



The Hong Kong Institute of CPAs

**Best Corporate  
Governance  
Disclosure Awards 2014**

**Judges' Report**



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

# 2014 最佳企業管治資料披露大獎

## Best Corporate Governance Disclosure Awards

### Award Winners

#### Hang Seng Index Category

Diamond	CLP Holdings Limited
Platinum	Hong Kong Exchanges and Clearing Limited
Platinum	HSBC Holdings plc
Special Mention	Hang Seng Bank Limited

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

Platinum	The Hongkong and Shanghai Hotels, Limited
Platinum	The Link Real Estate Investment Trust
Gold	Hysan Development Company Limited
Special Mention	Prudential plc

#### Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

Gold	SOCAM Development Limited
Gold	Transport International Holdings Limited
Special Mention	COSCO International Holdings Limited

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

Platinum	Lenovo Group Limited
Gold	China Merchants Bank Co., Ltd.
Gold	China Minsheng Banking Corp., Ltd.
Special Mention	COSCO Pacific Limited

#### Public Sector/Not-for-profit Category

Gold	Airport Authority Hong Kong
Gold	Securities and Futures Commission
Special Mention	Hong Kong Productivity Council

#### Sustainability and Social Responsibility Reporting Award

Winner – Hang Seng Index Category	CLP Holdings Limited
Winner – Non-Hang Seng Index (Large Market Capitalisation) Category	VTech Holdings Limited
Special Mention – Hang Seng Index/ H-share Companies and Other Mainland Enterprises Category	China Shenhua Energy Company Limited
Special Mention – Non-Hang Seng Index (Large Market Capitalisation) Category	The Hongkong and Shanghai Hotels, Limited

# Introduction

## Background, Aims and Scope

The annual Best Corporate Governance Disclosure Awards (“BCGDA” or “Awards”), organised by the Hong Kong Institute of Certified Public Accountants (“the Institute”), are celebrating their 15<sup>th</sup> successive year. Since their inception in 2000, the Awards have become a well-established part of the corporate governance (“CG”) landscape and a highly-respected benchmark of CG excellence in Hong Kong.

The Awards play an important role in encouraging improvements in standards of CG and raising awareness of changing expectations and demands for enhanced transparency and accountability towards shareholders, investors and other stakeholders.

They continue to develop as standards and best practice in this area progress and evolve. This year, further refinements were made to the marking scheme for listed companies, taking account of, amongst other things, the implementation of the new Code Provision (“CP”) on board diversity in the CG Code issued by the Hong Kong Stock Exchange (“HKSE”). The marking scheme also reflects a shifting emphasis towards specific areas of good CG that are regarded as increasingly important, such as risk management and internal control and corporate social responsibility (“CSR”).

The award for Sustainability and Social Responsibility (“SSR”) Reporting, introduced in 2011, also remained an important focus of the 2014 Awards. The publication in 2013 by HKSE of an Environmental, Social and Governance (“ESG”) Reporting Guide, as Appendix 27 to the listing rules, has also directed greater attention to these areas of corporate management, accountability and reporting. This year, the reviewers and judges observed the extent to which ESG considerations are being integrated into strategy, operations and business reporting.

The Institute wishes to express its gratitude for the long-standing and continuing support given to the Awards by the Hong Kong SAR Government, financial services regulators, investor groups, academia, and the business and professional communities, through their participation on the judges’ and reviewers’ panels and, in some cases, as contestants in the BCGDA.

The BCGDA aims to:

- establish current benchmarks of CG best practice, against which companies<sup>1</sup> can measure their own performance; and
- encourage more companies to refer to those benchmarks and improve their own CG standard

In individual categories, diamond, platinum and gold awards are available to be given out, as well as significant improvement awards (“SIAs”) for companies demonstrating substantial improvements in their CG practices and disclosures. “Special mentions (“SMs”)” are used to acknowledge other entries that reflect commendable efforts in the relevant category.

<sup>1</sup> *In this report, the term “company” is used to refer to both listed companies and public sector bodies, unless the context suggests otherwise. In the detailed commentaries on the annual reports of the award winners, references to “company” also include references to the listed group.*

Companies' annual reports remain the principal basis of the reviews and assessments carried out for the BCGDA. They continue to represent the main channel of communication with shareholders and stakeholders, even though, nowadays, most companies supplement their annual reports with information published on their websites.

For SSR reporting, one or more main awards are available to be won and SMs may also be given out. The sources of relevant information include annual reports, standalone CSR/ sustainability reports and, to some extent also, related website information.

Reviewers and judges seek to identify, through disclosures in annual reports and CSR/ sustainability reports, those companies that have embedded good governance and socially responsible and sustainable practices within their corporate culture.

## Categories and Judging Criteria

(I) There are five basic categories:

(a) Listed companies:

### *Main Board*

(i) Hang Seng Index ("HSI")-constituent companies

### *Main Board or Growth Enterprise Market ("GEM")*

(ii) Non-HSI-constituent companies (large market capitalisation)

(iii) Non-HSI-constituent companies (mid-to-small market capitalisation)

(iv) H-share companies and other Mainland enterprises

(b) Public sector/Not-for-profit organisations

The judging criteria for the main CG awards cover:

- Overall presentation
- 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 ("MD&A"), including operating and financial reviews and strategic outlook
  - Remuneration policy and details of directors' and senior management's remuneration packages

- Nomination committee's work and policies and nomination processes
- Internal controls and risk management
- CSR and environmental reporting
- Related party 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 ("CO") and the listing rules governing the listing of securities on the HKSE main board or GEM, as appropriate.
- Ease of identifying compliance information.

(II) There are also separate awards for SSR reporting.

## Review and Judging Procedures

Following an initial vetting procedure to exclude reports that do not meet the minimum standard required for being shortlisted, two levels of review are conducted:

- (i) Quality Review:** This involves an assessment of the quality and standard of presentation and disclosure of CG information in annual reports, with an emphasis on voluntary disclosures.
- (ii) Compliance Review:** Reports that are shortlisted in the quality review undergo a further review to verify their compliance with the mandatory CG-related disclosure requirements under the CO and the listing rules. Reviewers are also asked to score the clarity and quality of presentation of mandatory compliance information.

Other relevant publicly-known information that reflects on companies' actual CG practices may also be taken into account, where appropriate.

The reviewers conduct in-depth reviews of those annual reports that pass the initial vetting stage and, based on the result of two rounds of quality reviews and a compliance review, a shortlist is produced of the best companies in each category for final judging by the judges. The judges then conduct their own evaluations to determine the award winners in each category.

For the SIAs, the reviewers identify annual reports that attain a good overall standard of CG, while demonstrating a substantial increase in overall marks in the current year compared with the same companies' reports in the previous year (and also the past few years). A further review of the relevant companies' current and previous annual reports is then conducted to identify specific areas of improvement and assess whether these are sufficient for the companies to be referred to the judges as candidates for an SIA award.

To determine the winners of the SSR Reporting Award ("SSR Award"), the CSR/ sustainability disclosures and practices of companies that obtain high marks in the CSR part of the quality reviews, and other companies that are known to be leaders in this aspect of reporting, undergo a more detailed review against specifically-designed assessment criteria. A shortlist of companies is then referred to

the judges' for final determination. In addition to relevant disclosures in annual reports, standalone CSR/ sustainability reports and other readily-available information (e.g., website information) are also considered.

The assessment criteria for the SSR Award make reference to existing recognised and objective benchmarks, such as the Global Reporting Initiative criteria ("GRI"; see the Appendix) and the HKSE's ESG reporting guide. The scope covers various aspects of SSR reporting, including strategy and governance; background and objective of reporting; oversight of, and accountability for, reporting; the content, quality and scope/ boundary of reporting; performance indicators; and whether independent assurance has been obtained.

## **Judging Considerations**

The emphasis of the BCGDA is very much on voluntary disclosure of relevant information in annual reports that exceeds the statutory and regulatory requirements. Some important aspects of CG considered by the judges and reviewers this year included board composition and diversity; the compositions and roles of remuneration and nomination committees; companies' explanations of the basis on which they generate or preserve value over the longer term and their strategy for delivering their objectives; whether boards are being given sufficient timely information by the management to discharge their duties; the expanded role of audit committees to ensure channels are available for employees and others to report on corporate irregularities and "whistle-blowing" policies generally.

In addition, other critical components of good governance continued to be a focus of attention. These included disclosures relating to risk management and internal control, and the quality and informativeness of the MD&A section of annual reports, in terms of, e.g., providing balanced explanations of the performance and prospects of the business or, in the case of the public sector, of the delivery of services to the public, and on challenges faced by the company.

The SSR Award looks not only at basic environmental awareness, community participation and charitable activities, etc., but also to how a company is addressing the longer-term issues of the sustainability of its business model and how ESG issues are integrated into the company's strategy and operations. The quality of SSR reporting is a good barometer of a well-run organisation that is attuned to the environment in which it operates. This includes its wider social and ethical responsibilities, in addition to its responsibility to its shareholders or stakeholders to create and maintain value or to deliver public services that provide value for money. The SSR Award seeks to identify Hong Kong listed companies and public sector organisations that set good benchmarks for their peers in this aspect of reporting.

The "public sector and not-for-profit organisations" category remains a key category in the Awards. The judges look to find examples of good CG disclosures and practices amongst organisations of all shapes and sizes. It is recognised that it is often a challenge for smaller non-governmental organisations ("NGOs") with limited resources to develop a comprehensive CG framework. The Institute is working with the Hong Kong Council of Social Services to advise very small NGOs on financial management and CG. We hope that, in the long run, this will help raise the general level of awareness and understanding of CG in this sector. Larger, well-resourced, public sector organisations, on the other hand, should be in a stronger position to set high standards of CG and live up to the community's expectations of them, not only in terms of the quality of the services that they provide, but also their transparency, accountability and social responsibility.

As always, the quality review was a core part of the BCGDA. To ensure consistency and reduce the impact of differences in the approach to marking by individual reviewers, the annual reports of companies that were being considered for the shortlists underwent two separate reviews conducted by two different reviewers.

The reviewers and judges assessed the scope of CG-related disclosures, the quality of the information provided, both in form and substance, and the standard of the underlying governance practices, as evidenced in annual reports. They endeavoured to take an overall view of companies' CG structures, practices and disclosures and form an impression of the extent to which a good CG culture was entrenched within those companies. They also considered whether efforts were being made towards the further improvement of standards. Where applicable, the reviewers and judges considered the transparency and clarity of any disclosures in annual reports relating to developments or incidents affecting the company that might have raised public interest or concern.

## **Recent Corporate Governance Developments**

The strengthening of CG frameworks and their application, both in Hong Kong and internationally, is a continuing process and one which should not be perceived by the corporate sector as increasing the cost and burden of compliance, but, rather, as an stimulus to strengthening the strategic decision-making, operation and management of companies. When good CG practices are integrated into the strategy and operation of the business, the quality and integrity of decision making is improved. Better risk assessment and management, potentially, opens up more opportunities, in terms of easier access to funding and an increased capacity to take on additional risk for the further development of the business.

A number of notable CG developments have taken place since the conclusion of the 2013 Awards, both domestically and internationally. Some of these are highlighted below.

### *Hong Kong*

The new CO (Cap. 622) took effect in March 2014. This contains a range of CG related provisions, covering areas such as:

- Strengthening the accountability of directors, by requiring every private company to have at least one natural person to act as director and including a statutory statement of the directors' duty of care, skill and diligence.
- Enhancing shareholder engagement in the decision-making process, including by reducing the threshold requirement for members to demand a poll from 10% to 5% of the total voting rights.
- Improving the disclosure of company information, by e.g., requiring public companies and the larger private companies (i.e., companies that do not qualify for simplified reporting) and guarantee companies to prepare a more comprehensive directors' report which includes an analytical and forward-looking "business review".

