

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/May-2019-Review-of-ESG-Guide/Consultation-Paper/cp201905.pdf>.

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

Timeframe for Publication of ESG Reports

1. Do you agree with our proposal to amend Main Board Listing Rule 13.91 and GEM Listing Rule 17.103 to shorten the time required to publish an environmental, social and governance (“**ESG**”) report from three months after the publication of the annual report to within four months for Main Board issuers or three months for GEM issuers from the financial year-end date?

Yes

No

Please give reasons for your views.

Such proposal may not be an issue for those already included the ESG Report in the Annual Report. However, for those companies with lesser resources, they may not have additional resources to prepare both the ESG Report and Annual Report at the same time. It would be an extra burden to the listed issuer for such changes, in particular with the additional disclosure requirements as suggested by the consultation paper.

Printed Form of ESG Reports

2. Do you agree with our proposal to amend the Listing Rules and the Guide to clarify that issuers are not required to provide printed form of the ESG report to shareholders unless responding to specific requests, but are required to notify shareholders that the ESG report has been published on the Exchange’s and the issuer’s websites?

Yes

No

Please give reasons for your views.

Such notification may also be provided through e-mail if requested by the shareholders so that it can be more environmentally friendly.

Introducing Mandatory Disclosure Requirements

General

3. Do you agree with our proposal to amend the Guide to introduce Mandatory Disclosure Requirements (“MDR”)?

Yes

No

Please give reasons for your views.

First of all, as a retail investor, I just can't see the benefit of the ESG Reporting to the listed company, the environmental protection or the investor other than it may create a few more jobs in order to fulfil the listing rule. The whole idea of ESG Reporting has not yet be accepted by the listed company not to mention the society as a whole. ESG Reporting after all is just to produce a report (which is not environmental friendly as the whole process waste lots paper, not to many the report itself) and such culture not yet been incorporated into daily operations, which cannot be done within just one or two years and takes over decades. The approach HKEx now taking is not more than just trying to get a better reporting and it does not help the actual situations. It only wastes investor's money to those consultation firm. Please be reminded that wasting listed company's money is same as wasting investors money as it may reduce the dividend.

Please also be reminded the role of HKEx is to provide a regulated and fair platform (which HKEx has almost failed to do so by introducing the A B Shares in the market) for the investors to invest in the company so that both the company and the investors can be protected but not to get into the operation of the listed company. Investor may make their whole choice if they consider that ESG reporting is critical to their investment decision.

Pleas ensure investors are well protected first.

Governance Structure

4. If your response to Question 3 is positive, do you agree with our proposal to introduce an MDR requiring a statement from the board containing the following elements:

(a) a disclosure of the board’s oversight of ESG issues?

(b) the process used to identify, evaluate and manage material ESG-related issues (including risks to the issuer’s businesses); and

(c) how the board reviews progress made against ESG-related goals and targets?

Yes

No

Please give reasons for your views.

Can't see how it may help to set out a target. Please be pragmatic and realistic. Nothing can be improve all the time. Can HKEx's service pledge improve from 7 days to 5 days to 3 days to just one hour. Further, it may not even be meaningful for such target if the company is expanding or chaning its business nature or whatever. Please realise that lots small listed issuer change business nature all the time (all of which are allowed by HKEx). So how meaningful for it to set out a target. It's not more than a paper target for fulfilling the listing rules (no matter how silly and stupid and unrealistic in it is, something that an issuer has to do).

5. Do you agree with our proposal to set out in a note that the board statement should include information on the issuer's current ESG management approach, strategy, priorities and goals/targets and an explanation of how they relate to the issuer's businesses?

Yes

No

Please give reasons for your views.

The requirements not clear - not sure what the listed issuer should disclose in order to comply with the requirement - such information may not be necessary to set out in the board statement but disclose in the report in the materiality assessment / policy of each KPI - please ensure you know what you are looking for before setting it out as I cannot see the ESG report of HKEx can fulfil this rule.

Reporting Principles

6. Do you agree with our proposal to amend the Guide to introduce an MDR requiring disclosure of an explanation on how the issuer has applied the Reporting Principles in the preparation of the ESG report?

Yes

No

Please give reasons for your views.

Such reporting principles is more like a the way for the issuer to prepare the report, such as balance / consistency and may not be suitable to become a statement for disclosure in the report.

7. Do you agree with our proposal to amend the Reporting Principle on "materiality" to make it clear that materiality of ESG issues is to be determined by the board and that the issuer must disclose a description of significant stakeholders identified, the process and results of the issuer's stakeholder engagement (if any), and the criteria for the selection of material ESG factors?

Yes

No

Please give reasons for your views.

Please see comments above - the whole idea of ESG reporting is not supported.

8. Do you agree with our proposal to amend the Reporting Principle on “quantitative” to:

- (a) require disclosure of information on the standards, methodologies, assumptions and/or calculation tools used, and source of the conversion factors used for the reporting of emissions/energy consumption (where applicable); and
- (b) clarify that while key performance indicators (“KPIs”) for historical data must be measurable, targets may be expressed by way of directional statements or quantitative descriptions?

Yes

No

Please give reasons for your views.

The meaning of KPIs in respect of historical data need to be measurable not clear. If it's for quantitative figures, like water consumption / emissions, which is measure. But if for actions / measures adopted for, say prevent forced labour or protection IP rights, such actions may not be measured with figures, which may not be meaningful. If the issuers has business across the globe, the calculations tools used / conversion factor may varied from country to country / business to business. It will affect the readability / too clumsy to disclose all the conversion factors.

Reporting Boundary

9. