

report of the judges



ACCA HONG KONG AWARDS FOR SUSTAINABILITY REPORTING 2004

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Introduction

Welcome to the *ACCA Hong Kong Awards for Sustainability Reporting* report of the judges. This report summarises the strengths of all reports that won an award and offers technical recommendations to improve further the standards of reporting in Hong Kong.

ACCA has promoted transparency in reporting the impact of business activities on sustainable development for over a decade. To coincide with the commitment of The Government of Hong Kong Special Administrative Region to sustainable development and the global trend towards sustainability reporting, the *ACCA Hong Kong Awards* embrace two categories:

1. Environmental Reporting
2. Sustainability Reporting

The aim of these *Awards* is to identify and reward innovative attempts to communicate organisational performance in environmental or sustainability reporting.

All organisations have an impact on the environment and society. These impacts can be direct (from day to day operations) or indirect (via the products used and services provided). All organisations should be accountable to their stakeholders, and thus these *Awards* are open to all sectors and organisations of all sizes.

Introduction (continued)

ENDORSERS

The ACCA Hong Kong Awards Scheme is endorsed by the Environmental Protection Department and Council for Sustainable Development and other organisations:



Association for Sustainable & Responsible Investment in Asia (ASRIA)

Australian Chamber of Commerce in Hong Kong

Business Environment Council

Community Business

Deloitte Touche Tohmatsu

Hong Kong Business Coalition on the Environment

Hong Kong Council of Social Services

Hong Kong People's Council for Sustainable Development

Hong Kong Trade Development Council

The British Chamber of Commerce in Hong Kong

The Canadian Chamber of Commerce in Hong Kong

The Centre for Urban Planning & Environmental Management, HKU

The Chinese Manufacturers' Association of Hong Kong

The Conservancy Association

WWF Hong Kong



The ACCA HK AWARDS 2004 SHORTLIST

Sustainability reporting category

British - American Tobacco Co (HK) Ltd

www.bathongkong.com

Media Partners International Holdings Inc.

www.mpil.com

MTR Corporation Ltd

www.mtr.com.hk

Shell Hong Kong Ltd

www.shell.com.hk

The University of Hong Kong

www.hku.com.hk

Environmental reporting category

Cathay Pacific Airways Ltd

www.cathaypacific.com/hk

CLP Holdings Ltd

www.clpgroup.com

Hong Kong Housing Authority

www.housingauthority.gov.hk

Kowloon Motor Bus Co. (1933) Ltd.

www.kmb.com.hk

Swire Pacific Ltd

www.swirepacific.com

Swire Properties Ltd

www.swireproperties.com

THE JUDGING PROCESS

The panel of judges considered all the entries, reviewed and evaluated each entrant using the ACCA Judging Criteria.

PANEL OF JUDGES

Ms Anne Copeland Chiu

Stakeholder Council Member
Global Reporting Initiative (GRI)

Professor Peter Hills

Director
The Centre for Urban Planning & Environmental Management
The University of Hong Kong

Professor Simon Ho

Dean, School of Business
Professor, Department of Accountancy & Law
Hong Kong Baptist University

Mr Albert Lai

Chairman
The Conservancy Association

Ms Christine Loh

Chief Executive Officer
Civic Exchange

Dr Andrew Thomson

Chief Executive Officer
Business Environment Council

ACCA JUDGING CRITERIA

The judging panel assessed the entrants based on 3 key criteria: completeness, credibility and communication. Examples of these criteria indicators are:

Completeness (40%)

- Corporate context (including major products/and or services, financial performance, geographical location(s) and employment information)
- Key (direct and indirect) economic, social and environmental impacts of business
- Scope of the report (by entity)
- Reporting and accounting policies
- Rationale behind choice of any indicators used in report
- Report audience
- Related targets and objectives
- Clear rationale
- A clear and credible articulation

Credibility (35%)

- Headline environmental/sustainability development achievements in current period
- Environmental financial statements and full cost accounting
- ISO accreditation/certification
- Contingency planning and risk management
- Adoption of reporting best practice (e.g. GRI)
- Compliance/non-compliance record
- Use of stakeholder feedback
- Environmental/sustainability impact data with appropriate cross linkages
- Conventional finance related data
- Third party verification statement

