



HERA

2023

# JUDGES' REPORT



HONG KONG

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

REPORTING AWARDS



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## MESSAGE FROM TONY WONG

Since its introduction six years ago, HERA has garnered overwhelming support from the local business community in Hong Kong. This year, we have achieved several milestones. While we continue to receive submissions from Mainland China and Macau, we are delighted to have received award submissions from Russia, Singapore, and the Philippines for the first time. This recognition solidifies HERA as one of the most recognised ESG reporting awards in the region. We are also proud to announce that this is the second year of our collaboration with GRESB, the Netherlands-based ESG rating platform for the real estate industry.

In October 2023, HERA received a special nomination from the United Nations Conference on Trade and Development (UNCTAD) at the World Investment Forum held in Abu Dhabi. This recognition highlights our work in promoting best practices in sustainability reporting and corporate transparency.

We owe these achievements to the contributions of our stakeholders. This year, we are excited to collaborate with Shell, our Aviation Decarbonisation Partner. Shell's Sustainable Aviation Fuel (SAF) is an industry-compliant fuel derived from feedstocks, reducing emissions in the aviation industry and representing a significant step forward. Additionally, Nasdaq will display the logos of all our grand award winners on their tower at Times Square in New York, providing tremendous visibility for these deserving companies.

With the Hong Kong Stock Exchange releasing a consultation paper on climate-related disclosures in April of this year, the disclosure requirements for companies are set to rise. This includes reporting on Scope 3 carbon emissions and the impact of climate change on companies' financial performance.

Despite the increasingly stringent disclosure requirements, more companies have started reaping the benefits of improved ESG disclosures, such as broadening financing channels, enhancing competitive advantages, and strengthening brand loyalty. This success is attributed to their willingness to invest more resources in ESG, implementing various projects to improve ESG performance and increasing transparency. This aligns precisely with our original intention of holding HERA to promote mutual improvement among companies in ESG disclosures.

The global ESG market is in a constant state of evolution, with ongoing advancements in disclosure standards, audit standards, and industry professional qualifications. In June of this year, the International Sustainability Standards Board (ISSB) introduced two important disclosure standards: the general disclosure requirement, referred to as S1, and the climate-related disclosure requirement, known as S2. HERA maintains a steadfast commitment to collaborating with industry stakeholders, ensuring that we remain well-informed about the latest developments in the field. By working closely with like-minded organisations, we aim to secure Hong Kong's position as the leading ESG hub in the future.

***"As Hong Kong positions itself as a regional green finance hub, it is crucial for our level of ESG disclosure to remain ahead of the rest of the region. HERA serves as a platform where companies with excellent ESG disclosure can showcase their efforts and, more importantly, learn from each other to contribute to this goal."***

### ISAR HONOURS 2023

Intergovernmental Working Group of Experts on  
International Standards of Accounting  
and Reporting



# INTRODUCTION

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The Hong Kong ESG Reporting Awards (HERA) proudly enters its sixth year in 2023, standing as a testament to the convergence of sustainability, recognition, and innovation. In a world where commitment to sustainability has taken center stage, it is noteworthy that over 130 countries have pledged to achieve net-zero emissions before 2050. This global commitment underscores the pressing need to address environmental challenges, aligning seamlessly with HERA's core principles.

As one of the most esteemed ESG reporting awards in Hong Kong, HERA extends its invitation to all companies across Asia showcasing exceptional practices in ESG reporting. This year, we are thrilled to announce that HERA has seen an unprecedented participation from over 40 companies, not just from Hong Kong but also from Macau, Greater China, and various other regions across the world. Their collective commitment to sustainability and responsible business practices adds a dynamic and global dimension to our development, amplifying the impacts of ESG principles across borders.

In 2023, we also celebrated the second year of our partnership with GRESB (Global ESG Benchmark for Real Assets). This collaboration allows us to maintain our "Excellence in Real Estate" category, reaffirming our commitment to recognising and celebrating sustainability achievements within the real estate sector — a domain of profound significance in the realm of environmental and social responsibility.

As we continue to push the boundaries of excellence in ESG reporting, HERA's resounding success has fostered a network of dedicated professionals united by a common mission — to accelerate the sustainability agenda across Hong Kong, Greater China, and Asia. Together, we endeavour to shape a brighter and more sustainable future for all.



