Horace Ma	Rachel Cheung, assistant secretary

# Appendix

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*Frequently Asked Questions Series 18*: [https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/ESG-Reporting-Guide-and-FAQs/FAQ\\_18.pdf?la=en](https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/ESG-Reporting-Guide-and-FAQs/FAQ_18.pdf?la=en)
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Media support



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