Communication (25%)

- Layout and appearance
- Understandability, accessibility and appropriate length
- Frequency
- Communication and feedback mechanisms
- Availability of a summary report and/or executive summary
- Comprehensive navigation through report
- Use of internet
- Reference to website
- Appropriateness of graphs, illustrations and photos
- Integration with financial statements

Summary of winners

SUMMARY OF THE AWARDS AND COMMENDATIONS

Best Sustainability Report	MTR Corporation Ltd
Commendation for Environmental Reporting	Cathay Pacific Airways Ltd
Commendation for Environmental Reporting	CLP Holdings Ltd
Commendation for Environmental Reporting	Swire Properties Ltd

BEST SUSTAINABILITY REPORT

MTR Corporation Ltd, *MTR Corporation Sustainability Report 2003*

- Use of GRI reporting principles and approach commended
- A good overview of operational performance covering major improvements since 2002 and including a GHG inventory and a sustainability accounting initiative
- Excellent tracking and reporting of performance against previous targets
- Business risks identified and prioritized with relevant targets and performance indicators
- Innovative approach to managing priority social responsibility and environmental business risks and measuring related costs
- Disclosure of information on corporate governance, including the impact of the US Sarbanes-Oxley Act and the organisation's response to this challenge
- Cross border activities and issues included
- Inclusion of interesting and useful case studies
- An easily accessible web-version supplemented with summary pamphlets



COMMENDATION FOR ENVIRONMENTAL REPORTING

Cathay Pacific Airways Ltd, *Environmental Report 2003*

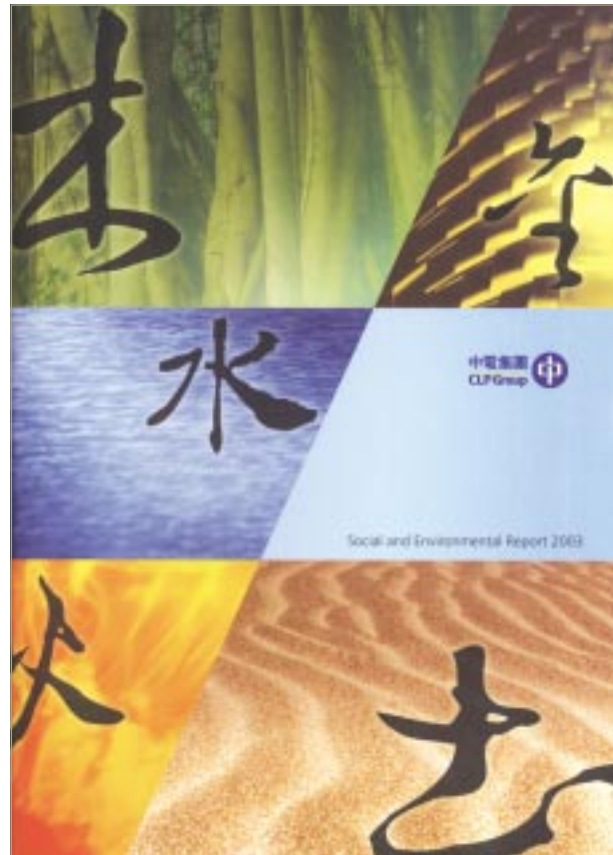
- Use of GRI reporting principles and approach commended
- Good reporting approach and presentation of the company's policy, goals and vision
- Clear presentation of its operations and related environmental issues and impact that are linked to key indicators
- Core business issues such as climate change addressed
- Clean layout providing an overall snapshot of the company's key issues and performance
- Useful key performance data