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# ESG TRENDS

Trends	Brief Description
 <p>Harmonisation of ESG Standards</p>	<p>On June 26th, 2023, the International Sustainability Standards Board (ISSB) released its inaugural sustainability-related standards, IFRS S1 and IFRS S2. These standards are founded on existing reporting frameworks, including TCFD, CDSB, IIRC, and SASB, and aim to establish a universal benchmark for companies to disclose climate-related financial data in a more robust, consistent, and comparable manner.</p> <p>The primary distinction between IFRS S1 and IFRS S2 lies in their scope: IFRS S1 is a general standard encompassing all sustainability-related disclosures, while IFRS S2 is specific to climate-related disclosures. IFRS S1 requires companies to divulge information about sustainability-related risks and opportunities pertaining to governance, strategy, risk management, and metrics and targets—collectively referred to as the 'core content' in IFRS S1. IFRS S2, on the other hand, requires the disclosure of climate-related risks and opportunities, encompassing the impact of climate change on businesses, their management of these factors, greenhouse gas emissions, and targets. Notably, IFRS S2 aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), widely adopted by companies and investors globally.</p> <p>The release of IFRS S1 and S2 marks the inception of a new era for sustainability disclosures in global financial markets. By promoting consistency and comparability in sustainability reporting, these standards simplify and harmonise the sustainability disclosure landscape, benefiting both companies and investors.</p>
 <p>Development of Diverse ESG Tools</p>	<p>The surge in ESG-specific software as a service (SaaS) tool development has been a transformative trend in recent years, offering companies an array of solutions to assess, monitor, and improve their ESG performance. These tools empower organisations to navigate the evolving landscape of sustainability and to easily track and manage their ESG performance.</p> <p>As HKEX plans for the new Listing Rules to include the requirement to disclose Scope 3 greenhouse gas emissions, IBM Envizi, a leading ESG software suite, has taken significant strides to facilitate this process. It has incorporated natural language processing (NLP) into its system, alleviating the reporting burden on companies for their Scope 3 emissions.</p> <p>By leveraging such cutting-edge ESG tools, companies can not only enhance their sustainability efforts but also navigate the evolving regulatory landscape, gain a competitive edge, and meet the growing demands of investors and stakeholders for transparent and responsible business practices.</p>

# ESG TRENDS

Trends	Brief Description
 <p>Release of TNFD</p>	<p>On September 19th 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) issued its final recommendations for the management and disclosure of nature-related risks. This significant development in ESG reporting is geared towards enhancing decision-making processes for companies and investors in relation to nature and biodiversity considerations.</p> <p>The TNFD framework encompasses 14 recommended disclosures, structured within the same contextual pillars as the TCFD (Governance, Strategy, Risk Management, and Metrics and Targets). While there is currently no mandatory requirement for listed companies in Hong Kong to disclose nature-related information, it is anticipated that a growing number of entities will voluntarily adopt such practices due to heightened investor and stakeholder expectations.</p> <p>In light of this, companies can proactively prepare for the TNFD through developing a thorough understanding of the framework and identifying the nature-related risks and opportunities inherent in their operations. This preparation may extend to assessing their existing risk management and disclosure practices, identifying any deficiencies, and devising strategies to rectify them. Concurrently, companies should commence the collection and analysis of nature-related data and engage with key stakeholders, including investors, to comprehend their expectations with regards to nature-related disclosures.</p> <p>Ultimately, the TNFD envisions that this new framework will stimulate a redirection of financial resources towards endeavours that yield positive outcomes for nature and the environment.</p>
 <p>Financial Effects of Climate Change</p>	<p>Climate change has multifaced impacts on the financial sector, involving both physical and transitional risks. Physical risks materialise from the direct consequences of climate change events, including extreme weather events, rising sea levels, and changes in precipitation patterns, posing threats to property, infrastructure, and supply chains. On the other hand, transitional risks emerge from the ongoing transition towards a low-carbon economy, affecting industries reliant on fossil fuels and necessitating substantial investments in renewable energy and energy-efficient technologies.</p> <p>Sustainable finance plays a pivotal role in driving positive environmental outcomes while mitigating financial risks associated with climate change. The financial sector has the potential to mobilise resources for investments in climate resilience and adaptation. Sustainable finance mechanisms, such as green bonds and climate-related investment portfolios, provide avenues for channeling funds into projects that contribute to climate mitigation and adaptation efforts. By incorporating climate considerations into investment decisions, financial institutions can align their portfolios with sustainable practices and contribute to the transition to a low-carbon economy.</p> <p>The financial effect of climate change is two-fold: a source of risk and an avenue for innovation. On one hand, businesses face increasing financial risks due to the physical impacts of climate change, regulatory shifts, and evolving consumer preferences. On the other hand, embracing sustainable practices and investing in climate-resilient initiatives present opportunities for long-term financial sustainability and growth.</p>

