

## Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed changes discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201112.pdf>.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Should the ESG Guide be a recommended best practice appended to the Listing Rules?  
 Yes  
 No

If your answer is “No”, please give reasons and alternative views.

2. Do you agree with the proposed Main Board Listing Rule 13.91 and paragraph 53 of Appendix 16/ GEM Listing Rules 17.103 and 18.84 in Appendix I of the Consultation Paper?

- Yes  
 No

If your answer is “No”, please give reasons and alternative views.

***For 13.91, it will be better if the separate CSR report will cover the same period as the annual report. So that it is easier to compare the data. As if they only disclose E and S data in CSR report and G data in Annual report, the data will not be comparable if they cover different periods.  
Also, analyst will be unable to calculate the ESG / financial Ratios.  
e.g. Shanghai sustainability indexes members published CSR reports in the same period as the Annual reports.***

## Content of the proposed Environmental, Social and Governance Reporting Guide

### Introduction

3. Do you agree with the Introduction section?

The proposed Introduction section states:

1. This guide sets out Environmental, Social and Governance (“ESG”) subject areas, aspects, general disclosure and key performance indicators (“KPIs”).
2. This guide is not comprehensive. We encourage an issuer to identify and disclose additional ESG issues and KPIs that are relevant to its business. It may also refer to existing international ESG reporting guidance for its relevant industry or sector.
3. An issuer may adopt a higher level of ESG reporting based on international guidance and standards.
4. An issuer may disclose the ESG information in its annual report regarding the same period covered in the annual report, or in a separate report, in print or on its website. Where the information is included in a separate report, an issuer is free to report on any period.
5. It is important to involve the board of directors in preparing the ESG report. The board of directors is responsible for ESG reporting but it may delegate the task of compiling the ESG report to its employees or a committee that reports to the board.

Yes  
 No

If your answer is “No”, please give reasons and alternative views.

## General Approach

4. Do you agree with the guidance under the General Approach section?

The proposed General Approach section states:

*Identify subject areas, aspects and indicators that are relevant*

8. Not all ESG subject areas, aspects and KPIs in this Guide may be relevant to an issuer's business. Also, some may be more important to an issuer's business than others. For example, product responsibility, an ESG aspect, may be important to a retailer.
9. The ESG report could prioritise ESG subject areas, aspects and KPIs that are material in the context of its corporate strategy, which could be given prominence in the report.
10. It is unnecessary to report on all subject areas, aspects and KPIs. An issuer could identify and report on relevant ESG subject areas, aspects and KPIs that have material environmental and social impacts. Materiality can be addressed in strategic, operational and financial terms.

*Engage stakeholders*

11. It is important to engage stakeholders to identify material aspects and KPIs and understand their views. Stakeholders are parties that have interests in or are affected by the decisions and activities of an issuer. They may include shareholders (including independent shareholders), business partners, employees, suppliers, sub-contractors, consumers, regulators and the public.
12. The ESG report could disclose the issuer's stakeholders and the basis for their identification. It may also disclose the activities the issuer has arranged to engage stakeholders, the objectives and how it has responded to stakeholders' views. Stakeholder engagement may be conducted through meetings (e.g. personal or annual general meetings), conferences, workshops, advisory committees, round-table discussions, focus groups, questionnaires, web-based forums and written consultations.
13. The ESG report may also disclose a mechanism for stakeholders to provide feedback.

✓  Yes

No

If your answer is "No", please give reasons and alternative views.

## Reporting guidance

5. Do you agree with the guidance under the Reporting Guidance section?

The proposed Reporting Guidance section states:

### *Scope of reporting*

14. The ESG report could state which entities in the group and/or which operations have been included for the report. If there is change in the scope, the issuer could explain the difference and reason for change.

### *Approaches to reporting*

15. Once an issuer starts reporting, it could continue to do so regularly. The aspects and KPIs reported could be consistent for each period or there could be an explanation of the changes. An issuer may also explain why some aspects and KPIs are not reported.
16. An ESG report could state the issuer's ESG management approach, strategies, priorities, objectives and explain how they relate to its business. It could discuss the issuer's management, measurement and monitoring system to implement its ESG strategies.
17. An ESG report could also discuss ESG opportunities, risks, challenges and how they are addressed. For example, a telecommunication company may see an opportunity to promote teleconferencing as an alternative to travel due to climate change concerns. An information and technology company may see the damage to its reputation from a breach in consumer privacy as an ESG risk.

