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Is Your ESG Rating Driving Decisions, or Just Adding Another Score?

Why companies should focus on the relevance, purpose and business value of ESG assessments, rather than the number of ratings pursued.



Baker Tilly Hong Kong ESG & Sustainability Team



Why More ESG Ratings Do Not Necessarily Create More Value

ESG assessments increasingly influence investor analysis, financing decisions, supply-chain reviews and corporate benchmarking. However, obtaining more ratings does not necessarily create greater business value. Companies should instead identify the assessments that are most relevant to their industry, material sustainability issues and key stakeholders, and use the findings to strengthen governance, data quality and operational performance.

An ESG assessment may examine a company's exposure to sustainability-related financial risks, its impacts on people and the environment, or the quality of its policies, governance arrangements, targets, controls, performance data and disclosures. Results may support investment research, peer benchmarking, index construction, financing due diligence, supply-chain evaluation or internal improvement.

The important question, therefore, is not simply whether a company has been assessed. Management should understand which assessments influence key stakeholder decisions, how the assessment is produced, whether the underlying information is reliable, and what actions should follow based on the findings.





Why ESG Ratings for the Same Company Can Differ

Different providers may assign materially different results to the same company. This does not necessarily mean that one assessment is incorrect. Differences commonly arise in three areas:

1 SCOPE

Providers assess different ESG issues, impacts, risk exposures and stakeholder needs.

2 METHODOLOGY

They apply different definitions of materiality, peer groups, weightings, and scoring models.

3 INFORMATION

They may use different sources and treat missing data or controversies differently.

Comparisons are most meaningful when assessments have sufficiently similar purposes, scopes and methodologies. Companies should therefore review each provider's current methodology and data sources before relying on a result or treating scores as interchangeable.

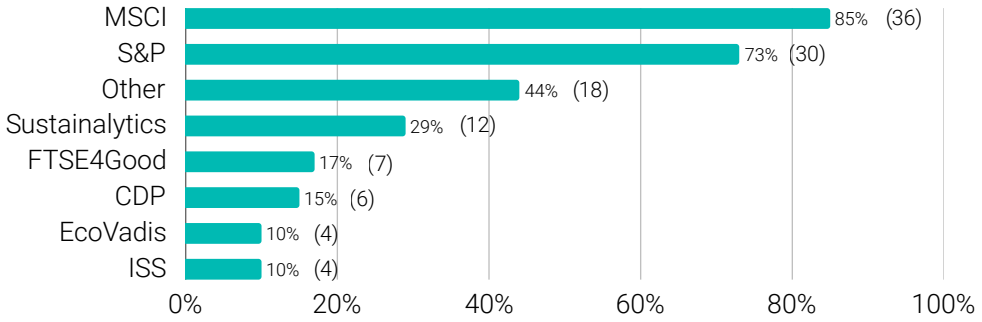
Provider	Primary Lens	Interpretation Scale
MSCI	Financially relevant, industry-specific risks and opportunities	CCC → AAA
S&P Global	Industry-specific sustainability performance	0 → 100
SUSTAINALYTICS a Morningstar company	Unmanaged material ESG risk	Higher risk → Lower risk
CDP	Environmental disclosure and action	D - disclosure → A - leadership
ecovadis	Sustainability management systems	0 → 100
FTSE4Good	Sustainability and responsible business practices	0.0 → 5.0
ISS ESG	Industry risk exposure and management performance	D- → A+

What Our Review of 150 Hong Kong-Listed Companies Found

Baker Tilly Hong Kong reviewed 150 Hong Kong-listed companies across the healthcare, industrial and manufacturing, and technology sectors to assess whether they were covered by at least one of the selected ESG rating or assessment providers.