- Increasing shareholder protection by, e.g., introducing more effective rules to deal with directors' conflicts of interests; requiring unauthorised conduct of directors to be ratified by disinterested shareholders' approval, to prevent conflicts of interest and possible abuse of power by interested majority shareholders; and extending the scope of the unfair prejudice remedy to cover proposed acts and omissions.
- Strengthening auditors' rights and empowering auditors to require a wider range of persons to provide information or explanations reasonably required for the performance of the auditor's duties.
- The regulation and enforcement provisions of the CO have also been strengthened.

During the year, HKSE published a consultation paper on proposed changes to the parts of the CG Code relating to internal control (see Appendix) which was not covered in the earlier review of the Code in 2011. HKSE noted that surveys show that companies are increasingly placing more importance on the identification, understanding and management of risk and, also, that the majority of institutional investors would pay a premium for companies with good risk-management practices.

One of the key proposals in the consultation was that the internal controls section of the Code should be extended to cover the broader area of risk management, on the basis that CG good practice no longer treats these as separate areas, but as inter-related functions. The consultation also highlighted the need to delineate more clearly the roles and responsibilities of a company's board, management and internal control systems, and set out the minimum specific disclosures that a company should make in its CG report in order to enhance transparency. The Institute was supportive of the general thrust of the proposals, while making various additional suggestions as to how the relevant sections of the Code could be strengthened. In its submission (see Appendix), the Institute also advocated that consideration be given to the re-introduction of a requirement, which was previously in the listing rules (between 2004-09) for companies to have a "qualified accountant" on the board, or in the senior management, to ensure that there is a person with the appropriate competencies to oversee the accounting, internal control and risk management, and reporting functions. The Institute believes that having a qualified person with sufficient authority in the company, to take charge of these core functions, is an important component of a sound overall CG framework.

Recognising that companies might welcome some further guidance in preparing their CG reports based on the revised Code, a working group under the Institute's Professional Accountants in Business Leadership Panel produced *A Guide on Better Corporate Governance Disclosure* (see Appendix), which was published on the Institute's website in two phases during February - April 2014. The guide covers four essential areas of good CG, namely, the role of the board, internal controls, audit committees and communications with shareholders. In addition, it offers real examples of good practices to direct companies towards disclosure that is open and useful, without having to divulge commercially-sensitive information. The examples quoted include some from past award winners in the Institute's BCGDA.

Following the full implementation of the revised CG Code and associated listing rules in 2012, as indicated above, a new CP on board diversity took effect in September 2013, with the aim of improving the board's decision-making and promoting higher standards of CG. The CP requires that a company's nomination committee or board should have a policy on board diversity and should



disclose the policy or a summary of it in its CG report. A note to the CP indicates that diversity can be achieved through consideration of a number of factors, including gender, age, cultural and educational background, or professional experience. It also indicates that listed companies should disclose the rationale for the factors they use for this purpose. In this regard, the Institute and other stakeholders contributed to guidance on board diversity published in 2013 by Community Business (see Appendix).

### *International*

In December 2013, the International Integrated Reporting Council (“IIRC”) released its reporting framework (see Appendix), followed by a three-month global consultation. The framework promotes a more cohesive and efficient approach to corporate reporting, and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. Its focus on value creation, and the “capitals” used by businesses to create value over time, should contribute towards a more financially stable global economy.

The International Federation of Accountants’ Professional Accountants in Business Committee (“IFAC PAIBC”), on which the Institute is represented, develops a range of guidance and other materials on CG-related areas. IFAC, through its PAIBC, and the Chartered Institute of Public Finance and Accountancy jointly developed guidance for government and other public sector bodies, *International Framework: Good Governance in the Public Sector*, which was published in July of this year (see Appendix). The Framework encourages better governed and managed public sector organisations, by improving decision making and the efficient use of resources. The view is that enhanced stakeholder engagement and robust scrutiny and oversight of those charged with primary responsibility for determining an entity’s strategic direction, operations, and accountability, leads to more effective interventions and better outcomes for the public at large. Other relevant documents issued recently by IFAC include an International Good Practice Guidance, *Developing and Reporting Supplementary Financial Measures* (see Appendix). This acknowledges the quite widespread use by companies of non-GAAP (generally accepted accounting principles) financial measures in their internal and external reporting and provides guidance aimed at encouraging consistency and transparency in the use of such measures.

The Organisation for Economic Cooperation and Development (“OECD”) is currently reviewing its *Principles of Corporate Governance*. The OECD Principles are one of the 12 key standards for international financial stability of the Financial Stability Board<sup>2</sup> and form the basis for the corporate governance component of the *Report on the Observance of Standards and Codes* of the World Bank Group. The rationale for the review is to ensure the continuing high quality, relevance and usefulness of the Principles, taking into account recent developments in the corporate sector and capital markets. The IFAC PAIBC is contributing ideas to the review through its membership of the Business and Industry Advisory Council to the OECD.

<sup>2</sup> *The Financial Stability Board succeeded the Financial Stability Forum, after the global financial crisis, with a remit to coordinate, at the international level, the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. It brings together national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.*

# Commentaries

## Observations in 2014

This year, again, benchmarking the CG practices of shortlisted candidates against the highest standards in Hong Kong was considered to be the best approach to determining awardees, though a comparison of the selected companies' performance with their peers was also important.

In this regard, the judges again agreed that diamond, platinum, and gold awards should not simply be given to the first, second and third-place companies in each category. Instead, each level of award was seen as reflecting a certain standard of CG that winners needed to achieve. While, ultimately, there was only one diamond award winner, there were other companies whose CG practices and disclosures were of a high standard and improving. The judges wished to encourage them to continue to work towards achieving best practices and to make it their CG objective to achieve a diamond award in the future.

In overall terms, the quality of the HSI category companies' disclosure remains the best in Hong Kong and the top companies have still managed to achieve high scores from the reviewers and judges, even though the bar has been raised significantly, with the implementation of the revised CG Code and the introduction of requirements on board diversity.

The standard of the shortlisted companies in the non-HSI (large market capitalisation) category, which were from a variety of different backgrounds, was also high. The judges regarded these companies as setting excellent examples for their peers to follow. One particular positive development observed by the judges was the steps being taken by some companies to adopt Integrated Reporting ("*<IR>*"), which is an international initiative to improve corporate reporting and encourage companies to focus on longer-term, more sustainable, performance. *<IR>* provides investors and other stakeholders with a concise understanding of how a company harnesses key components of its success (the six "capitals": financial; manufacturing; human; social and relationship; intellectual; and natural capital) to create and maintain value over time. Some of awardees are adopting *<IR>*, as indicated in the detailed commentaries on their reporting. Apart from the awardees, another of the shortlisted companies commended for its efforts in this regard was Pacific Basin Shipping Limited.

With a greater understanding of the value of good CG, transparency and sustainability, the governance of companies in the "H-shares companies and other Mainland enterprises" category has been showing marked improvements. An increasing number of the companies in this category are taking into account ESG considerations, sometimes in innovative ways, tailored to their own specific industries.

While there were companies committed to sound CG practices in the non-HSI (mid-small market capitalisation) category, generally, there is still much room for improvement amongst this group of companies. Companies in this category need to move beyond a "tick box" compliance culture and appreciate that good CG can bolster the confidence of investors and lenders in the business and help build a positive track record, which is important, particularly for those companies that have ambitions to grow and become more international.

The judges welcomed the clear signs of improvement in the public sector/ not-for-profit category. They noted that the shortlist of potential awardees was expanding and covered organisations in a range of different service sectors. More public sector organisations are starting to issue CSR/ sustainability

reports and, while it is still early days, they are producing promising publications that demonstrate a genuine commitment in this area. The judges look forward to seeing more new awardees in this category in the near future.

As regards the SSR Award, the judges were pleased to see increased competition and strong candidates from different backgrounds, which sometimes have their own perspective on sustainability and social responsibility and which are more clearly trying to integrate SSR considerations into their strategy and business operations. The results of this year's awards for SSR reporting are a reflection of this very positive development.

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

The judges and reviewers in the 2014 Awards highlighted a few specific areas to be commended and encouraged, as well as areas for further improvement. These include the following:

1. Although the bar has been raised generally, in terms of Hong Kong's CG requirements, the best companies in most categories are still achieving high scores, similar to those they achieved previously, on the strength of their voluntary additional CG disclosures. This is a welcome outcome. It reflects a progressive raising of CG standards in Hong Kong, which is essential if our capital market is to remain competitive in the global arena.
2. Many companies indicate compliance with the majority of the CPs and a number of companies are adopting most of the Recommended Best Practices ("RBPs") in the CG Code. More are also providing detailed explanations of any deviations from CPs and RBPs, which enhances transparency.
3. More companies are introducing a board evaluation process. This is beneficial for companies that want their boards to actively and effectively oversee the development and implementation of corporate strategy. While some of these evaluations are conducted on a self-assessment basis, a number of companies have hired independent, external consultants to undertake a formal and structured evaluation of the effectiveness of their boards.
4. Companies generally performed well in disclosing their risk management and internal control framework and processes, with more companies disclosing some of the key risks identified and their mitigation measures. This is important for building investor confidence and it indicates that companies are seeking to give a balanced picture of the potential and actual challenges that they face. We expect to see further improvements once HKSE has updated the CG Code in relation to internal controls, following the consultation conducted earlier this year.
5. The standard of CSR/ sustainability reporting has been improving, not only among listed companies, but also for public sector organisations, with a number of them preparing their first dedicated CSR/ sustainability reports. The best performers look to integrate CSR-related considerations into their overall business strategy and decision making.

6. As regards areas for further improvement, the disclosure of the details of directors' remuneration policies and senior management's remuneration packages is still rather patchy. This information is important to investors and other stakeholders. Public sector organisations, some of which enjoy statutory funding and have a large turnover, and highly-paid executives, also need to make efforts to bridge this information gap.
7. The transparency of the nomination and appointment process for directors needs to be further increased, particularly in the public sector/ not-for-profit category.
8. With the introduction of a new CP in 2013, many companies are confirming that they have formulated a board diversity policy. However, it not always made clear what objectives they are setting themselves and how they are monitoring implementation. At the same time, their boards do not necessarily reflect obvious diversity in the age, gender, background and experience, etc., of the directors. There is room for improvement in this area, although this is still a relatively new dimension of CG, given that the CP took effect only in September 2013. A change of mindset may be needed.
9. More generally, the judges noted an apparent gap between some companies' CG disclosures and their practices. A good CG culture is part of the "DNA" of a company and a company is likely to be found out if its commitment to good CG does not come from the top. Its reputation and, ultimately, investor confidence in it, may well suffer if timely action is not taken to address this gap.