### *Reporting on line items*

18. The Guide does not provide a definition for each KPI. An issuer could explain how the KPIs are calculated and include information that is necessary for interpreting the KPIs. It may use the same definition and calculation method each period for comparison over time. If there is a change to the definition or calculation method, the issuer could explain the difference and reason for the change.
19. Over time, an issuer may present time series of data for comparison over a period already reported on. The time period used may be consistent for every report.
20. An issuer may report line items with objective and representative industry benchmarks.
21. Quantitative information could be presented in a table format.

Yes

✓  No

If your answer is "No", please give reasons and alternative views.

***For the first point, we suggested company must mention the scope of reporting. So that investors can fairly compare the companies' performance.***

Key ESG Subject Areas

6. Do you agree with the proposed ESG areas, namely: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement?

Yes  
 No

If your answer is “No”, please give reasons and alternative views.

Aspects for each ESG Area

7. Do you agree with the following proposed aspects?

| Areas and aspects   |
|---|
| <p style="text-align: center;"><b>A. Workplace quality</b></p> <p>Aspect A1 Working Conditions</p> <p>Aspect A2 Health and safety</p> <p>Aspect A3 Development and training</p> <p>Aspect A4 Labour standards</p> |
| <p style="text-align: center;"><b>B. Environmental protection</b></p> <p>Aspect B1 Emissions</p> <p>Aspect B2 Use of resources</p> <p>Aspect B3 The environment and natural resources</p>                         |
| <p style="text-align: center;"><b>C. Operating practices</b></p> <p>Aspect C1 Supply chain management</p> <p>Aspect C2 Product responsibility</p> <p>Aspect C3 Anti-corruption</p>                                |
| <p style="text-align: center;"><b>D. Community involvement</b></p> <p>Aspect D1 Community investment</p>  |

Yes  
 No

If your answer is “No”, please give reasons and alternative views.

**A. Workplace quality**

Aspect A1    Working conditions

8. Do you agree with the following general disclosure for Aspect A1: Working conditions?

Information on:

- (a) the policies; and
- (b) compliance and material non-compliance with relevant standards, rules and regulations

on compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity and other benefits and welfare.

Yes

No

If your answer is “No”, please give reasons and alternative views.

9. Do you agree to include KPI A1.1: “Total workforce by employment type, age group and geographical region”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

*Suggest to include "Gender" in this point according to LA2 point in GRI Guide.*

10. Do you agree to include KPI A1.2: “Employee turnover rate by age group and geographical region”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

11. Do you have any additional KPIs for Aspect A1?

Yes

No

Please give reasons for your proposals.

*include Gender and % of unionized as well*

Aspect A2    Health and safety

12. Do you agree with the following general disclosure for Aspect A2: Health and safety?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on providing a safe working environment and protecting employees from occupational hazards.

Yes

No

If your answer is “No”, please give reasons and alternative views.

13. Do you agree to include KPI A2.1: “Fatality number and rate”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

*Agree to include Fatality Number. And also suggest companies to disclose work related fatality number for contractors, employees and third parties. (A clear breakdown)*

14. Do you agree to include KPI A2.2: “Lost days due to work injury”?

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

***Suggest disclosing lost time incident rate.  
Common definition for lost time incident rate = Total number of incidents  
resulting in lost time from work, per 200,000 hours worked.***

15. Do you agree to include KPI A2.3: “Description of occupational health and safety measures adopted, how they are implemented and monitored”?

✓  Yes

No

If you answer is “No”, please give reasons and alternate views.

16. Do you have any additional KPIs for Aspect A2?

✓  Yes

No

Please give reasons for your proposals.

***Please see Q13 for the suggestion.***

Aspect A3    Development and training

17. Do you agree with the following general disclosure for Aspect A3: Development and training?

Policies on improving employees' knowledge and skills for discharging duties at work.

Training refers to vocational training. It may include internal and external courses paid by the employer.

✓  Yes

No

If your answer is "No", please give reasons and alternative views.

18. Do you agree to include KPI A3.1: "Description of training activities provided and if relevant, the percentage of employees trained by employee category (e.g. senior management, middle management, etc.)"?