COMMENDATION FOR ENVIRONMENTAL REPORTING

CLP Holdings Ltd, *Social and Environmental Report 2003*

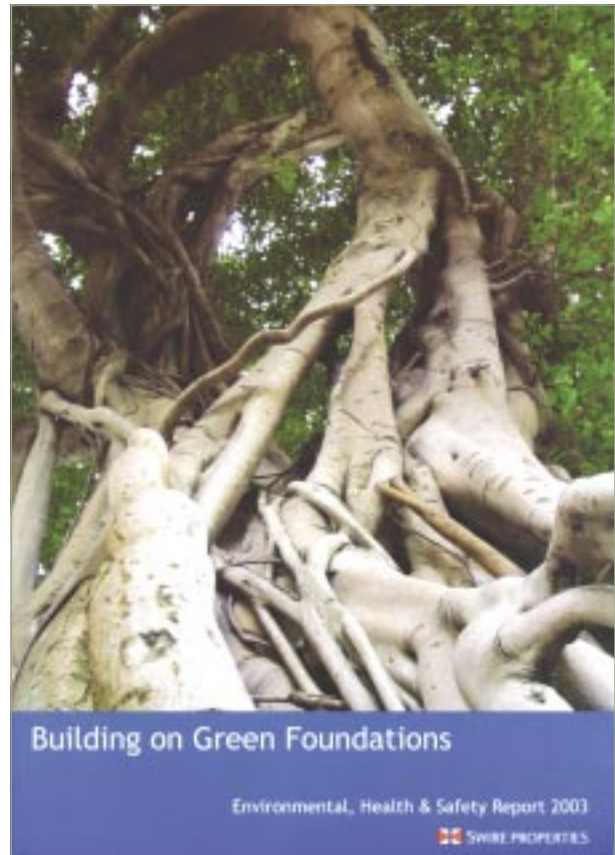
- Clearly presented reporting model and useful description of reporting approach
- Clear and useful statistics tables
- Good use of benchmarking
- Cross-border activities and issues are included
- Good approach to stakeholder engagement
- Appropriate linkage to other reports
- Appealing graphics and layouts
- Good discussion on economic, environmental and social issues



COMMENDATION FOR ENVIRONMENTAL REPORTING

Swire Properties Ltd, *Building on Green Foundations - Environmental, Health & Safety Report 2003*

- Use of GRI reporting principles and approach commended
- Inclusion of an informative guide to the report that provides a clear framework for key issues
- Useful presentation of key activities and governance structure
- Inclusion of interesting and useful case studies
- Clear layout with good graphics
- A clearly identified theme and format throughout the report that enables readers to understand the company's operations, key issues and performance



The Judges' feedback

During the panel of judges' meeting to select the 2004 winners, there was much evaluative discussion regarding the overall quality of reporting in Hong Kong. As a result, a number of technical recommendations have been put forward by the judges to help improve reporting in the future.

The following areas are perceived by the panel of judges where greater emphasis is required in sustainability and environmental reports.

Adoption of GRI Guidelines - Common structures and formats support consistency and comparability, which enhance the clarity of communication between the reporting entity and the report users, and the ease of use of the documents over an extended period of time.

Reports should be comparable over time and across organisations. It is therefore highly recommended that the systematic and structured framework in the GRI is adopted. Companies should begin by incrementally reporting against GRI principles and indicators where feasible, and gradually expand the depth and breadth of their reporting against GRI indicators, towards reporting in accordance with the *GRI Sustainability Reporting Guidelines*.

Completeness - The reporting organisation should include all their operations in the report, and the extent of all significant aspects of impact.

Company overview

A concise overview of the organisation should be disclosed, which includes its core business activities, relevant and key issues, their impacts and attributes. With such an overview, information such as data, policies and programmes can then be reported in a proper context of "sustainability".

Cross border issues

Facing challenges of globalisation, stakeholders will also expect reports from the reporting entities on all activities under their control, including those across the border. The same standard of reporting should apply to these cross-border activities although it is generally accepted that the level of data collection may differ because of practical constraints. Such constraints, if any, should also be explained in the report.

Credibility - Reporters can adopt a variety of strategies for enhancing the credibility and quality of sustainability reports, such as stakeholder consultation panels, strengthened internal data collection and information systems, and use of independent assurance processes for sustainability reports.

Engaging Stakeholders

It is highly recommended that stakeholders are involved throughout the reporting process. The reporting organisation should systematically engage its stakeholders to help focus and continually enhance the quality of its reports. The dialogue process should be described and disclosed in the report.

The dialogue process should be an interactive engagement, with independent facilitators and representative samples from the stakeholders' group in order to ensure the diverse needs of stakeholders are properly addressed.

Data Analysis

Reporting organisations should present data in absolute terms and use ratios and normalised data as complementary information so that the report users can obtain a more complete and accurate picture about how well the organisation performs.