# JUDGING CRITERIA



## Strategy

Forward-looking ESG/sustainability strategy integrated with business strategy.



## Sustainability Standards and Initiatives

Bonus points for reports that seek third party assurance, consider UN SDGs, or adopt TCFD framework or other international sustainability standards and initiatives.



## Governance

Strong involvement and commitment from the board of directors in leading the organisation to manage sustainability risks and opportunities while achieving sustainability goals.



## Disclosure of Management Approach

Relevant management approach, initiatives, results achieved, and performance evaluation, presented in a balanced and coherent manner, going beyond the minimum disclosure level.



## Performance Targeting

Set measurable and time-bound targets on important KPIs and report on plans, initiatives, and progress in achieving them.



## Transparency

Transparent, honest account of the organisation's ESG performance (including risks, shortcomings, and non-compliance), with detailed solutions for improvement.



## Materiality And Stakeholder Engagement

Describe the process and address the most significant impacts and issues of concern to stakeholders.



## Communication

Concise and easy to understand, with appropriate use of graphics, links, and innovative presentation approach.



# AWARD WINNERS

## Best ESG Report

The Best ESG Report award recognises organisations that showcase the best ESG reporting practices within their respective industry segments, with outstanding performance in all criteria, including an ESG strategy that drives the company towards a sustainable business. To ensure fairness in terms of different levels of resource capacities, this award is divided into large, mid and small-cap sub-categories according to market capitalisation of the organisations.



© The logos of the Grand Award Winners are displayed at the Nasdaq Market Site in Times Square, New York

### Large-Cap



Grand Award



HENDERSON LAND  
恒基兆業地產



恒隆地產  
HANG LUNG PROPERTIES

Commendation

Lenovo

### Mid-Cap



Pacific Basin

Grand Award



晶苑國際集團有限公司  
CRYSTAL INTERNATIONAL GROUP LIMITED



嘉里建設  
KERRY PROPERTIES

ChampionREIT  
冠君產業信託

Commendation

### Small-Cap



COMBINE WILL

Grand Award



HKRI 香港興業國際  
HKR International

天津港發展控股有限公司  
Tianjin Port Development Holdings Limited

Commendation

# AWARD WINNERS

## Best Sustainability Report for Non-listed Company

To be inclusive of all organisations, this award is for non-listed companies and recognises excellent performance on all criteria, including reporting on sustainability strategy, management approach and practices.



Grand Award



香港中華基督教青年會  
Chinese YMCA of Hong Kong



CHINACHEM GROUP  
華懋集團



渠務署  
Drainage Services Department

Commendation

## Best GRI Report

The Best GRI Report award is bestowed upon organisations that adopt the Global Reporting Initiative's (GRI) Sustainability Reporting Standards, showing excellence not only in adherence to GRI reporting principles and requirements but also displaying the best practices in sustainability governance, materiality assessment, stakeholder engagement, setting targets, reporting performance on supply chain, and others.



Grand Award



建築署  
Architectural Services  
Department



Commendation



# AWARD WINNERS

## Excellence in Environmental Positive Impact

The award recognises companies that not only disclose environmental performance and risk mitigation strategies comprehensively but also bring positive impact to the environment at the operating location and the wider value chain. Winners should demonstrate outstanding future-looking strategies, actions taken and quantifiable results that help resolve pressing environmental challenges locally or globally.