# Hang Seng Index Category

## DIAMOND AWARD

### CLP Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Richard Kendall Lancaster (Chief Executive Officer)  
Andrew Clifford Winawer Brandler

##### NON-EXECUTIVE

The Hon Sir Michael Kadoorie, *GBS* (Chairman)  
William Elkin Mocatta (Vice Chairman)  
Ronald James McAulay  
John Andrew Harry Leigh  
Ian Duncan Boyce  
Lee Yui Bor  
Paul Arthur Theys

##### INDEPENDENT NON-EXECUTIVE

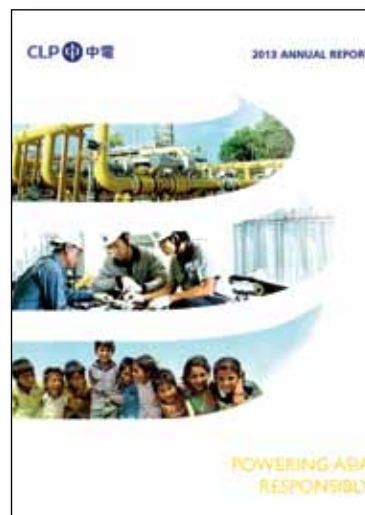
Vernon Francis Moore, *BBS*  
Tsui Lam Sin Lai Judy  
Sir Rod Ian Eddington  
Nicholas Charles Allen  
Cheng Hoi Chuen Vincent, *GBS, OBE, JP*  
Law Fan Chiu Fun Fanny, *GBS, JP*  
Lee Yun Lien Irene  
Rajiv Behari Lall

#### Audit Committee:

Vernon Francis Moore, *BBS* (Chairman)  
Tsui Lam Sin Lai Judy  
Nicholas Charles Allen  
Law Fan Chiu Fun Fanny, *GBS, JP*  
Lee Yun Lien Irene

#### Auditors:

PricewaterhouseCoopers



## Findings

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The readability of the information in CLP Holdings Limited (“CLP”)’s annual report, in terms of corporate governance (“CG”)-related disclosures and explanations of the business, was judged to be the highest amongst its peers. The judges noted CLP’s effective use of cross-references between its annual report, separate sustainability report, company website and other reports, and the innovative design of the annual report. Other highlights of CLP’s reporting include:

1. Presentation and scope:
  - Comprehensive, well-structured information with reader-friendly colourful tables and charts
  - QR codes to facilitate readers to access further information
  - CLP continues to be a leader in CSR/ sustainability reporting, in an industry where this is inherently difficult to implement and execute
  - The company is to be commended for moving towards <IR> , including participating in the IIRC’s <IR> pilot scheme.
2. CG reporting shows a clear commitment to high standards and continued improvement:
  - The section on the CLP code on CG clearly informs readers of the company’s compliance with the CPs and RBPs of the CG Code, including a breakdown of the major respects in which CLP’s own code meets or exceeds the CPs. A clear explanation is given of the deviation from the RBP on quarterly financial reporting
  - Disclosure of the continuing evolution of CLP’s CG practices in 2013
  - Detailed disclosure of board structure and functioning and high attendance rate by directors
  - Disclosure of findings of an independent evaluation of board’s and committees’ performance in 2012, with recommendations referred to the relevant parties for follow up. An independent evaluation is conducted every three years
  - Clear and detailed descriptions of the terms of reference of, and work done by, board committees are on the website.
3. The sections of “How you can approach our Financial Statements” and “Accounting Mini-Series” use plain language to illustrate accounting concepts in a concise and simple manner, and provide good cross referencing to the accounting policies and explanations in the notes to the financial statements. Helpful explanation of how the company measures and recognises revenues.
4. Impressive and eye-catching risk management report:
  - The company introduced a comprehensive risk management policy well in advance of HKSE’s consultation on risk management and internal control
  - Clearly and systematically explains different kinds of inherent risk in each business activity. Enhancement to group-level risk management framework by reinforcing risk ownership, defining group-level risk criteria, etc., and assistance is given to business units to roll out their own frameworks
  - CLP demonstrates its commitment to continued enhancement of its risk management framework and implementation in line with the industry best practices.
5. Comprehensive and transparent remuneration disclosures, including the basis of determining annual and long-term incentive schemes and the components of the remuneration packages of directors and senior management on a named basis.
6. Good communication with shareholders, including through the question and answer section, in which topics of interest to readers are raised and a discussion of the relationships with various stakeholders is clearly set out. The company welcomes feedback from stakeholders.
7. The company’s CSR/ sustainability reporting is commendable. It produces a separate sustainability report showing the company’s overall social, environment and ethical performance and stakeholder relations, in a succinct manner. The judges’ comments on this area of reporting are discussed in more detail on pages 48-49.

# Hang Seng Index Category

## PLATINUM AWARD

### Hong Kong Exchanges and Clearing Limited

#### Board of Directors:

##### EXECUTIVE

Li Xiaojia, Charles (Chief Executive)

##### INDEPENDENT NON-EXECUTIVE

Chow Chung Kong\* (Chairman)

Chan Tze Ching Ignatius, *BBS, JP*

Freshwater Timothy George\*

Harrison John Barrie\*

Hui Chiu Chung Stephen\*, *JP*

Kwok Chi Piu Bill, *JP*

Lee Kwan Ho Vincent Marshall

Lee Tze Hau Michael\*, *JP*

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

Strickland John Estmond, *GBS, JP*

Williamson John Mackay McCulloch

Wong Sai Hung Oscar

\* *Government Appointed Directors*

#### Audit Committee:

Harrison John Barrie (Chairman)

Lee Kwan Ho Vincent Marshall (Deputy Chairman)

Chan Tze Ching Ignatius, *BBS, JP*

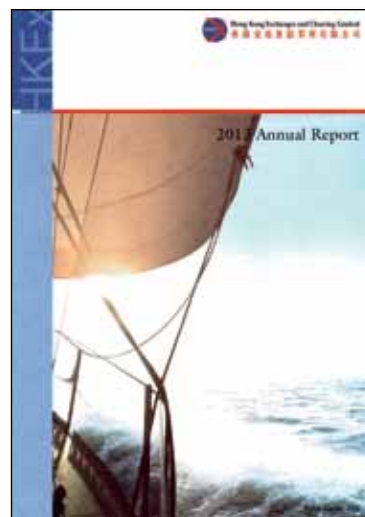
Kwok Chi Piu Bill, *JP*

Lee Tze Hau Michael, *JP*

Williamson John Mackay McCulloch

#### Auditors:

PricewaterhouseCoopers



## Findings

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The judges commended the presentation of information in Hong Kong Exchanges and Clearing Limited (“HKEx”)’s annual report, as being very readable, well organised and indexed, and comprehensive in scope. Highlights included:

1. Impressive use of colourful graphics, tables and charts, enhancing the report’s accessibility.
2. Full compliance with most of the CPs and RBPs, with an effective use of tables and charts to help presentation. HKEx maintains a balance between its dual roles as a regulator and a listed company and remains a good role model for other listed companies.
3. Board structure and functioning and shareholding:
  - Strong representation of independent non-executive directors (“INEDs”) on the board and representation through elections
  - Effective presentation of accountability and responsibility of board and senior management
  - Well-disclosed board diversity policy and practices.
  - Easy-to-read and understandable reports of the audit, remuneration and ESG committees
  - Good shareholding analysis and related information, including shares held by senior management.
4. Extensive and well-presented business review, supported by tables and statistics. Good comparison between 2013 achievements and 2014 initiatives in each business area.
5. Structured, concise and clear financial review section, with appropriate and clear linkages to various components of the financial statements.
6. The remuneration committee report clearly outlines the company’s remuneration policy. It demonstrates transparency in disclosing the remuneration of directors and senior management on an individual and named basis, which is still not common among listed companies in Hong Kong.
7. Strong CSR/ sustainability reporting:
  - ESG committee formed.
  - The section is divided into stakeholder engagement, charters and memberships, marketplace, workplace, community and environment.
  - The inclusion of the company in Dow Jones Sustainability Asia Pacific Index, the Euronext Vigeo World 120 Index, the FTSE4Good Index Series, the Hang Seng Corporate Sustainability Index Series and the STOXX® Global ESG Leaders Indices, reflects recognition of HKEx’s corporate governance.



# Hang Seng Index Category

## PLATINUM AWARD

### HSBC Holdings plc

#### Board of Directors:

##### EXECUTIVE

Douglas Flint, *CBE* (Group Chairman)  
 Stuart Gulliver (Group Chief Executive)  
 Iain Mackay  
 Marc Moses

##### INDEPENDENT NON-EXECUTIVE

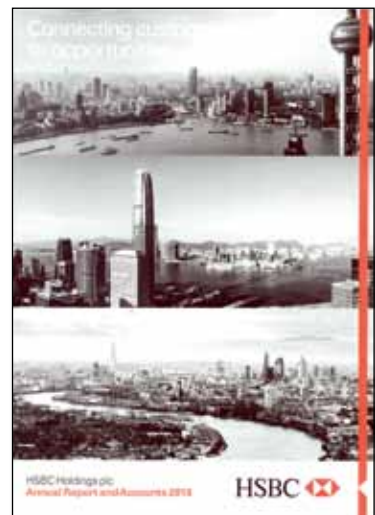
Kathleen Casey  
 Safra Catz  
 Laura Cha, *GBS*  
 Marvin Cheung, *GBS, OBE*  
 John Coombe  
 Sir Jonathan Evans  
 Joachim Faber  
 Rona Fairhead, *CBE*  
 Renato Fassbind  
 James Hughes-Hallett, *CMG, SBS*  
 Sam Laidlaw  
 John Lipsky  
 Rachel Lomax  
 Sir Simon Robertson

#### Audit Committee:

John Coombe (Chairman)  
 Marvin Cheung, *GBS, OBE*  
 Rona Fairhead, *CBE*  
 Renato Fassbind  
 Rachel Lomax

#### Auditors:

KPMG Audit Plc



## Findings

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The judges considered that the disclosures in HSBC Holdings plc. (“HSBC”)’s annual report were high quality, well laid out, informative and comprehensive. The report not only provided readers with detailed information to cater for the different needs of global investors, but also satisfied both local and overseas regulatory requirements. Highlights included:

1. Given its size and business nature, HSBC needs to include voluminous amounts of data and narrative. However, it has been able to structure the information in an orderly and readily comprehensible manner, with tables, charts and clear indexes to facilitate readers’ comprehension.
2. High-quality disclosure in relation to the CG framework and board operation, including:
  - Board’s roles and responsibilities and division of responsibility and decision making between the board and management
  - Key responsibilities of the group chairman, chief executive, deputy chairman and senior INED are clearly explained, as well as the work of individual directors
  - Sound programme to develop and train directors
  - Independent performance evaluation of the board and committees and good practice in relation to board diversity
  - Information supplied to the board is disclosed, under the section, “Information and support”, which is not common among the company’s peers.
3. Extensive coverage of risk management, which is a critical area given the operational and reputational issues arising in the banking sector in recent years:
  - Thorough discussion of the risk exposure of HSBC’s business and its risk policies and practices, covering various types of risks and uncertainties
  - Group risk committee to advise the board on high-level risk-related matters and risk governance, and non-executive oversight of risk management and internal controls
  - A summary table provides a good overview of the types of risk identified, and the measurement, monitoring and management of risk. Discussion of the “Top and Emerging Risks” of the group, and the potential impact of each of these types of risk, with the implementation of stress testing and the disclosure of the scenario assumptions
  - Clear indication of which information is audited and which unaudited
  - Risk policies and practices provided as an appendix to the risk disclosures.
4. Detailed analyses of HSBC’s operations in different geographical locations in the MD&A.
5. Comprehensive remuneration report, outlining the general policies on directors’ and senior management’s remuneration, basis of performance evaluation, bonus calculation, etc. Changes in the remuneration policy for this year were also disclosed.
6. Detailed disclosure on capital structure, capital management, capital measurement and risk-weighted assets’ movement in the annual report, and comprehensive description given on share capital, together with the main features of each regulatory capital security issued, in line with the international Basel III requirements. This enhances readers’ understanding of recent developments in the global banking industry generally.
7. Extensive, independently-assured, sustainability report, indicating progress made and areas for improvement, and the establishment of a corresponding committee, advising on corporate sustainability policies. HSBC has taken significant steps to incorporate governance and sustainability into the management process.