✓  Yes

No

If your answer is "No", please give reasons and alternative views.

19. Do you agree to include KPI A3.2: "The average training hours completed per employee by employee category"?

✓  Yes

No

If your answer is "No", please give reasons and alternative views.

20. Do you have any additional KPIs for Aspect A3?

Yes

✓  No

Please give reasons for your proposals.

Aspect A4    Labour standards

21. Do you agree with the following general disclosure for Aspect A4: Labour standards?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on preventing child or forced labour.

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

***It would be better to mention some sample standard, rules and regulation. E.g. Subject Child Labour in the International Labour Organization Selected Relevant ILO No. 138 (Minimum Age convention)***  
<http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/child-labour/lang--en/index.htm>

22. Do you agree to include KPI A4.1: “Description of measures to review employment practices to avoid child and forced labour”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

23. Do you agree to include KPI A4.2: “Description of steps taken to eliminate such practices when discovered”?

Yes

No

If you answer is “No”, please give reasons and alternate views.

24. Do you have any additional KPIs for Aspect A4?

Yes

No

Please give reasons for your proposals.

**B. Environmental protection**

Aspect B1    Emissions

25. Do you agree with the following general disclosure for Aspect B1: Emissions?

Information on:

- (a) the policies; and
- (b) compliance and material non-compliance with relevant standards, rules and regulations

on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.

Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.

Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Hazardous wastes are those defined by national regulations.

Yes  
 No

If your answer is “No”, please give reasons and alternative views.

26. Do you agree to include KPI B1.1: “The types of emissions and respective emissions data”?

Yes  
 No

If your answer is “No”, please give reasons and alternative views.

27. Do you agree to include KPI B1.2: “Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)?

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

***We would like to suggest company to include Greenhouse Gas emission including breakdown of GHG Scope 1 emission and GHG Scope 2 emission. Scope 1 and Scope 2 emission is compulsory disclosure items for companies to obtain the carbon performance leadership index (CPLI)***  
<https://www.cdproject.net/Documents/Guidance/CDP-2012-Scoring-Methodology.pdf>

28. Do you agree to include KPI B1.3: “Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

29. Do you agree to include KPI B1.4: “Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

30. Do you agree to include KPI B1.5: “Description of measures to mitigate emissions and results achieved”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

31. Do you agree to include KPI B1.6: “Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved”?

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

*Suggest including waste recycled % for the total waste. It gave indicator of how environmental friendly this company is.*

32. Do you have any additional KPIs for Aspect B1?

Yes

✓  No

Please give reasons for your proposals.

Aspect B2    Use of resources

33. Do you agree with the following general disclosure for Aspect B2: Use of resources?

Policies on efficient use of resources including energy, water and other raw materials.

Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.

✓  Yes

No

If your answer is “No”, please give reasons and alternate views.

34. Do you agree to include KPI B2.1: “Energy consumption by type (e.g. electricity, gas or oil) in total (kwh in ‘000s) and intensity (e.g. per unit of production volume, per facility)”?

Yes

✓  No

If your answer is “No”, please give reasons and alternate views.

***We would like to suggest companies to disclose energy consumption including its direct and indirect consumption.  
i.e. EN3 for direct energy consumption and EN7 for indirect energy consumption in GRI 3.1 guide***

35. Do you agree to include KPI B2.2: “Water consumption in total and intensity (e.g. per unit of production volume, per facility)”?

Yes

✓  No

If your answer is “No”, please give reasons and alternate views.

***It will be great if you can specify unit suggested for water consumption. We will suggest to use Cubic metre as it is commonly used by companies in other countries.  
i.e. page 14 of GRI 3.1 Guide  
For water consumption, can you please have companies to disclose the source of water? E.g. surface, ground, municipal and reclaimed  
i.e. EN8 in GRI 3.1 Guide***

36. Do you agree to include KPI B2.3: “Description of energy use efficiency initiatives and results achieved”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

37. Do you agree to include KPI B2.4: “Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved”?

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

***For water efficiency initiative, we will suggest company to disclose water recycled %.  
i.e. EN10 for % and total volume of water recycled and re use.***

38. Do you agree to include KPI B2.5: “Total packaging material used (in tonnes), and if applicable, with reference to per unit produced”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

39. Do you have any additional KPIs for Aspect B2?

✓  Yes

No

Please give reasons for your proposals.

