



## PRESS RELEASE

# HERA Community Webinar Helps Companies Strengthen ESG and Competitive Edge amid COVID-19

On July 17, 2020, HERA Community hosted its first webinar, ESG in Perspective of Pandemics. The webinar featured a panel of three ESG experts: Tim Chan of Manulife Investment Management, Johnson Kong of Our Hong Kong Foundation, and James Robertson of Principles for Responsible Investment. The panelists discussed how COVID-19 will shift investor and policymaker viewpoints, and how companies can adapt.

During the pandemic, ESG funds have outperformed their non-ESG counterparts across all regions. Mr. Kong pointed out a Merrill Lynch study that showed this outperformance is not simply due to lack of exposure to the energy sector. Companies with better ESG management have governance processes that enable them to make faster and more holistic decisions. They also have more robust risk management, making them more resilient to economic downturns. “The continuous inflow to ESG funds . . . [breaks] the conventional belief that there’s a tradeoff between creating impact and also making profit,” Mr. Kong said.

As ESG issues become more mainstream, investors will grow increasingly stringent against greenwashing. To evaluate the reliability of firms’ corporate communications, “investors are becoming much more sophisticated in how they’re looking at . . . ESG credentials,” said Mr. Robertson. Additionally, evolving from a traditional focus on E and G issues, investors will now pay more attention to social factors. These include health and safety, remote working, diversity and inclusion, cybersecurity, and executive pay. “Executive compensation will be increasingly scrutinized by stakeholders,” Mr. Chan said. This will lead more Hong Kong companies to link their remuneration schemes to ESG targets.

Taking into account these unfolding investor expectations, firms should leverage the current crisis to improve their ESG performance. COVID-19 “provides a chance for both investors and companies to review [their] risk resilience,” said Mr. Chan. Companies can use the pandemic to identify material issues and areas most vulnerable to economic shocks. They should also strengthen their ESG endeavors and stakeholder relationships to emerge stronger than



competitors. For example, as tourism begins to increase again, consumers will choose the hotels, restaurants, and businesses that they trust to prioritize customer health and safety. “This is not the kind of value you can build over . . . a week or a month,” Mr. Kong said. Rather, companies develop it over time by incorporating ESG into their daily operations.

The sustainability efforts of Hong Kong businesses are receiving increased support from the government, as indicated by the establishment of the Green and Sustainable Finance Cross-Agency Steering Group in May. The next step is to construct a “clear roadmap with concrete actions [and] policy directives charting the path forward,” said Mr. Robertson. Additionally, policymakers will need to make ESG guidelines more specific to individual industries. “These sustainability challenges cannot be solved by a single company or a single sector,” Mr. Kong noted. Instead, as we move forward during the pandemic, cross-sector collaboration among companies, policymakers, and NGOs will be vital to building a sustainable future.

Click to watch full recording of the webinar:

[https://zoom.us/rec/play/u5R7luus\\_zw3TNCr5QSDAPd4W9S1Kv-s0Skf8vMJyxvjB3YLYFSvNLMTZAYsQIeWybDQoOu04SqXrNY?startTime=1594974638000&x\\_zm\\_rtaid=ISs3UWSAQ\\_-CAGIqhGsupw.1595494707348.a710fc650e65d499a332da741ab44f54&x\\_zm\\_rhtaid=794](https://zoom.us/rec/play/u5R7luus_zw3TNCr5QSDAPd4W9S1Kv-s0Skf8vMJyxvjB3YLYFSvNLMTZAYsQIeWybDQoOu04SqXrNY?startTime=1594974638000&x_zm_rtaid=ISs3UWSAQ_-CAGIqhGsupw.1595494707348.a710fc650e65d499a332da741ab44f54&x_zm_rhtaid=794)

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### **About HERA**

Hong Kong ESG Reporting Awards recognize leaders in ESG practices and disclosure, aiming to build trust among stakeholders. The Awards welcome applications from companies in Hong Kong, Macao and China who are striving for best practices in both sustainability management approach and reporting.

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