恒隆地產  
HANG LUNG PROPERTIES



Grand Award



晶苑國際集團有限公司  
CRYSTAL INTERNATIONAL GROUP LIMITED

FOSUN 复星



HENDERSON LAND  
恒基兆業地產

Commendation

## Excellence in Social Positive Impact

The Excellence in Social Positive Impact is awarded to companies that go beyond social compliance, making efforts to nudge their business operations toward creating value for members of the society, including employees, suppliers, customers and the local community, demonstrating positive impact towards achieving social-related SDGs. Winning companies should show how such opportunities were identified and how the initiatives bring quantifiable impact to the society and progress towards an inclusive, healthy and coherent society.



晶苑國際集團有限公司  
CRYSTAL INTERNATIONAL GROUP LIMITED

Grand Award



紫金矿业集团股份有限公司  
ZIJIN MINING GROUP CO.,LTD.



HENDERSON LAND  
恒基兆業地產

Commendation

# AWARD WINNERS

## Excellence in ESG Governance

Understanding the importance of the role governance plays, Excellence in ESG Governance is awarded to companies that have strong involvement and commitment from the leadership especially the Board of Directors in managing ESG matters, including management of ESG risks and opportunities, setting and reviewing of goals, and evaluating the company's ESG performance.



Grand Award



ChampionREIT  
冠君產業信託

Commendation

## Newcomer Award

Only first-time applicants are eligible. Winning companies should demonstrate outstanding performance in all core criteria.



Grand Award



Commendation



# AWARD WINNERS

## Carbon Neutral Award

To contribute towards the global roadmap to net zero, the Carbon Neutral Award is awarded to organisations that demonstrate a notable commitment towards achieving net-zero carbon emissions. Key actions to showcase dedication include a publicly available statement committing to or declaring carbon neutrality, carbon audits, and disclosing actions taken to reduce carbon emissions, target setting, and a carbon management plan.



**SINO GROUP**  
信和集團

**Grand Award**



晶苑國際集團有限公司  
CRYSTAL INTERNATIONAL GROUP LIMITED



**BEA 東亞銀行**



**恒隆地產**  
HANG LUNG PROPERTIES

**Commendation**

## Outstanding ESG Improvement Award

Realising that progress takes time, the Outstanding ESG Improvement Award aims to reward previous HERA participants who have made an outstanding improvement on their ESG disclosure and performance in previous years.



**HENDERSON LAND**  
恒基兆業地產

**Grand Award**



**天津港發展控股有限公司**  
Tianjin Port Development Holdings Limited

**Commendation**

# AWARD WINNERS

## Excellence in Real Estate

This category is a joint effort between GRESB (Global ESG Benchmark for Real Assets) and HERA to award listed real estate companies, REITs, private property funds, and developers. GRESB is the global ESG benchmark for financial markets, and the judging process is facilitated by the Score or Rating that companies receive upon taking the GRESB Real Estate Assessment. Winning companies need to demonstrate an impressive ESG portfolio when evaluated either against their Management and Performance or Management and Development. The award is split into two sub-categories, namely Development Benchmark and Standing Investment Benchmark.

### Development Benchmark



Grand Award



HENDERSON LAND  
恒基兆業地產



嘉里建設  
KERRY PROPERTIES

Commendation

### Standing Investment Benchmark



HENDERSON LAND  
恒基兆業地產

Grand Award



新世界發展  
New World Development



嘉里建設  
KERRY PROPERTIES

FORTUNE  
置富產業信託 REIT

Commendation

# JUDGING PANEL

Our distinguished panel of HERA judges is independent of the organiser to ensure that the judging process is conducted objectively. This year, we had representatives from academia, non-profit organisations, and industry experts. Combining their senior-level experiences, our judges had vast spreads of ESG knowledge to share with all the HERA participants., HERA is proud to announce this year's judges as below.



**Mike Wong**

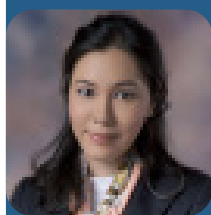
CEO, The Chamber  
of Hong Kong Listed  
Companies



**Joseph Chan**

Head of Communications  
and Engagement Section,  
Social Responsibility and  
Sustainable Development  
Office

The Chinese University of  
Hong Kong



**Lisa Marie Djeng**

CESGA, CMA, CAMS,  
CSM



**Dr. Yarime Masaru**

Associate Professor,  
Division of Public Policy,  
HKUST



**Felix Lam**

Head of Sustainability,  
Green Council

# COMMENTS FROM OUR JUDGES



## ◆ Building Scope 3 Emissions Inventories

In compliance with ISSB (International Sustainability Standards Board) standards (IFRS S1 and S2), which mandate comprehensive Scope 3 disclosures, assurance, and scenario planning, it is noteworthy that several companies have already embarked on the reporting of Scope 3 emissions, despite the inherent complexity of this endeavour. A relatively small number of companies have incorporated scenario planning, a practice that should ideally be more widely embraced.

