

**The ACCA Hong Kong Awards for Sustainability Reporting 2005
Awards Ceremony
2:30pm, 9 May 2006 at the Island Shangri-la, Hong Kong**

**Speech by Dr Edgar Cheng,
Vice-Chair, Council for Sustainable Development**

Mr Jimmy Chung, judges and honourable guests,

It is my great pleasure to represent the Council for Sustainable Development in attending today's ceremony for the ACCA Hong Kong Awards for Sustainability Reporting 2005.

I guess I am invited here not only because of my vice-chairmanship of the Council for Sustainable Development, but also because of the fact that I am also a businessman. My experience in the business sector convinces me that businesses and corporations are, and have to be, quick to react to new trends which are likely to have a positive impact on the business environment. In this regard, the trend towards creating business models and reporting practices that adopt the principles of sustainable development is no exception

Trend of Corporate Sustainability Reporting

In Hong Kong, a handful of leading corporate institutions have already put in place well-established frameworks for sustainable reporting. These practices, as you will agree, were originally a response to the mounting demand from major stakeholder groups for increased accountability and transparency of companies' functions and operations. Troublesome to business corporations in the early days, the constituents of "stakeholders" were ever growing and becoming to encompass employees, NGOs, government, and in essence the community at large. Apart from financial institutions, consumers, suppliers and shareholders, these stakeholder groups also began to demand an increasingly significant voice in business operations. Companies have since been asked by "stakeholders" to observe greater transparency and discuss how social and environmental issues could be addressed in pursuing commercial interests.

In today's complex world a company's value is increasingly being influenced by intangible assets such as reputation, employees' health and relations, human and intellectual capital, and relationship with stakeholder partners. This is evident from the global trend that investors and consumers are demanding more and more information on a company's environmental and social performance, as well as their ethical standards because these have become equally important determining factors of its overall performance and long-term viability. Since such intangible benefits cannot be explicitly reflected on a balance sheet, they can only be brought to the attention of stakeholders and the public through disclosure. And sustainability reporting is playing a key role in communicating this information.

Benefits of Sustainability Reporting

There are many arguments in favour of sustainability reporting – including but not restricted to ethical, environmental, and social concerns. A good sustainability report can help demonstrate to stakeholders that the company is sincerely striving to address stakeholders' values and expectations. It should not be just an exercise in PR. Like conventional corporate philanthropy and charitable donations, enhanced transparency and accountability help a company to raise its profile and reputation, build stakeholder trust, and make shareholders feel positive about their investment. Although some may argue that any means to make a company more transparent is in fact exposing it to more criticism. I believe this is archaic. In the wake of more and more corporate scandals these days, it is the lack of transparency that will ultimately bring more risks to a company.

Sustainable Corporate Practices

Looking to the future, sustainability reporting should not be only regarded as a response to the increasing demands for transparency. Such practice is anticipated to set the scene for the future of business management, into which sustainability considerations are integrated. Eventually, it is the philosophy, belief and system of a company supporting the reporting practice that matter. There are plenty of examples of sustainable company actions. People always quote the case of reducing waste and energy consumption as a cost-saving and environmentally friendly practice. At a

more strategic level, pursuing a mission of sustainable development can help make companies more invulnerable in the face of a fast-changing world, more likely to attract talents and retain customers, and more at ease with government, regulators as well as the media.

Sustainability Reporting in Hong Kong

In Hong Kong, it is indeed very encouraging to see that ACCA has been promoting transparency in reporting the impact of business activities on the environment and sustainable development for over a decade. ACCA is the pioneer in promoting sustainability reporting among fellow professional institutes. We have witnessed an emerging trend for greater organizational accountability and a growing demand for more public information on how organizations conduct their business in the sustainable development context. As a result, we see a steady uptake of corporate reporting in Hong Kong. In fact, in this latest round of ACCA awards scheme, high quality entries have been submitted from the public as well as the private sectors. This is consistent with the drive for good corporate governance, enhanced transparency and heightened accountability.

The essence of sustainability is to bring together various sectors in the society in a partnership that will help to map out the long-term goals for the common good of this and future generations. This issue should not be seen as something merely for the “green” groups. Indeed it concerns the entire community. The involvement of an enlightened and responsible corporate sector is particularly important. All of you present here must be ardent supporters of sustainability principles. I sincerely urge you to continue to build on the good work embodied in your reports and take an active part in the debate on Hong Kong’s sustainable development.

At the Council for Sustainable Development, we are also very supportive of sustainability reporting initiatives. We have just awarded a grant to support an initiative proposed by the HKU Center for Urban Planning and Environmental Management. The project will deliver a set of SD indicators relevant to Hong Kong through wide community participation, for producing a Hong Kong’s sustainability report. In the future, the Council plan to support more of these initiatives.

Before closing, I would like to take this opportunity to say something about other voluntary measures such as the Clean Air Charter and the 1-1-1-Scheme established by the Federation of HK Industries. Wouldn't it be great if, as more companies sign up for such worthy causes, those same companies also participate in sustainability reporting?

Now, on behalf of the Council for Sustainable Development, I would like to congratulate all participants in ACCA sustainability reporting awards scheme 2005, not only on their achievements in being nominated for these awards, but also on their valuable efforts and contributions to creating a more sustainable environment in Hong Kong. We sincerely hope that, in addition to large and established corporations and institutions, the awards scheme would also be able to attract more SMEs to participate in the future rounds.

Thank you.