

Presented by: **Patrick A. Rozario, Chairman, Review Panel of the  
Best Corporate Governance Awards 2017,  
Hong Kong Institute of CPAs**

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# **Effective Stakeholder Communication through Annual Report Disclosure**



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**Certified Public Accountants**  
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# Hong Kong Institute of CPAs Best Corporate Governance Awards

## Background

- Organized by Hong Kong Institute of CPA's BCGA Organizing Committee
- Now in the 18<sup>th</sup> year
- In 2016, the reference to “disclosure” in the name has been dropped, to emphasize that good CG is more than just good disclosure, the underlying CG structures, processes and practices is more important
- Judges and reviewers are formed, comprising representatives from the financial market regulators, the HKSAR Government, investors, professional associations and academia, as well as prominent individuals in the field of corporate governance
- In 2016, we reviewed 650 companies, around 60 public sector companies / NGOs, only short listed 10. In 2017, we are going to review 700 companies.



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## Judging criteria

- Overall presentation
- Promptness of reporting
- Corporate governance statement and practice
- Capital structure: fund providers and their influence, fund movement
- Board structure and functioning, board composition and diversity
- Delivery of operational and financial performance
  - Operating review, risks, KPI, capabilities
  - Efficiency indicators, value for money, funding and treasury polices, accounting polices
  - Strategic outlook



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## Judging criteria (cont'd)

- Corporate social responsibility and environmental reporting
- Remuneration policy and details of directors' and senior management's remuneration packages
- Audit committee
- Nomination process
- Risk management and internal control
- Connected transactions
- Stakeholders communication



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## Results

- Very few public sector companies / NGOs meet minimum standard
- Much delayed report, lack of transparency on directors' nomination
- No discussion of internal control and risk management
- No disclosure of remuneration policies and senior management's remuneration on an individual basis
- Some of the reports are relatively marketing oriented or just like activities' reports, the majority does not have a reasonable discussion of committee's work
- 2016 award winners included Airport Authority Hong Kong, Securities and Futures Commission, and Hospital Authority



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## 2016's Judges' commentaries:

- “For public sector organizations, it is important not only to comply with relevant laws and regulations, but also to gain the trust, confidence and engagement of the public. Articulation of their vision, goals, performance indicators and public accountability are important and need to be accompanied by outcomes and results which match their promises”



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**Thank you**



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