Providing only normalised data may mask absolute figures, which is the information of primary interest to some stakeholders. Ratio data may also be useful in conjunction with absolute data for communicating performance trends or articulating performance across two or more linked dimensions of sustainability.

Benchmarking is also an effective way of comparing performance between one organisation and another. Such a comparison within reports should be encouraged to give readers with industry benchmarks of performance.

The Judges' feedback (continued)

Independence of assurance providers

Reporting organisations are advised to consider the assurance provider's degree of independence. A statement affirming the assurance provider's independence and freedom from bias and conflicts of interest can be presented in the report.

Verification process

The assurance providers should not be involved in the design, development, or implementation of the organisation's sustainability monitoring and reporting systems and programmes nor assist in compiling the sustainability report.

Communication - Reporters should ensure information provided in the reports is understandable and accessible by all targeted audiences. Communication and feedback mechanisms should also be included to engage stakeholders.

Layout and appearance

A proper balance between substance and PR should be considered. The report should be a communication between the reporter and the stakeholders on how the organisation performs instead of a marketing document.

Navigation through reports

Information provided in the reports should be easily accessible. For instance, a statistical summary can be linked to any overall discussion of corporate performance. The GRI content index can be considered in order to enable users to quickly identify which elements have been included in the report and where to find the information.

Feedback mechanism

Surveys are generally used methodology for stakeholders' feedback. However, they are limited in scope and the process is not interactive. Focus group meetings and other interactive workshops can also be considered to obtain stakeholders' feedback.

About ACCA

ACCA is the largest and fastest-growing international accountancy body. Over 345,000 students and members in 183 countries are served by more than 75 staffed offices and other centres.



ACCA's mission is to work in the public interest to provide quality professional opportunities to people of ability and application, to promote the highest ethical and governance standards, and to be a leader in the development of the accountancy profession.

ACCA's work with business and sustainability issues is diverse and includes managing environmental and sustainability awards schemes around the globe, issuing a bi-monthly electronic newsletter, dealing with emerging issues via its Committee and working closely with organisations such as GRI.

ACCA national awards

ACCA is now involved in reporting awards in more than 20 countries throughout Europe, Africa, North America and the Asia-Pacific region, ACCA Award schemes are now established in Sri Lanka, Pakistan (in partnership with WWF), Malaysia, Singapore, Hong Kong, Australia and New Zealand, South Africa, and North America (in partnership with CERES).

Launching award schemes in a number of countries around the world has helped raise the profile of corporate disclosure issues within those countries and among their national organisations. ACCA Awards serve to encourage non-reporters to publish information on their impacts and, ultimately, help underline the business case for sustainable practices and development.

www.accaglobal.com/sustainability/awards

ACCA Awards 2005

If you disclose environmental, or full sustainability information about your organisation, we invite you to participate in ACCA Hong Kong Awards for Sustainability Reporting 2005. The schedule is as follow:

November 2005	Launch of the 2005 Awards
February 2006	Deadline for participation
March 2006	Judging panel meeting
May 2006	Awards presentation ceremony

Accounting & Sustainability e-Newsletter

This publication, issued on a quarterly basis, provides a comprehensive guide to developments in accounting and sustainable development. The e-newsletter covers issues such as:

- management accounting, accounting for externalities and environmental finance
- environmental taxation and other legislation
- sustainability, environmental and social reporting
- third-party verification
- developments in standardisation, and
- socially responsible investment

To receive e-mail notification of future issue, please register at www.accaglobal.com/sustainability or e-mail info@accaglobal.com with "ENVNL" in the subject line.

www.accaglobal.com/publications/as_index



Global Reporting Initiatives (GRI)

The Global Reporting Initiative (GRI) was established in late 1997 with the mission of developing globally applicable guidelines for reporting on the economic, environmental and social performance, initially for corporations and eventually for any business, governmental, or non-governmental organisation. The Chinese version of "GRI Sustainability Reporting Guidelines 2002", translated by ACCA, is now available at the GRI website.

www.globalreporting.org



Contact Information

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To access ACCA Awards winners, together with thousands of additional environmental, social and sustainability reports, visit www.corporateregister.com

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