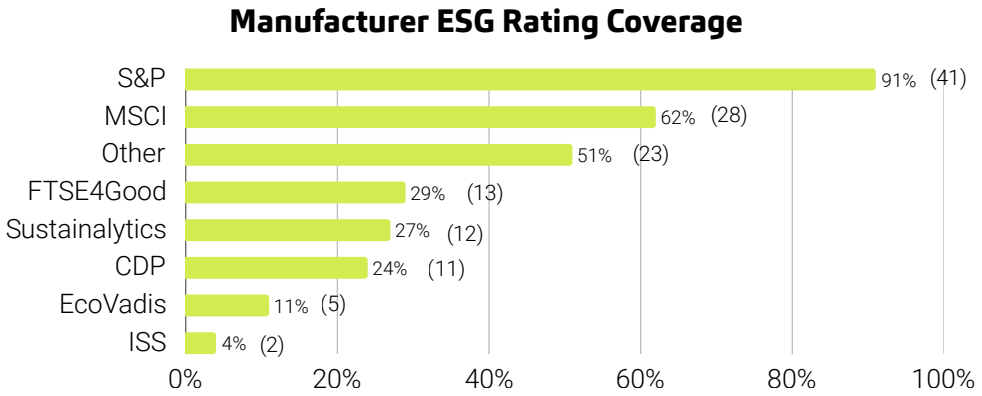
Healthcare

82%
41 of 50 companies covered by at least one rating



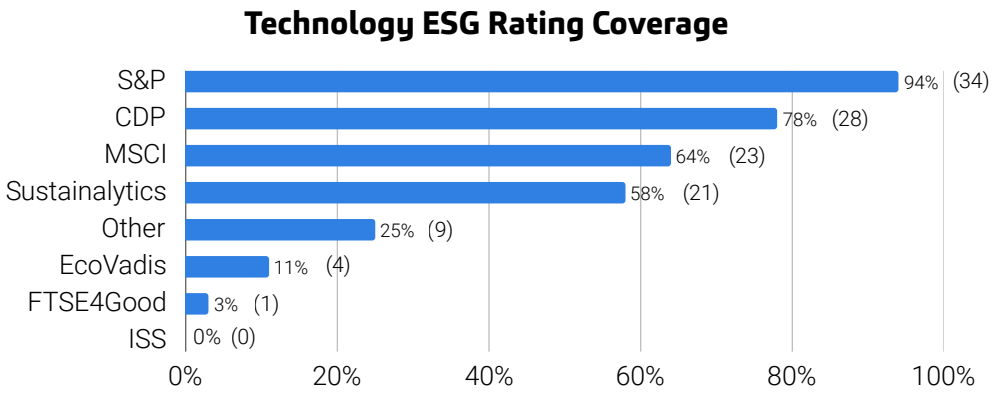
Industrial and manufacturing

90%
45 of 50 companies covered by at least one rating



Technology

72%
36 of 50 companies covered by at least one rating



Note: Percentages are calculated based on companies covered by at least one ESG rating or assessment. The sample comprises 50 constituents of the Hang Seng Healthcare Index, Hang Seng SCHK Materials & Industrials Index, Hang Seng TECH Index, Hang Seng Composite Industry Index – Information Technology, and Hang Seng Composite Industry Index – Telecommunications.

Source: MSCI, S&P Global, Sustainalytics, CDP, EcoVadis, FTSE Russell and ISS (data as of 5 October 2026).

Sector	Covered by at least one provider	Companies covered
Healthcare	82%	41 of 50 companies
Industrial and manufacturing	90%	45 of 50 companies
Technology	72%	36 of 50 companies

What the findings mean

Coverage was widespread across all three sectors, but uneven. Industrial and manufacturing recorded the highest coverage, while technology recorded the lowest.

These differences should not be interpreted as direct evidence of stronger or weaker ESG performance. They may reflect providers' coverage universes, sector priorities, eligibility criteria, assessment objectives and the availability of corporate information.

Companies should first determine which providers already assess them, how stakeholders use those assessments and whether the underlying information accurately reflects their performance. Where coverage is limited, the priority should not automatically be to seek more ratings. Instead, companies should assess whether greater visibility supports a defined investor, financing, customer or supply-chain objective.



ABOUT THE REVIEW

The review comprised 50 companies from each of the three sectors and measured provider coverage only. It did not assess the quality of individual companies' ESG performance or the accuracy of providers' ratings. Readers should consult the underlying research methodology and provider data for detailed scope, selection criteria, assessment date and the definition of "covered".

How ESG Assessments Support Financing and Risk Decisions

Coverage alone does not create value. The practical benefit arises when assessment results and reliable sustainability information support business, financing and risk-management decisions.



Financing and pricing

HSBC's Sustainability Improvement Loan links the financing cost of eligible businesses to sustainability performance, with interest-rate adjustments made by reference to an EcoVadis rating or Hong Kong Green Organisation Certificate level. Improvement against agreed targets may result in a lower interest rate, while a decline may result in a higher rate.