***1. ISO14001 (number of ISO 14001 Certified sites or % Sites certified)  
2. Environmental fines (number and Cost)  
3. Environmental spending***

Aspect B3    The environment and natural resources

40. Do you agree with the following general disclosure for Aspect B3: The environment and natural resources?

Policies on minimizing the operation’s significant impact on the environment and natural resources.

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

41. Do you agree to include KPI B3.1: “Total paper used”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

***Suggest to specify unit of Metric Tonnes for consistency***

42. Do you agree to include KPI B3.2: “Paper use efficiency initiatives and results achieved”?

Yes

✓  No

If your answer is “No”, please give reasons and alternative views.

***Can specify the paper % recycled, this is a useful indicator to tell whether the company use paper efficiently.***

43. Do you agree to include KPI B3.3: “Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

44. Do you have any additional KPIs for Aspect B3?

✓  Yes

No

Please give reasons for your proposals.

***1. Total Amount of Raw Materials or raw materials recycled  
2. Biodiversity policy (suggested by EN12 in GRI 3.1 Guide)***

**C. Operating practices**

Aspect C1    Supply chain management

45. Do you agree with the following general disclosure for Aspect C1: Supply chain management?

Policies on risk management of supply chain.

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

46. Do you agree to include KPI C1.1: “Number of suppliers by geographical region”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

47. Do you agree to include KPI C1.2: “Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

48. Do you have any additional KPIs for Aspect C1?

Yes

No

Please give reasons for your proposals

***Environmental supply chain management and Social supply chain management. It tells whether the companies actually have policy to manage their suppliers in these 2 aspects. Since some companies may only have policy on either 1 or both area. So it is easy to distinguish them.***

Aspect C2    Product responsibility

49. Do you agree with the following general disclosure for Aspect C2: Product responsibility?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on health and safety, advertising, labelling, privacy and methods of redress.

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

50. Do you agree to include KPI C2.1: “Percentage of total products sold or shipped subject to recalls for safety and health reasons”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

51. Do you agree to include KPI C2.2: “Number of products and service related complaints received and how they are dealt with”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

52. Do you agree to include KPI C2.3: “Description of practices relating to observing and protecting intellectual property rights”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

53. Do you agree to include KPI C2.4: “Description of quality assurance process and recall procedures”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

54. Do you agree to include KPI C2.5: “Description of consumer data protection and privacy policies, how they are implemented and monitored”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

55. Do you have additional KPIs for Aspect C2?

Yes

✓  No

Please give reasons for your proposals.

Aspect C3    Anti-corruption

56. Do you agree with the following general disclosure for Aspect C3: Anti-corruption?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on bribery, extortion, fraud and money laundering.

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

57. Do you agree to include KPI C3.1: “Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

58. Do you agree to include KPI C3.2: “Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored”?

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

59. Do you have any additional KPIs for Aspect C3?

✓  Yes

No

Please give reasons for your proposals.

*1. Business ethics policy*  
*2. % employees trained in organization's anti-corruption policies and procedures.*  
*(please see SO3 in GRI 3.1 Guide)*

**D. Community involvement**

Aspect D1    Community investment

60. Do you agree with the following general disclosure for Aspect D1: Community investment?

Policies on understanding the community’s needs in where it operates and ensuring its activities takes into consideration of communities’ interests.

✓  Yes

No

If your answer is “No”, please give reasons and alternative views.

61. Do you agree to include KPI D1.1: “Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

62. Do you agree to include KPI D1.2: “Resources contributed (e.g. money or time) to the focus area”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

*It is common for companies to disclose resource contributed in Money rather than time. So can advise company to disclose in money terms preferably.*

63. Do you have any additional KPIs for Aspect D1?

Yes

No

Please give reasons for your proposals.

### **Assurance**

64. Do you agree that we should not recommend that issuers to seek external assurance for issuers that report on ESG performance?

Yes

No

If your answer is “No”, please give reasons and alternative views.

*We would like to suggest companies to seek external assurance so that it improves the data quality. It is hard to guarantee the data quality if the companies are just reporting on their own without 3<sup>rd</sup> party checking their data.*

- End -