# Hang Seng Index Category

## SPECIAL MENTION

### Hang Seng Bank Limited

#### Board of Directors:

##### EXECUTIVE

Rose Lee Wai Mun (Vice-chairman and Chief Executive)

Nixon Chan Lik Sang

Andrew Fung Hau Chung, *JP*

##### NON-EXECUTIVE

Sarah Catherine Legg

Vincent Lo Hong Sui, *GBS, JP*

Peter Wong Tung Shun, *JP*

##### INDEPENDENT NON-EXECUTIVE

Raymond Ch'ien Kuo Fung, *GBS, CBE, JP* (Chairman)

John Chan Cho Chak, *GBS, JP*

Marvin Cheung Kin Tung, *GBS, OBE, JP*

Chiang Lai Yuen, *JP*

Fred Zulu Hu

Eric Li Ka Cheung *GBS, OBE, JP*

Richard Tang Yat Sun, *BBS, JP*

Michael Wu Wei Kuo

#### Audit Committee:

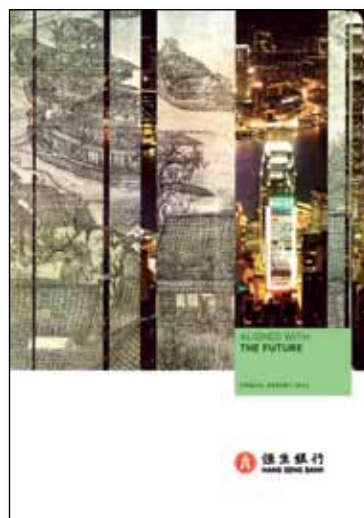
Eric Li Ka Cheung, *GBS, OBE, JP* (Chairman)

Marvin Cheung Kin Tung, *GBS, OBE, JP*

Richard Tang Yat Sun, *BBS, JP*

#### Auditors:

KPMG



## Findings

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1. The information in Hang Seng Bank Limited (“Hang Seng”)’s annual report was considered to be reader-friendly and informative. The report was well presented, concise and used diagrams and charts to facilitate readers’ understanding of the company’s operation.
2. The company’s disclosures indicate full compliance with the CPs and most of the RBPs in the CG Code. Also, a code of conduct has been published for staff.
3. Disclosures on board structure and functioning, show:
  - Strong representation of INEDs
  - Clear description of board composition and process and role and responsibilities of directors
  - Discussion of the separate roles of the chairman and group chief executive.
4. Extensive MD&A covering businesses in Hong Kong and on the Mainland.
5. The section on risk management contains good disclosure of risk exposure and risk management practices. The framework for disclosure of price-sensitive information is also included.
6. The financial review section makes effective use of tables and charts to present information and highlight key trends in financial performance.
7. Shareholder’s rights, human resources and related party transactions are well covered in the annual report.
8. Hang Seng has issued a separate CSR report, which is also posted on the company’s website.

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

## PLATINUM AWARD

### The Hongkong and Shanghai Hotels, Limited

#### Board of Directors:

##### EXECUTIVE

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

##### NON-EXECUTIVE

The Hon Sir Michael Kadoorie, *GBS* (Chairman)  
Ian Duncan Boyce (Deputy Chairman)  
Ronald James McAulay  
William Elkin Mocatta  
John Andrew Harry Leigh  
Nicholas Timothy James Colfer

##### INDEPENDENT NON-EXECUTIVE

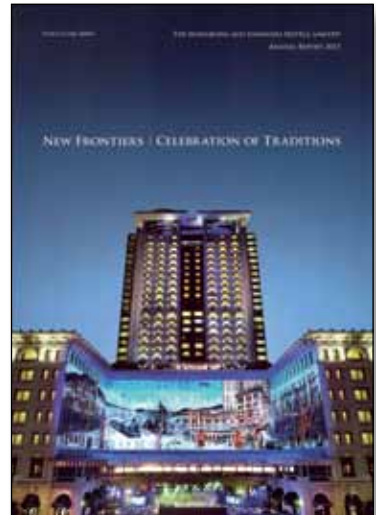
The Hon Sir David Kwok Po Li, *GBM, GBS, OBE, JP*  
Patrick Blackwell Paul, *CBE*  
Pierre Roger Boppe  
William Kwok Lun Fung, *SBS, OBE, JP*  
Rosanna Yick Ming Wong, *DBE, JP*

#### Audit Committee:

Patrick Blackwell Paul, *CBE* (Chairman)  
Ian Duncan Boyce  
William Kwok Lun Fung, *SBS, OBE, JP*

#### Auditors:

KPMG



## Findings

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The information in the annual report of The Hongkong and Shanghai Hotels, Limited (“HSH”) was regarded by the judges as being well presented and reflective of good CG practices. Highlights included:

1. The list of properties and performance highlights at the beginning enables readers to understand the business and performance at glance. Figures and percentage changes over previous years and key messages are illustrated in different, eye-catching ways, using boxes, graphs, pictures, etc. The table summary of key financial figures and operation indicators for the past ten years is very useful for understanding the company’s recent history, as it celebrates its 85<sup>th</sup> year of operation.
2. CG report:
  - Well organised report with highlights of improvements
  - Majority of the board are NEDs/ INEDs
  - Introduction of a board evaluation process. Although self-evaluation, it involved an online qualitative questionnaire and the responses were given anonymously to ensure that they would be as open, frank and informative as possible. The action plan is laid out in a table
  - Clear disclosure of directors’ competencies and obligations, and details of each of the committees, including their responsibilities, composition of members and functions.
3. A comprehensive and dynamic risk management report:
  - Clearly and concisely outlines the internal controls and risk management policies, including a whistle-blowing policy
  - A group risk charter has been developed by the group risk committee, outlining its membership, format and frequency of meetings, implementation of a group risk register, etc.
  - An Inside Information Escalation Policy has been formalised to ensure potential inside information is captured and its confidentiality maintained, until consistent and timely disclosures are made.
4. Clear and comprehensive disclosure in the business and financial reviews:
  - Well-organised tables and figures, making the operating performance over the years and divisions more comparable
  - The essential metrics, statistics and further explanations are provided in detail, assisting readers to understand the company’s operation.
5. Clear description of remuneration committee’s composition, responsibilities and work done. Disclosure of remuneration packages for named, individual executive directors (“EDs”) and NEDs and clear description of remuneration policies and practices for NEDs/ INEDs.
6. Detailed information on connected and related party transactions. The “feature stories” section enhances the accessibility of the information about the company’s operations and includes a table showing the distribution of shareholdings.
7. Impressive sustainability review, which is considered in more detail on page 54.

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

## PLATINUM AWARD

### The Link Real Estate Investment Trust

#### Board of Directors:

##### EXECUTIVE

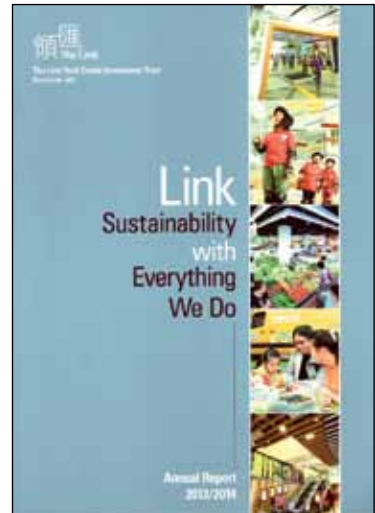
George Kwok Lung Hongchoy (Chief Executive Officer)  
Andy Cheung Lee Ming

##### NON-EXECUTIVE

Ian Keith Griffiths

##### INDEPENDENT NON-EXECUTIVE

Nicholas Robert Sallnow-Smith (Chairman)  
William Chan Chak Cheung  
Eva Cheng Li Kam Fun  
Anthony Chow Wing Kin, *SBS, JP*  
Patrick Fung Yuk Bun, *JP*  
Stanley Ko Kam Chuen, *BBS, JP*  
May Siew Boi Tan  
David Charles Watt  
Richard Wong Yue Chim, *SBS, JP*  
Elaine Carole Young



#### Audit Committee:

William Chan Chak Cheung (Chairman)  
Anthony Chow Wing Kin, *SBS, JP*  
Stanley Ko Kam Chuen, *BBS, JP*  
May Siew Boi Tan  
Richard Wong Yue Chim, *SBS, JP*

#### Auditors:

PricewaterhouseCoopers

## Findings

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The judges commended The Link Real Estate Investment Trust for taking steps towards implementing <IR> , which brings together material information about a company's strategy, performance, governance, sustainability, integrity and ethics in a way that recognises the commercial, social and environmental context in which it operates. Highlights included:

1. A very comprehensive CG report, with a detailed analysis of the common professional development training undertaken by directors throughout the year.
2. Well presented information on board structure and functioning:
  - A high ratio of INEDs
  - External consultants commissioned to undertake a formal and structured evaluation of the effectiveness of the board. There is a comprehensive description of the board evaluation, covering individual directors and the board
  - Disclosure of board and committee attendance, with very high attendance rates
  - Good graphic presentation of board diversity
  - Regular review of board's size, structure and composition, including directors' skills, knowledge, experience and independence.
3. Clear and concise outline of "three lines of defence" system for risk management and implementation of a whistle-blowing policy.
4. Clear information in the MD&A, with good use of graphs, tables and photographs, including a table on "what we did this year", to match financial and non-financial indicators.
5. Effective disclosure of the composition, responsibilities and work done in respect of the nomination and remuneration committees. Directors' remuneration policy and remuneration practice for NEDs/ INEDs are disclosed, as are EDs and NEDs' remuneration packages on an individual and named basis.
6. Detailed information on connected and related party transactions and on how stakeholders can engage with the company.
7. The CSR section provides detailed indices benchmarking the company's performance against the GRI GR4 standard and HKSE's ESG guide.



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

**GOLD AWARD**

## Hysan Development Company Limited

### Board of Directors:

#### *EXECUTIVE*

Irene Yun Lien Lee (Chairman)  
Siu Chuen Lau  
(Deputy Chairman and Chief Executive Officer)  
Wendy Wen Yee Yung

#### *NON-EXECUTIVE*

Hans Michael Jebsen, *BBS*  
Anthony Hsien Pin Lee  
Chien Lee  
Michael Tze Hau Lee

#### *INDEPENDENT NON-EXECUTIVE*

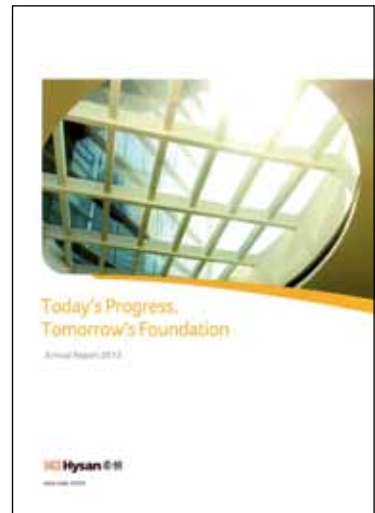
Nicholas Charles Allen  
Frederick Peter Churchouse  
Philip Yan Hok Fan  
Joseph Chung Yin Poon

### Audit Committee:

Nicholas Charles Allen (Chairman)  
Anthony Hsien Pin Lee  
Philip Yan Hok Fan

### Auditors:

Deloitte Touche Tohmatsu



## Findings

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The judges considered that the information contained in Hysan Development Company Limited (“Hysan”)’s annual report was well written and informative, reflecting a clear CG framework and a range of voluntary disclosures. The information included a concise description of the company’s mission and values, and financial and non-financial highlights. Other key information included:

1. Good CG statement and practices, including a summary table setting out 11 areas where the company has gone beyond the CPs in the CG Code. This shows a continuing commitment to good CG. Of particular note are the following:
  - High ratio of INEDs
  - Adoption of formal criteria and requirements for NED appointments, and specifying the time commitment expected of NEDs
  - Implementation of a board evaluation questionnaire. A summary is presented of the board’s progress against actions arising from the previous evaluation of effectiveness
  - Adoption of a written code of ethics
  - Establishment of a corporate disclosure policy.
2. Clear and well-laid-out MD&A, with good use of graphs, maps, tables and photographs. Detailed analysis of the company’s performance supported by key performance indicators (“KPIs”) and an overview of the marketplace.
3. Comprehensive, dynamic risk management report:
  - Improvements in the risk management system in 2013 illustrated in a table
  - A whistle-blowing policy monitored by an independent third party service provider
  - Clear disclosure in relation to the risk management committee and its report, which was considered to be comprehensive and dynamic
  - Presentation of risk profile, highlighting current risk exposures and how risks have been changing during the year
  - As a listed company and family business, the company has put in place appropriate policies and processes to avoid conflicts of interest or perception of the same.
4. Clear description of the composition and responsibilities of, and work done by, the remuneration committee. Disclosure of directors’ remuneration policy, remuneration practices for NEDs/ INEDs, and their packages on an individual and named basis.
5. Investor relations/ shareholder communications:
  - Continuous enhancement of communications with shareholders. The company has initiated and funded a programme to invite nominee shareholders to forward communications materials to ultimate beneficiary shareholders
  - Comprehensive information on how shareholders can engage with the company and establishment of formal framework for engagement with institutional investors
  - Investor relations reports, outlining investor and analysts opinions, are provided regularly to the board.
6. Hysan issues a separate report that highlights the company’s investment in CSR, which makes reference to HKSE’s ESG reporting guide.

