



## **Best Corporate Governance & ESG Awards 2024** **Self-Nomination for Good CG &/ or ESG Practices**

Name of Company/ Organization: \_\_\_\_\_

Annual Report for the year ended: \_\_\_\_\_

The Hong Kong Institute of CPAs invites eligible listed companies (i.e., those with a market capitalization of no more than HK\$6 billion (as at 30 April 2024) and public sector organizations (“PSOs”) that are committed to making substantive, self-initiated progress in their corporate governance (“CG”) and / or environmental, social and governance (“ESG”) performance to nominate themselves for consideration in this self-nomination category of the Best Corporate Governance and ESG Awards 2024 (“Awards”).

Applicants should specify any good CG and/ or ESG practices that their company/ organization has introduced in terms of new or upgraded CG and/ or ESG structures, policies or processes, **as disclosed in their latest annual or ESG/ sustainability report** (i.e., reports covering the period between 1 April 2023 and 31 March 2024 for listed companies, and between 31 December 2022 and 31 March 2024 for PSOs). Applicants should indicate how the relevant initiatives have been implemented within the company/ organization. The extent to which the practices exceed any relevant regulatory requirements will be a factor in drawing up the shortlist.

To illustrate the kinds of CG and/ or ESG practices that the Awards reviewers and judges are looking for, examples are provided below. Please note, **these are examples for illustration only**. It is not required that the practices described by applicants should cover all or any these particular areas of CG and/ or ESG.

### **CG examples of the kind of information disclosures and practices that may be relevant:**

#### 1. Risk management and internal control

The annual report disclosures discuss the overall structure and responsibilities for the risk management and internal control in some detail, the main risks facing by the company, including ESG-related risks, the likelihood of the significant risks occurring and the mitigation measures taken to reduce the risks to an acceptable level.

A reasonable amount of information is provided in the report regarding any risk management and internal control review conducted by the company/ organization during the year, such as details of how the review was conducted, and whether there were any issues that needed to be addressed and, if so, how these were or will be dealt with.

#### 2. Board structure and functioning

The role and responsibilities of the board are set out clearly in the annual report. Further information is provided on whether the board has:

- an independent non-executive director (“INED”)/ non-executive director chairman
- sufficient number of INEDs with appropriate professional qualifications such as accounting or related financial management expertise
- a diverse composition (e.g., is not a single-gender board)

Measurable objectives have been introduced by the company/ organization in terms of increasing board diversity, taking into account factors such as gender, age, cultural and educational background, or professional experience. The disclosures indicate substantive progress toward achieving the targets, and explain the reasons for any variances and proposed measures to help meet the targets in future.

#### 3. Remuneration policy

A clear statement of the remuneration policy and remuneration packages of governing board members and the chief executive officer is provided including, e.g., how remuneration is linked to long-term performance and the factors.



4. Nomination process

The company/ organization has disclosed reasonable details of the criteria and procedures for the nomination of directors.

5. Financial statements

Whether directors acknowledge their responsibility for the accounts in the CG Report.

6. Other disclosures

The report includes disclosures indicating that the company has a whistleblowing policy in place, for employees and other stakeholders to report irregularities / improprieties, in confidence to the audit committee or other designated committee, comprising a majority INEDs.

A good high-level description of financial performance is presented, with, e.g., comparison with the previous year(s) and against the organization's targets, and explanations for any major changes from the previous year(s).

**ESG examples of the kind of information disclosures and practices that may be relevant:**

7. ESG strategy and governance

The company/ organization discloses board-level oversight of ESG strategies, policies and practices, and a clear ESG governance structure, with accountability, to monitor, implement and report on ESG performance. In addition, a process is in place to identify, assess and manage ESG-related risks and opportunities.

8. Basis of reporting

The company/ organization is in compliance with the Environmental, Social and Governance Reporting Guide under the Listing Rules, and/ or adopts other equally rigorous standards, such as the standards issued by the Global Reporting Initiative and recommendations of the Task Force on Climate-related Financial Disclosure / United Nations Sustainable Development Goals, with clear elaborations of how these standards are applied.

Stakeholder inclusiveness: The key stakeholders (e.g., employees, shareholders, suppliers, vulnerable groups within local community), whose interests have been affected, are identified. The report explains how the company/ organization has responded to their reasonable expectations/ interests.

Materiality assessment: The ESG/ sustainability report provides clear explanation of the materiality assessment process for the selection of material ESG factors, including whether a materiality assessment or update has been conducted during the year and, if so, any changes since the previous exercise.

Balance: The report includes information in an unbiased way, and a fair representation of the organization's positive and negative performance and impact is provided.

9. Key performance indicators

The company/ organization has disclosed relevant environmental (including greenhouse gas emissions and energy usage), and social data / statistics for the current and prior years, clearly indicating any relevant changes between the current and prior years and whether there has been any change in the basis of comparison.

In addition, realistic long-term and interim quantitative performance targets, for aspects that are material to the company/organization (e.g., greenhouse gas emission targets) should be set and supported by specific progress and actions taken toward meeting these goals. Where the targets are not met, the company/ organization has explained and indicated what specific actions they will take to put the entity back on track).



Companies/ organizations should aim to highlight the relevant references in their annual or ESG/ sustainability reports to support their submission for consideration for a self-nomination award. Please note that applicants are not required to provide supplementary documents beyond the disclosures in the relevant reports.

**Please also note that the focus is primarily on voluntary CG and/ or ESG practices that exceed basic compliance with the regulatory requirements. As such, descriptions of new or expanded disclosures and practices that are essentially just the result of implementing new legal or regulatory requirements are unlikely to be sufficient, by themselves, to be considered for an award, even though they may improve a company's/ organization's standard of CG and/ or ESG.**

**Please describe the good CG and/ or ESG practices that your company/ organization has introduced and which have been disclosed in the company's/ organization's annual or ESG/ sustainability report.**

Additional pages may be included if the above space is insufficient.

If requested, would your company/ organization be willing to send senior representative(s) to explain to a panel of awards reviewers/ judges further details about the good CG and/ or ESG practices that it has introduced?

Yes  No