Climate and environmental risk information

CDP's collaboration with the Hong Kong Monetary Authority and the Green and Sustainable Finance Cross-Agency Steering Group supported the development of a standardised Climate and Environmental Risk Questionnaire for non-listed companies and small and medium-sized enterprises. The initiative seeks to improve the availability and flow of company-level environmental information to financial institutions.

IMPORTANT QUALIFICATION

Obtaining a rating or completing a questionnaire does not automatically result in financing approval or preferential terms. Eligibility, pricing and lending decisions remain subject to the financial institution's criteria and broader assessment processes.

A Practical Framework for Selecting the Right Assessment

Before committing management time and resources, companies should evaluate an ESG assessment against five considerations:

Step	Selection considerations	Management question
1	Purpose	What business or stakeholder decision will the assessment support?
2	Relevance	Does it address the company's material ESG issues and industry-specific risks?
3	Stakeholder use	Is it recognised or used by key investors, lenders, customers or supply-chain partners?
4	Data readiness	Can the company provide reliable information and evidence for the assessment criteria?
5	Improvement value	Will the findings generate actionable insights rather than only an external score?

This framework helps companies distinguish assessments that deserve sustained management attention from those with limited strategic relevance. It also supports more disciplined resource allocation and more consistent stakeholder engagement.





How Baker Tilly Hong Kong Can Help

Baker Tilly Hong Kong helps companies focus management effort on the ESG assessments that matter most to their business and stakeholders. Our approach is designed to produce five practical outputs:

01

Identify
Select the right assessments

Identifying relevant assessments based on stakeholder expectations, industry characteristics and business objectives.

Expected output

PLAN

A focused assessment plan

02

Assess
Understand your starting point

Conducting readiness reviews, peer benchmarking and gap analyses covering governance, policies, targets, data, internal controls, performance and disclosure.

Expected output

A documented baseline and gap analysis

03

Strengthen
Build capabilities and data

Strengthening ESG data management and disclosure, including calculation methodologies, documentation and supporting evidence.

Expected output

Enhanced data management and disclosure capabilities

04

Coordinate
Prepare and align responses

Coordinating assessment responses to improve their consistency, completeness and accuracy.

Expected output

Consistent, complete and accurate assessment responses

05

Drive improvement
Turn insights into action

Developing improvement roadmaps with prioritised actions, responsible owners, timelines and performance indicators.

Expected output

KPI

A prioritised improvement roadmap with clear ownership and KPIs

Turning ESG Assessment Findings into Business Value

The objective should not be to maximise the number of ESG ratings a company receives. It should be to identify the assessments that influence key stakeholder decisions, understand the factors affecting those assessments and convert the findings into measurable improvements.

The greatest value arises when companies translate relevant findings into improvement plans with defined actions, responsible owners, timelines and performance indicators. These plans should be tracked through established governance and enterprise risk-management processes and supported by reliable evidence.

NEXT STEP



Review your current ESG assessment exposure, determine which assessments matter to key stakeholders, evaluate the reliability of the supporting information and prioritise actions that improve both performance and decision-useful disclosure.



References

1. International Capital Market Association, Hong Kong Code of Conduct for ESG Ratings and Data Products Providers, October 2024. Source
2. HSBC Hong Kong, Sustainability Improvement Loan. Source
3. CDP, “CDP expands partnership with Hong Kong Monetary Authority to accelerate sustainable finance in Hong Kong”, 2025. Source

Terminology note: In this publication, “ESG assessments” refers collectively to external ESG ratings, scores, questionnaires and similar evaluations unless a distinction is specifically stated.

About BT Corporate Governance Limited

BT Corporate Governance Limited (BTCGL) established in 2004, at that point in time, we were one of six professional accounting firms which set up a separate risk advisory department in Hong Kong. BTCGL is well recognized in the Asia-Pacific region for our work in financial and risk advisory, such as pre-IPO internal control review, IT General Control and Application Control review, Cyber-security advisory services, ESG services, financial and resumption due diligence services etc.

BTCGL is an operating entity of Baker Tilly Hong Kong, which is a member of the global network of Baker Tilly International. Our service philosophy is to build long-term relationships with our clients through excellent client care.

Contact Us

To discuss ESG assessment selection, readiness reviews, data controls or improvement planning, please contact Baker Tilly Hong Kong's ESG & Sustainability Team.



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