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

## SPECIAL MENTION

### Prudential plc

#### Board of Directors:

##### CHAIRMAN

Paul Manduca

##### EXECUTIVE

Tidjane Thiam (Group Chief Executive)

Nicolaos Nicandrou

John Foley

Jacqueline Hunt

Michael McLintock

Barry Stowe

Michael Wells

##### INDEPENDENT NON-EXECUTIVE

The Hon Philip Remnant, *CBE*

Sir Howard Davies

Ann Godbehere

Alistair Johnston, *CMG*

Kaikhushru Nargolwala

Anthony Nightingale, *CMG, SBS, JP*

Alice Schroeder

Lord Turnbull, *KCB*

#### Audit Committee:

Ann Godbehere (Chairman)

Sir Howard Davies

Alistair Johnston, *CMG*

The Hon Philip Remnant, *CBE*

Alice Schroeder

#### Auditors:

KPMG Audit Plc



## Findings

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The information in Prudential plc (“Prudential”)’s annual report was regarded by the judges as being balanced in all areas and well presented. The report covered all facets and pertinent information about the company’s global business. Highlights included:

1. Clear accountability evidenced by reporting based on the responsibilities of different officers, e.g., the reports of chief financial officer and group chief risk officer.
2. Well-structured, easy-to-read and extensive CG report, clearly defining the roles of chairman, chief executive, INEDs and NEDs.
3. Good disclosure and practices in relation to board structure and functioning:
  - Strong representation from INEDs and appointment of a senior INED
  - Commitment to board diversity and detailed descriptions of skills and experience of individual directors
  - Comprehensive procedures for board evaluation, including evaluation of the chairman by senior INED and INEDs
  - Very good attendance rate overall and virtually no absences
  - Regular review of the board’s size, structure and composition, including directors’ skills, knowledge, experience and independence
  - Proactive approach to succession planning
  - Use of search consultancies to identify suitable candidates for the board.
4. The strategic report in the MD&A helps investors understand how the company and management are performing and whether the strategies adopted have been making sense of the operating environment and economic trends affecting the company.
5. Concise disclosure of highlights in relation to KPIs, business unit performance and performance of 2013 “growth and cash” objectives.
6. The reports from the audit committee, nomination committee, risk committee and remuneration committee are all informative. The remuneration committee report provides a transparent and thorough discussion of the directors’ remuneration policy, changes to the policy and key elements of directors’ individual remuneration packages. There is a detailed description of the work done at the committee’s five meetings.
7. Good disclosure of relations with shareholders, including information on shareholders’ rights, and an analysis of shareholder profile. Disclosure of directors’ shareholdings at both the beginning and the end of the year.

# Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

**GOLD AWARD**

## SOCAM Development Limited

### Board of Directors:

#### EXECUTIVE

Lo Hong Sui Vincent, *GBS, JP* (Chairman)  
Choi Yuk Keung Lawrence  
(Vice Chairman and Managing Director)  
Wong Fook Lam Raymond (Managing Director)

#### NON-EXECUTIVE

Wong Yuet Leung Frankie  
Wong Kun To Philip

#### INDEPENDENT NON-EXECUTIVE

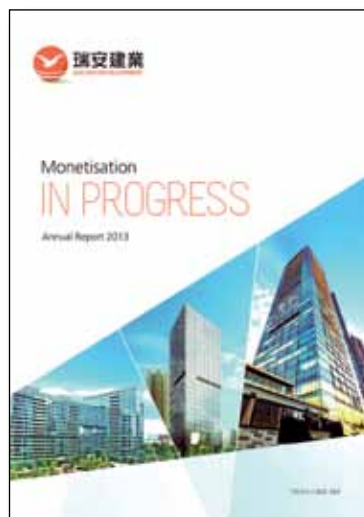
Gerrit Jan de Nys  
Li Hoi Lun Helen  
Chan Kay Cheung  
Tsang Kwok Tai Moses

### Audit Committee:

Chan Kay Cheung (Chairman)  
Gerrit Jan de Nys  
Li Hoi Lun Helen  
Wong Yuet Leung Frankie

### Auditors:

Deloitte Touche Tohmatsu



## Findings

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The judges found the information in SOCAM's annual report to be comprehensive and easy to follow, demonstrating consistent and positive disclosure practices for a company in this category. Highlights included:

1. The CG report and committee reports are helpful in assisting readers to understand the roles and duties of the respective committees. There is a frank and positive statement from the chairman acknowledging that enhancing CG is not simply a matter of applying and complying with the CG Code, but rather promoting and developing an ethical, healthy corporate culture.
2. Extensive board information showing:
  - Relatively small board with a high ratio of INEDs/ NEDs
  - Progress on board performance evaluation
  - Descriptions of the roles and responsibilities of the board, committees, chairman and managing director
  - Disclosure of board and committee attendance
  - The adoption of a board diversity policy and analysis of the board composition showing its diversity.
3. Clear and concise business and financial reviews, with good use of charts, tables and photographs. Indication of key events in the financial highlights and five-year financial summary.
4. Concise description of risk management and internal controls.
5. Remuneration report providing readers with details of composition and work done. There is a detailed discussion of how the directors' remuneration policy and structure were formulated. Directors' remuneration is disclosed on an individual and named basis.
6. Description of nomination committee's composition and work done, with reference made to the process, procedures and criteria used to identify and select potential candidates for appointment to the board.
7. The company issues a separate CSR report covering community, environment and people, demonstrating the company's efforts to cater for different stakeholders.
8. Concise information on connected and continuing connected transactions, and material related party transactions.

# Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

## GOLD AWARD

### Transport International Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Edmond Ho Tat Man (Managing Director)  
Charles Lui Chung Yuen, *MH*  
Evan Au Yang Chi Chun

##### NON-EXECUTIVE

Raymond Kwok Ping Luen, *JP*  
Ng Siu Chan  
William Louey Lai Kuen  
Winnie Ng  
John Anthony Miller, *SBS, OBE*  
Allen Fung Yuk Lun  
Roger Lee Chak Cheong

##### INDEPENDENT NON-EXECUTIVE

Norman Leung Nai Pang, *GBS, JP* (Chairman)  
John Chan Cho Chak, *GBS, JP* (Deputy Chairman)  
Eric Li Ka Cheung, *GBS, OBE, JP*  
Gordon Siu Kwing Chue, *GBS, CBE, JP*  
Liu Pak Wai, *SBS, JP*

#### Audit Committee:

Eric Li Ka Cheung, *GBS, OBE, JP* (Chairman)  
Gordon Siu Kwing Chue, *GBS, CBE, JP*  
John Anthony Miller, *SBS, OBE*

#### Auditors:

KPMG



## Findings

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The judges considered Transport International Holdings Limited (“TIH”)’s annual report to be well organised and informative. The company’s mission, value and vision were clearly stated at the beginning of the report and photographs and charts were also used to assist readers. Highlights included:

1. Extensive CG report covering the major aspects of good governance, in which TIH affirms that it has met or exceeded most of the requirements of the CG Code. The company has established a board diversity policy, a written code of conduct and a communication policy.
2. Disclosure of board structure and functioning:
  - Large number of NEDs and INEDs, with an INED chairman
  - Clear descriptions of the roles and responsibilities of the board, board committees, chairman and managing director
  - A table on board and committee attendance provides a good explanation of the work of directors
  - Analysis of board by age and gender.
3. Clear description of risk management and internal controls. This covers the introduction of a “Quality Management System”, based on the International Organisation for Standardisation’s benchmarks, and the establishment of an active internal audit function and a whistle-blowing policy. This shows a range of initiatives to monitor the company’s internal governance.
4. The business review gives a comprehensive and thorough introduction of TIH’s transportation operations in Hong Kong and the Mainland, supplemented by operations data and other useful information, and well illustrated with photographs and charts.
5. The section on “Conversation with the Managing Director”, in Q&A format, highlights the key challenges faced by the group and its strategy for future development.
6. Comprehensive remuneration report giving details of the committee’s composition, responsibilities and work, directors’ remuneration policy and their packages on an individual and named basis.
7. Good, well-organised disclosure of continuing connected transactions and material related party transactions. Extensive descriptions of communication with stakeholders, including shareholders, the community and suppliers.
8. A separate sustainability report is another commendable feature of the company’s overall governance and stakeholder relations. This is indicative of the company’s desire to be a good corporate citizen.



# Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

## SPECIAL MENTION

### COSCO International Holdings Limited

#### Board of Directors:

##### *EXECUTIVE*

Sun Jiakang (Chairman)  
Zhang Liang (Vice Chairman)  
He Jiale  
Xu Zhengjun (Managing Director)

##### *NON-EXECUTIVE*

Wang Wei  
Wu Shuxiong

##### *INDEPENDENT NON-EXECUTIVE*

Tsui Yiu Wa Alec  
Jiang Simon X  
Alexander Reid Hamilton

#### Audit Committee:

Alexander Reid Hamilton (Chairman)  
Tsui Yiu Wa Alec  
Jiang Simon X

#### Auditors:

PricewaterhouseCoopers



## Findings

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COSCO International Holdings Limited (“COSCO”)’s annual report was considered to be well constructed and to contain the key information relevant to being able to understand the business.

Highlights included:

1. The statements of the chairman and vice chairman give a concise and clear introduction of the company to readers.
2. The report contains a straightforward CG report, containing:
  - Descriptions of the roles and responsibilities of the board, board committees, chairman and managing director
  - Adoption of a board diversity policy
  - Description of the work done by of the remuneration and nomination committees, with disclosure of directors’ individual remuneration packages.
3. Well-organised information on risk management and control. The company’s disclosures indicate a thorough and specific control framework, which connects various parts of the business functionally. Financial risk management addresses and carefully processes various kinds of risk. COSCO has also introduced a whistle-blowing policy.
4. Other useful information includes financial highlights and a five-year group financial summary. There is a good analysis of financial information and changes during the year, including sources of cash and how it has been used.
5. There is detailed information on connected and continuing connected transactions, and material related party transactions, as well as a comprehensive section on investor relations.