By acknowledging the multifaceted complexities and the profound significance associated with Scope 3 emissions, companies can strategically position themselves in alignment with evolving regulations and stakeholder expectations. In doing so, they not only fulfill their corporate responsibilities but also make substantive contributions to the global effort to combat climate change.

## ◆ Enhancing ESG Reporting with SaaS Tools

The integration of ESG Management SaaS tools into ESG reporting demonstrates companies' dedication to understand their emissions across the value chain. A noteworthy application is observed in the context of reporting Scope 3 emissions, which are intrinsically linked to a company's value chain and present paramount significance in sustainability endeavors.

The incorporation of these cutting-edge technologies into ESG reporting reflects a pivotal stride towards achieving more accurate, comprehensive, and data-driven sustainability assessments. By embracing these advancements, organisations can not only streamline their reporting mechanisms but also enhance the integrity and transparency of their sustainability initiatives, ultimately playing their role in contributing to the global sustainability journey.

## ◆ Carbon Offsets and Sustainability Strategies

Judges have observed a trend wherein certain companies are exclusively relying on the acquisition of carbon credits or offsets as their primary strategy for mitigating carbon emissions. However, it is imperative to recognise that this approach is inadequate in achieving the ambitious objective of carbon neutrality.

Instead, a comprehensive and multi-pronged approach to carbon reduction is pivotal. Carbon credits may serve as a valuable component within the toolkit of emissions reduction strategies; nevertheless, they must not stand as the solitary instrument in a company's arsenal. It is essential to emphasise the necessity for a well-defined strategic roadmap that encompasses a diverse array of strategies. This approach underscores the importance of adopting a holistic perspective on emissions reduction, one that takes into account a broad spectrum of sustainable practices and initiatives.



# CONCLUSION



In the rapidly evolving landscape of ESG reporting, HERA has continued to serve as a beacon of recognition, innovation, and sustainability. As we reflect on the significant developments and trends that have shaped ESG reporting in 2023, we draw attention to several key takeaways that underscore the importance of our mission and the path forward. The release of IFRS S1 and IFRS S2 by ISSB, the development of diverse ESG management tools, the release of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, and the persistent issue of greenwashing remains a critical concern within the ESG reporting realm.

We encourage companies to adopt a comprehensive and multi-pronged approach to sustainability, emphasising the importance of a well-defined roadmap that encompasses a diverse array of strategies. Furthermore, we urge companies to embrace emerging technologies to enhance the accuracy and transparency of their sustainability initiatives.

As we move forward, we envision a future where ESG reporting not only serves as a mechanism for compliance but also as a catalyst for meaningful change. Together, we remain committed to shaping a brighter and more sustainable future for all, where companies, investors, and stakeholders collaborate to drive positive outcomes for nature, society, and governance. Thank you for your participation in HERA 2023, we look forward to continued progress and innovation in ESG reporting in the years to come.

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Hong Kong General Chamber of Commerce  
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香港獨立非執行董事協會  
The Hong Kong Independent  
Non-Executive Director Association



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香港投資者關係協會  
Hong Kong Investor Relations Association



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and Investment Institute  
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THE CHAMBER OF HONG KONG LISTED COMPANIES



**GREEN COUNCIL**  
環保促進會



**DEEP TRANSLATE**  
譯谷

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## ABOUT





### Hong Kong ESG Reporting Awards Limited



The Hong Kong ESG Reporting Awards recognise companies for excellence in ESG disclosures, which helps them build trust among their stakeholders. The Awards welcome applications from companies in Hong Kong, Macau and Mainland China that are dedicated to following outstanding practices in sustainability reporting. HERA is organised by Hong Kong ESG Reporting Awards Limited, a registered non-profit organisation. For more details, please visit our official website at <https://hkesgawards.com/>



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