# 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*

Ting Lee Sen

Tian Suning

Nicholas C Allen

Nobuyuki Idei

William O Grabe

William Tudor Brown

Ma Xuezheng

#### Audit Committee:

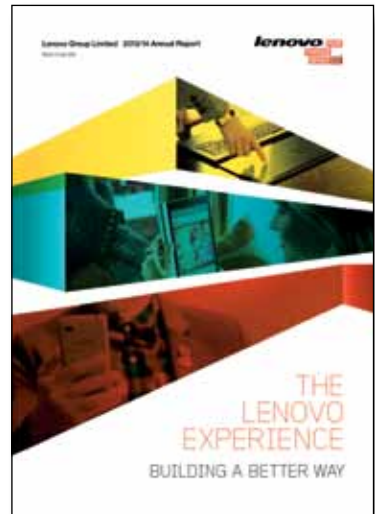
Nicholas C Allen (Chairman)

Ting Lee Sen

Ma Xuezheng

#### Auditors:

PricewaterhouseCoopers



## Findings

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The judges found Lenovo Group Limited (“Lenovo”) to have produced an all-round impressive, informative and well-presented annual report, containing good disclosure of information with ample data, using tables, charts, keywords and graphs to capture readers’ interest. Further highlights included:

1. Good CG practices:
  - Reported within two months of the year end, ahead of most of its peers
  - States clearly its compliance with the CPs and the RBPs of the CG Code, with an explanation of deviations
  - Established a confidential reporting system that allows employees to anonymously report concerns about business practices
  - Thorough MD&A that facilitates an understanding of the business.
2. Extensive board disclosure:
  - High proportion of INEDs on the board of directors (seven out of ten directors)
  - Board processes and delegation are clearly presented, with good use of diagrams and graphics
  - Good progress on implementing diversity at the board and management levels. Adoption of a board diversity policy with measurable objectives to select potential candidates, and a detailed analysis of the board membership by experience, gender, age group and board tenure
  - Robust continuous professional development programme for board members
  - Review of directors’ training needs and training records by the nomination and governance committee
  - Clear disclosure of board evaluation process, with six-monthly monitoring of follow-up action.
3. Comprehensive compensation disclosure, indicating the company’s extra efforts to meet stakeholders’ needs for transparency and accountability:
  - Clearly states directors’ emolument policy, including incentives for accountability and long-term performance, rationale for relevant policies, etc. in the compensation report
  - Directors’ and senior management’s compensation is broken down into fixed remuneration, performance bonus and long-term scheme
  - The company maintains a claw back policy for chairman/CEO and senior management, giving the board the discretion to recover all, or a portion, of an individual’s compensation under certain circumstances.
4. Implementation of an enterprise risk management framework, which is applied across all major functions of the company. The audit committee also assessed the risk universe and the high risk areas, and reviewed steps taken by management to control these risks. The committee meets with the internal and external auditors without the presence of the management to discuss matters related to the audit. It also meets quarterly with the CFO, general counsel and management of the finance and internal audit functions.
5. Lenovo is innovative and committed in its CSR and governance across different facets of its business, from product quality to people and supply chain:
  - Conducts regular mandatory training sessions on ethics and compliance for employees
  - Established an Environmental Management System to manage the environmental elements of the company’s operations
  - Drives continuous improvement in its environmental performance
  - Performed internal and external audits of its facilities and those of its suppliers
  - Drove Tier 1 suppliers to perform 21 self-audits during 2013/14
  - Formally added environmental and sustainability risk into its risk management process.
6. Sound disclosure on capital structure by major shareholders.

# H-share Companies and Other Mainland Enterprises Category

## GOLD AWARD

### China Merchants Bank Co., Ltd.

#### Board of Directors:

##### EXECUTIVE

Tian Huiyu (President and Chief Executive Officer)

Zhang Guanghua (Vice Chairman)

Li Hao

##### NON-EXECUTIVE

Fu Yuning (Chairman)

Ma Zehua

Li Yinquan

Fu Gangfeng

Sun Yueying

Fu Junyuan

Hong Xiaoyuan

Xiong Xianliang

##### INDEPENDENT NON-EXECUTIVE

Xu Shanda

Wong Kwai Lam

Pan Chengwei

Pan Yingli

Guo Xuemeng

Xiao Yuhuai

#### Audit Committee:

Guo Xuemeng (Chairman)

Xu Shanda

Pan Chengwei

Fu Gangfeng

Sun Yueying

#### Auditors:

KPMG



## Findings

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China Merchants Bank Co., Limited (“China Merchants Bank”)’s annual report was considered to be highly readable, with comprehensive and informative disclosures, accompanied by charts and tables to enhance readers’ understanding of the company’s business. Highlights included:

1. The CG report shows the company’s governance structure and indicates adherence to the CPs and RBPs of the CG Code. Describes the board’s and directors’ roles and contribution, and board committees’ compositions, roles, responsibilities and work undertaken.
2. Following a number of new elections and appointments to the board and senior management, the company formulated and implemented plans to standardise board operations and the performance of duties by directors; also to enhance the functions of the board in strategic, capital and risk management, in accordance with new CG codes issued by the Mainland banking regulator.
3. Detailed disclosures on the board, including:
  - The responsibilities and operations of the board of directors
  - The annual performance appraisal of the directors, which is undertaken by the board of supervisors and includes cross-evaluation by external supervisors
  - Directors’ participation in various training sessions on CG, policies and regulations, and business and management.
4. Compliance lectures were provided by the bank’s senior staff of branches, on how to balance business development and compliant operations, in the face of major operational risks and performance requirements.
5. Disclosure of remuneration policy for directors and senior management on a named basis, with further breakdowns, and the implementation of long-term incentives for China Merchants Bank’s senior management, through the H-share Appreciation Rights Scheme.
6. Specifies a clear division of responsibilities and separation of duties in the internal control and management structure, under which all departments should establish and execute internal control measures in their respective business lines.
7. Good analysis of share interests and changes in interests. To enhance communication with investors, a contact system for investor relations management has been set up at each business unit of the head office and its branches.
8. The company places considerable importance on CSR, with a separate report prepared in accordance with reputable international benchmarks and verified by a third party. The report focuses on customer services, value creation, green development, employee development and social harmony. Social and environmental-related performance indicators, such as social contribution value per share and the balance of green loans, are disclosed. China Merchants Bank has a green credit policy, which classifies credit customers into four categories, based on environmental-related risk. The company has also formulated a plan for targeted educational, industrial and cultural poverty alleviation work for the next three years and has appointed 57 staff members to work in poverty-stricken areas.

# H-share Companies and Other Mainland Enterprises Category

## GOLD AWARD

### China Minsheng Banking Corp., Ltd.

#### Board of Directors:

##### EXECUTIVE

Dong Wenbiao (Chairman)  
 Hong Qi (Vice Chairman and President)  
 Liang Yutang (Vice Chairman)

##### NON-EXECUTIVE

Zhang Hongwei (Vice Chairman)  
 Lu Zhiqiang (Vice Chairman)  
 Liu Yonghao (Vice Chairman)  
 Wang Yugui  
 Shi Yuzhu  
 Wang Hang  
 Wang Junhui  
 Wu Di  
 Guo Guangchang

##### INDEPENDENT NON-EXECUTIVE

Qin Rongsheng  
 Wang Lihua  
 Han Jianmin  
 Cheng Hoi-chuen  
 Ba Shusong  
 You Lantian

#### Audit Committee:

Qin Rongsheng (Chairman)  
 Shi Yuzhu  
 Wu Di  
 Han Jianmin  
 Cheng Hoi-chuen  
 You Lantian

#### Auditors:

KPMG



## Findings

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The information contained in the annual report of China Minsheng Banking Corp. Ltd. (“China Minsheng Bank”) was regarded by the judges as balanced, detailed and well-structured, with clear narration and high level of readability. Highlights included:

1. Comprehensive CG reporting:
  - Outlines compliance with the CPs and RBPs of the CG Code, as well as overseas regulatory requirements
  - Notable progress made in CG initiatives in 2013, including the creation of a manual on standardised CG procedures with an electronic operation platform, which enables the formulation of more specific and transparent CG measures.
2. Board disclosure and functioning:
  - Composition, functions and powers of the board are clearly presented
  - Segregation of duties between the chairman and president is fully disclosed, ensuring independence, accountability and responsibility
  - High proportion of INEDs and NEDs on the board and clear description of the duties of INEDs
  - Information regarding attendance of the directors at the board meetings and shareholders general meetings
  - A board diversity policy has been formulated and criteria and standards for selecting director candidates are set out
  - Since 2007, China Minsheng Bank has adopted an “on duty” policy which requires INEDs to work in the bank for one to two days per month, to enhance their understanding of the business
  - Up-to-date information on the company's performance, financial position and prospects is provided to the board on a monthly basis.
3. Very detailed MD&A containing analyses to help readers understand the progress of the company's “Second Five-Year Outline” and implementation of its new “Three-Year Plan”; the enhancement of its strategic businesses, income structure and business development; the establishment of process-based banking and a refined management system, etc.
4. There is a comprehensive discussion and analysis of various risks and the company's risk management policies, also in the MD&A. In 2013, the company refined and improved its internal control system by making significant progress on the establishment and application of the credit risk internal rating system.
5. To ensure the independence and effectiveness of the Internal Audit Department, material audit findings and internal control defects are reported to senior management and the audit committee. In 2013, 102 audits were conducted and 442 audit reports and investigation research reports were issued, covering various lines of business.
6. The related party transactions supervision committee in 2013 completed the largest collation of information on related parties since its establishment, and formulated the design of a standardised framework for the granting of credit to related party groups.
7. The company makes considerable efforts in defining and implementing different CSR initiatives, involving staff, customers, community, culture and arts initiatives. It continues to promote “green credit” appraisal mechanisms and support energy saving and low-carbon industries, including micro and small-sized, non-state owned companies, which are part of its strategic market. The company also carries out poverty alleviation work and supports public welfare sectors.



# H-share Companies and Other Mainland Enterprises Category

## SPECIAL MENTION

### COSCO Pacific Limited

#### Board of Directors:

##### EXECUTIVE

Wang Xingru (Vice Chairman and Managing Director)

Wang Haimin

Feng Jinhua

Tang Runjiang

Feng Bo

Wong Tin Yau, Kelvin, JP

Qiu Jinguang

##### NON-EXECUTIVE

Li Yunpeng (Chairman)

Wan Min

Wang Wei

##### INDEPENDENT NON-EXECUTIVE

Timothy George Freshwater

Fan Hsu Lai Tai, Rita, GBM, GBS, JP

Adrian David Li Man Kiu, JP

Ip Sing Chi

Fan Ergang

#### Audit Committee:

Adrian David Li Man Kiu, JP (Chairman)

Timothy George Freshwater

Fan Hsu Lai Tai, Rita, GBM, GBS, JP

#### Auditors:

PricewaterhouseCoopers



## Findings

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COSCO Pacific Limited (“COSCO Pacific”) was considered to have produced a comprehensive and well-structured annual report, which managed to strike a balance in presenting the pertinent information of a large, global business, in a clear and concise manner. Highlights included:

1. The company’s positive and broadly-based view of good CG. It has made substantial and continuous efforts to ensure high standards of corporate conduct by adopting various CPs, prior to the implementation of the relevant Code changes. This reflects COSCO Pacific’s commitment to voluntary improvement.
2. The company has a broad perspective of good CG which extends into “soft” areas, such as ensuring an inclusive corporate culture, employee-orientated philosophy and environmental and community awareness.
3. There is a clear segregation of duties between the chairman and managing director, which is fully disclosed, ensuring proper allocation of responsibilities and accountability.
4. The establishment of a shareholder communication policy helps shareholders understand more about the business and build market confidence. The company has won various awards for the quality of its CG and investor relations, which is indicative of a strong commitment to CG and initiatives to uphold open communication with stakeholders.
5. The company has developed a mechanism for the disclosure of inside information and established an inside information evaluation group, to ensure clear channels of communication internally and avoid misunderstandings.

## Public Sector/Not-for-profit Category

### GOLD AWARD

## Airport Authority Hong Kong

### Board of Directors:

#### EXECUTIVE

Stanley Hui Hon-chung, *JP* (Chief Executive Officer)

#### NON-EXECUTIVE

Secretary for Financial Services and the Treasury

– The Hon K C Chan, *GBS, JP*

Secretary for Transport and Housing

– The Hon Anthony Cheung Bing-leung, *GBS, JP*

Director-General of Civil Aviation

– Norman Lo Shung-man, *JP*

#### INDEPENDENT NON-EXECUTIVE

Marvin Cheung Kin-tung, *GBS, OBE, JP* (Chairman)

The Hon Chan Kam-lam, *SBS, JP*

Edward Cheng Wai-sun, *SBS, JP*

Anita Fung Yuen-mei, *BBS*

The Hon Albert Ho Chun-yan

Raymond Ho Chung-tai, *SBS, MBE, JP*

Benjamin Hung Pi-cheng, *JP*

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

Miriam Lau Kin-yee, *GBS, JP*

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

Vincent Lo Hong-sui, *GBS, JP*

Caroline Mak Sui-king

Huen Wong, *JP*

### Audit Committee:

Benjamin Hung Pi-cheng, *JP* (Chairman)

Edward Cheng Wai-sun, *SBS, JP*

Anita Fung Yuen-mei, *BBS*

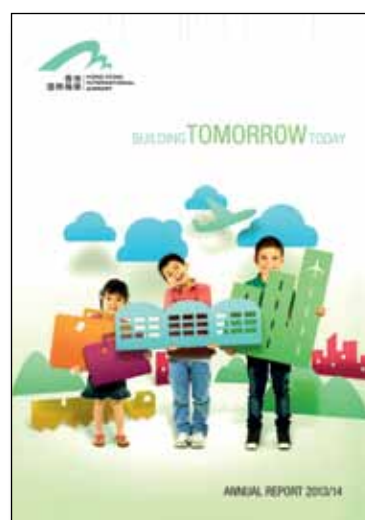
The Hon Albert Ho Chun-yan

The Hon Raymond Ho Chung-tai, *SBS, MBE, JP*

Secretary for Financial Services and the Treasury

### Auditors:

KPMG



## Findings

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The information disclosed in the Airport Authority Hong Kong (“AAHK”)’s annual report was regarded by the judges as being well-structured, concise and to the point. Its good use of illustrations and diagrams, not only made the report easy to read, but also efficiently addressed points of interest to readers. Other highlights included:

1. CG statement and practices:
  - AAHK continues to voluntarily adhere to the CG Code, disclose its compliance with, and give detailed reasons for its deviations from, the Code. This provides its public sector peers with a good model of disclosure.
  - Well-written and clear CG report, with good use of understandable diagrams to illustrate the CG structure and internal control framework
  - The organisation’s emphasis on promoting an ethical culture sets an example in a sector where ethical conduct is very important and stakeholders demand high standards
  - AAHK has introduced a whistle-blowing policy, which is a good practice that encourages staff to behave responsibly and ethically.
2. Board structure and functioning:
  - Large board with a high ratio of INEDs and an INED chairman
  - The composition of the board suggests an awareness of the value of diversity
  - Brief description of induction and ongoing training for directors
  - Disclosure of board and committee attendance.
3. Disclosure of EDs and INEDs’ remuneration packages on an individual and named basis.
4. Clear, comprehensive and a detailed business review, covering passenger services; cargo and aviation services; airfield and systems and Mainland projects, with good integration of text photographs and tables. There is a comparison with other airports to show AAHK’s performance levels, and a forward-looking section on the third runway.
5. Useful section on internal control, covering internal audit and reviews. There is separate, extensive risk management report, detailing AAHK’s operation risks and how they are mitigated, and its risk management framework. The participation of all levels in the organisation shows its emphasis and continuous endeavour in risk management and internal monitoring mechanisms.
6. AAHK issues a separate CSR report, which is benchmarked to GRI G3.1 and which, in future, is to be independently verified to enhance its credibility.

# Public Sector/Not-for-profit Category

## GOLD AWARD

### Securities and Futures Commission

#### The Board:

##### EXECUTIVE

Ashley Alder (Chief Executive Officer)  
 Brian Ho  
 Alexa Lam, JP (Deputy Chief Executive Officer)  
 Keith Lui  
 James Shipton  
 Mark Steward

##### NON-EXECUTIVE

Carlson Tong, JP (Chairman)  
 Leonard Cheng, JP  
 Anderson Chow  
 Teresa Ko, JP  
 Lawrence Lee, JP  
 Mary Ma  
 Wong Kai Man, BBS, JP  
 Kelvin Wong, JP

#### Audit Committee:

Wong Kai Man, BBS, JP (Chairman)  
 Anderson Chow  
 Teresa Ko, JP  
 Lawrence Lee, JP

#### Auditors:

KPMG



## Findings

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The judges found the Securities and Futures Commission (“SFC”) to have produced good, well-presented and focused information in its annual report, covering all key aspects of regulation.

Highlights included:

1. CG reporting and practices:
  - As a statutory financial services regulator, the SFC is not subject to the market discipline of a listed company, but must maintain a very high standard of CG, based on transparency, accountability and communication. The CG report indicates how the SFC achieves this through a well-defined governance framework; high standards of conduct; accountability and transparency; engagement with stakeholders and independent checks and balances
  - The judges commended the chairman’s message, which emphasises the importance of tone at the top to drive key values of ethics and business integrity
  - Clear description of the different roles of the chairman and CEO
  - The organisational structure and responsibilities of different committees under the board are clearly explained
  - SFC conducted a self-assessment exercise to improve the effectiveness of the board.
2. Board structure and functioning:
  - Brief descriptions of the board’s, board committees’, chairman’s, CEO’s and NEDs’ roles and responsibilities
  - The composition of the board suggests awareness of the importance of diversity, including gender diversity
  - Disclosure of board and committee attendance.
3. Insightful corporate outlook, highlighting how SFC delivered on its statutory objectives and emphasised upholding a quality market, ensuring fair play and enhancing investor protection, which addresses matters of interest to readers.
4. Concise operation review, explaining various aspects of the work undertaken by SFC across the full spectrum of its regulatory functions.
5. The SFC’s CSR governance and practice in the areas of marketplace, community, environment and workplace, echo its commitment to act as a responsible corporate citizen and an equal opportunities employer.
6. The value that the SFC places on knowledge sharing is indicated by the alumni section in the annual report, in which former SFC staff share their experience of their work and career development.

# Public Sector/Not-for-profit Category

## SPECIAL MENTION

### Hong Kong Productivity Council

#### Council Membership:

Clement Chen Cheng-jen, *SBS, JP* (Chairman)  
Victor Ng Chi-keung, *MH* (Deputy Chairman)

#### MANAGEMENT / PROFESSIONAL / ACADEMIC REPRESENTATIVES:

Albert Au Siu-cheung  
Daniel Cheng Man-chung, *MH, JP*  
Jimmy Kwok Chun-wah, *BBS, MH, JP*  
Delman Lee  
Leung Kwong-chuen  
Leung Yam-shing  
Andrew Mak Yip-shing, *JP*  
Helen Meng Mei-ling  
David Ng Tai-chiu  
Dennis Ng Wang-pun, *BBS, MH*  
Katherine Ngan Ng Yu-ying, *JP*  
Elizabeth Shing Shiu-ching, *BBS, JP*  
Jack Yeung Chung-kit

#### LABOUR REPRESENTATIVES:

Lam Kam-yi  
Sin Kai-ming, *MH*  
Marilyn Tang Yin-lee

#### PUBLIC OFFICERS:

Permanent Secretary for Commerce and Economic Development  
(Communications and Technology)  
– Susie Ho Shuk-ye, *JP*  
Commissioner for Innovation and Technology  
– Janet Wong Wing-chen, *JP*  
Director-General of Trade and Industry  
– Kenneth Mak Ching-yu, *JP*  
Government Economist  
– Helen Chan, *JP*  
Deputy Commissioner for Labour  
– Byron Ng, *JP*

#### Audit Committee:

Albert Au Siu-cheung (Chairman)  
Jimmy Kwok Chun-wah, *BBS, MH, JP*  
Andrew Mak Yip-shing, *JP*  
David Ng Tai-chiu  
Elizabeth Shing Shiu-ching, *BBS, JP*  
Janet Wong Wing-chen, *JP*  
Agnes Mak Tang Pik-ye, *MH, JP*

#### Auditors:

KPMG



## Findings

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The judges noted that the Hong Kong Productivity Council (“HKPC”) successfully used “small” as the theme of its annual report, which was well presented on the cover and in the design, as well as in the message from the chairman and the executive director’s review. Other highlights included:

1. A clear CG structure, with a large council. Descriptions of the council’s and committees’ roles.
2. Adopted a two-tier reporting system for declarations of interest by council members, on first appointment and, thereafter, annually.
3. The composition of the council suggests awareness of the importance of diversity, including gender diversity.
4. Launched a whistle-blowing policy during the year to provide the wider public with reporting channels and guidance on whistle-blowing.
5. The judges commended the disclosure of the remuneration of senior management on an individual and named basis, which is rarely seen in the public sector and not common generally.
6. HKPC also promotes transparency by uploading certain minutes of council and committee meetings onto its website, which, again, is not a common practice amongst public sector organisations.
7. Brief description of internal controls, risk management, internal audit and financial risk management.
8. On the operations side, the year in review by the executive director provides a clear overview of HKPC’s work.
9. HKPC has produced a separate sustainability report, cross-referenced to *Disclosure of Management Approach* and GRI guidelines, which is externally assured. This was also seen as a very positive development, welcomed by the judges.



# Sustainability and Social Responsibility Reporting Award

## WINNER - Hang Seng Index Category


### CLP Holdings Limited

#### Findings

The judges commended CLP Holdings Limited (“CLP”)’s CSR report, including its outstanding design and presentation, with many attractive graphics and diagrams. The report was seen as setting a very good example for other companies. Other highlights included:

1. CLP’s CSR strategy supports its business vision, i.e., its 2020 vision. The company has also publicly announced its “Climate Vision 2050” and published its past and current performance against this target. This demonstrates a strong commitment to mitigate climate change-related risks from a business sustainability perspective.
2. The company sets out its value framework, laying out its vision, mission, values, commitments and policies. The company’s sustainability and social responsibility goals have been integrated into its overall corporate strategy - to provide reliable and affordable energy to customers in a way that minimises the negative impacts on the environment and local communities, complies with local government policies and regulations and allows for a reasonable return to shareholders.
3. A separate board-level sustainability committee is in place and both the chairman and the CEO are involved in the CSR report. This is indicative of the support from the top, which is an essential ingredient.
4. The report complies with GRI G3.1 at the A+ level and, in various respects, goes beyond HKSE’s ESG Reporting Guide. CLP’s Sustainability Framework is constructed around those areas, objectives and goals that are closely related to its business. Each business unit sets measurable objectives against the 15 Sustainability Framework goals, which are grouped under the main pillars, including energy supply, business performance, environment, and people. The company also explains to stakeholders its performance against HKSE’s ESG guide, the differences and the reasons for these. The five-year summary of statistics on CLP’s environmental and social performance includes cross-references to the KPIs of the ESG guide. Third party verifications have been performed at different data levels.
5. The report offers a balanced view with the disclosure of some negative performance and non-compliance with local regulations.



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6. CLP communicates openly with stakeholders and actively collects their feedback to facilitate future improvements. A shorter version of the CSR report, i.e., 2013 in Essence, facilitates the communication of sustainability with stakeholders in more efficient way.
  7. The “What’s New” section indicates CLP’s consistent improvement in CSR and helps readers understand its continuous efforts in this area.
  8. The report links to a series of innovative and interesting video interviews with senior management discussing relevant sustainability issues.
  9. Use of a case study approach and Q&A style to tackle some crucial issues enhances the clarity and attractiveness of the presentation.

# Sustainability and Social Responsibility Reporting Award

**WINNER - Non-Hang Seng Index  
(Large Market Capitalisation) Category**

## VTech Holdings Limited

### Board of Directors:

#### EXECUTIVE

Allan Wong Chi Yun, *GBS, MBE, JP*  
(Chairman and Group Chief Executive Officer)  
Pang King Fai (President)  
Andy Leung Hon Kwong

#### INDEPENDENT NON-EXECUTIVE

William Fung Kwok Lun, *SBS, OBE, JP*  
Michael Tien Puk Sun, *BBS, JP*  
Patrick Wang Shui Chung, *JP*  
Wong Kai Man, *BBS, JP*

### Audit Committee:

Wong Kai Man, *BBS, JP* (Chairman)  
William Fung Kwok Lun, *SBS, OBE, JP*  
Michael Tien Puk Sun, *BBS, JP*

### Auditors:

KPMG



## Findings

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The sustainability report of VTech Holdings limited (“VTech”) was considered by the judges to be well-organised and to clearly present its targets and the approaches to achieving those targets. Indexes linked the disclosure requirements in GRI to the relevant notes in the report. Highlights included:

1. The presentation does not simply follow the HKSE ESG guide, but is laid out in such a way that the various components affecting business performance are integrated in the report, which shows how the different components affect one another.
2. While VTech’s CSR reporting is still developing, the company has linked its actions to a risk matrix and can clearly articulate its ESG priorities in a strategic fashion. There is a very clear articulation of strategies in the five key areas of product responsibility and innovation; environmental protection; workplace quality; sustainable working practices; and community investment.
3. The commitment to sustainable development from the top is evident in the “Chairman’s Message”. A risk management and sustainability committee has been set up, which provides vision and strategic direction for the company’s sustainability activities and decides on sustainable investment. Five sub-committees have been set up to, inter alia, monitor performance against targets.
4. A very clear outline of the materiality aspects of the company’s sustainability framework, as identified in a stakeholder engagement exercise, is provided. This relates the economic, environmental, social-labour practices and decent work conditions, and product responsibility areas, to more specific material sustainability aspects.
5. There is a detailed outline of communication channels and frequency of communication with each category of stakeholders.
6. Complete description in the sections on VTech’s five main sustainability activities of how the company contributes to the improvement of economic, environmental and social conditions in Hong Kong and on the Mainland.
7. Clearly defined report boundary, covering the data and activities of the company and its three manufacturing facilities, in and outside Hong Kong.
8. The report is produced in accordance with the GRI G4 Sustainability Reporting Guidelines.

# Sustainability and Social Responsibility Reporting Award

**SPECIAL MENTION – Hang Seng Index/ H-share Companies and Other Mainland Enterprises Category**

## China Shenhua Energy Company Limited

### Board of Directors:

#### EXECUTIVE

Zhang Yuzhuo (Chairman)  
Ling Wen (Vice Chairma)  
Han Jianguo (President)  
Wang Xiaolin

#### NON-EXECUTIVE

Kong Dong  
Chen Hongsheng

#### INDEPENDENT NON-EXECUTIVE

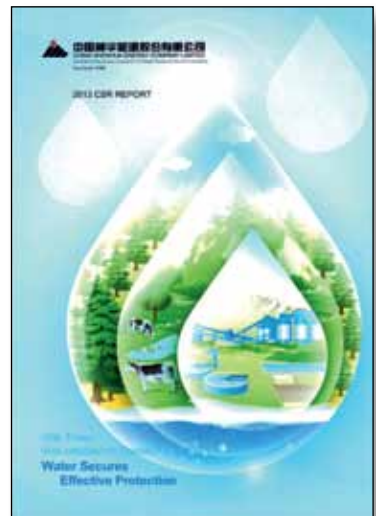
Fan Hsu Lai Tai  
Gong Huazhang  
Guo Peizhang

### Audit Committee:

Gong Huazhang (Chairman)  
Chen Hongsheng  
Guo Peizhang

### Auditors:

Deloitte Touche Tohmatsu



## Findings

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The judges observed that China Shenhua Energy Company Limited (“Shenhua”)’s CSR report provided detailed and substantial initiatives on CSR and linked them to strategy and business performance, to help drive a sustainable business. Highlights included:

1. The information is presented in a plain and understandable manner, and illustrated with a good use of charts, spreadsheets, tables and pictures.
2. Useful and clear introductory information upfront, so that readers can get a good grasp of the nature and state of business of the company, and the scope and other bases of the report. The scope of the report is quite extensive.
3. Important aspects of CSR for Shenhua’s industry, such as production safety, environment protection, employee development, care for the community and CSR management have been covered in the report.
4. Good integration of CSR into corporate and business strategies in the context of a five model enterprise. The alignment between CSR report/ achievements and the corporate strategy and action plans is articulated.
5. The CSR philosophy and practices are summarised in the “Board of Directors’ Statement”, signed by the vice chairman, which indicates top-level support.
6. The basis of reporting is the GRI G3.1 Sustainability Reporting Guidelines. The report is also benchmarked to HKSE’s ESG Reporting Guide and has included most of the KPIs from the guide, which exceeds many of its peers. It is independently assured by Deloitte, with a clear basis and scope. Appendix I of the report includes a comprehensive list of performance indicators.
7. The company engaged stakeholders and anticipated and addressed their concerns as part of its CSR.
8. There is partial disclosure of prior year data for comparability of performance indicators. The KPIs consist of a good balance of quantitative and qualitative information, supported by independent assurance and timely reporting.

# Sustainability and Social Responsibility Reporting Award

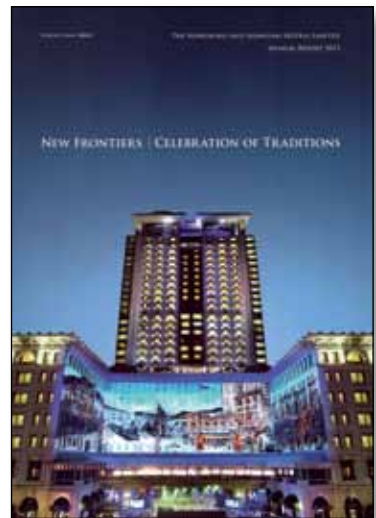
## SPECIAL MENTION - Non-Hang Seng Index (Large Market Capitalisation) Category

### The Hongkong and Shanghai Hotels, Limited

#### Findings

The judges found The Hongkong and Shanghai Hotels, Limited (“HSH”)’s sustainability report to be well-presented, conveying information in an easily-understandable format and providing useful statistics and data sheets, which showed KPIs, together with comparatives. Highlights included:

1. The report is informative, readable and useful for investors. It not only conveys current progress and challenges in HSH’s sustainability management, but also sets out the company’s 2020 sustainability ambitions. This is seen as a good initiative. It innovatively broadens the sustainability management system to contain a longer-term vision that will lead to better integration of the company’s sustainability strategy and business planning.
2. The Sustainable Luxury Vision 2020 was rolled out in 2013, with seven pillars of focus, laying out clearly 2013 progress, 2014 commitments and 2020 ambitions, under each dimension. This reflects the company’s focus on continuing to improve the measurement and reporting of its performance in this area.
3. Useful statistics and data sheets showing KPIs together with three- to five-year comparatives are also provided. Certain more negative aspects of performance have been covered, which suggests a balanced coverage.
4. The CEO is responsible for HSH’s overall CSR and a corporate responsibility committee comprises “champions” of the seven pillars of focus. The director of corporate responsibility and sustainability supports the CEO, formulates CSR policy, manages stakeholder relationships on CSR issues and supports the champions. This shows high-level support, and a clear commitment and division of responsibilities, in respect of CSR issues.
5. To ensure that the company’s sustainability vision is shared, HSH has initiated the development of a two-year, three-phased stakeholder engagement plan, defining a rigorous engagement process with internal and external stakeholders, to achieve alignment in its 2020 sustainability ambitions.
6. The report covers all key stakeholder groups, including customers, employees, suppliers, and the community, with particular reference to the support of vulnerable groups.
7. In terms of “completeness” of operations, the report covers 94% of HSH’s business portfolio.
8. The report follows the GRI G4 disclosure framework, which facilitates stakeholders in understanding and benchmarking the company’s CSR performance. It has third party assurance by KPMG and verification of data reliability and disclosure quality.



# Judges and Reviewers

The Institute would like to express its appreciation to the judges and reviewers for their invaluable contributions in reviewing, analysing and judging the entries in the 2014 BCGDA.

## Judging Panel

Chairman:	Clement Chan, president, HKICPA
Members:	April Chan, The Hong Kong Institute of Chartered Secretaries Chris WH Chan, Ivey Business School Edith Chan, Hong Kong Securities and Investment Institute Eva Chan, Hong Kong Investor Relations Association Cheng Yan Chee, Mandatory Provident Fund Schemes Authority K O Chia, Hong Kong Venture Capital and Private Equity Association Mark Dickens, Financial Reporting Council Gordon Jones Karen Kemp, Hong Kong Monetary Authority Henry Lai, The Hong Kong Institute of Directors Haitian Lu, The Hong Kong Polytechnic University Steve Ong, Hong Kong Exchanges and Clearing Ltd. Gordon Tsui, Hong Kong Securities Association Kim Man Wong, council member and chairman of Professional Accountants in Business Leadership Panel, HKICPA
Secretary:	Peter Tisman, director, advocacy and practice development, HKICPA
Assistant Secretary:	Wallace Wong, manager, advocacy and practice development, HKICPA

## Review Panel

Chairman:	Derek Broadley, Deloitte Touche Tohmatsu
Members:	<b>Quality Review</b> Stephen Chan, PAIB Leadership Panel member Raymond Cheng, HLB Hodgson Impey Cheng Ltd. Stella Choy, KLC Kennic Lui & Co. Gayle Donohue, PricewaterhouseCoopers Sammy Fung, The University of Hong Kong Fanny Hsiang, BDO Ltd. Kevin Lam, The Chinese University of Hong Kong Ernest Lee, Ernst & Young Stephen Lee, Sageline Ltd. Daniel Lin, Grant Thornton Hong Kong Ltd. Charles Lo, Charles Lo & Co. Horace Ma, PAIB Leadership Panel member Patrick Rozario, BDO Ltd. Loren Tang, KPMG Thomas Wong, Nexia Charles Mar Fan Ltd. James Ye, Mazars CPA Ltd. <b>Compliance Review</b> Joel Chan, ZHONGHUI ANDA CPA Limited Mimosa Chan, Ernst & Young Brian Chu, HLB Hodgson Impey Cheng Ltd. Roy Lo, SHINEWING (HK) CPA Ltd. Johnny Yuen, Wong Brothers & Co., CPA
Secretary:	Peter Tisman, director, advocacy and practice development, HKICPA
Assistant Secretary:	Wallace Wong, manager, advocacy and practice development, HKICPA



# Supporting Organisations

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

BDO Ltd.	Companies Registry
Charles Lo & Co.	Financial Reporting Council
Deloitte Touche Tohmatsu	Financial Services and the Treasury Bureau
Ernst & Young	Hong Kong Exchanges and Clearing Limited
Grant Thornton Hong Kong Ltd.	Hong Kong Investment Funds Association
HLB Hodgson Impey Cheng Ltd.	Hong Kong Investor Relations Association
KLC Kennic Lui & Co.	Hong Kong Monetary Authority
KPMG	Hong Kong Securities Association
Mazars CPA Ltd.	Hong Kong Securities and Investment Institute
Nexia Charles Mar Fan Ltd.	Hong Kong Venture Capital and Private Equity Association
PricewaterhouseCoopers	Mandatory Provident Fund Schemes Authority
SHINEWING (HK) CPA Ltd.	Securities and Futures Commission
Wong Brothers & Co., CPA	The Hong Kong Institute of Chartered Secretaries
ZHONGHUI ANDA CPA Ltd.	The Hong Kong Institute of Directors

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Derek Broadley  
Stephen Chan  
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Wendy Yung

Peter Tisman, secretary, HKICPA (until 1 July 2014)  
Mary Lam, secretary, HKICPA (after 1 July 2014)

# Appendix

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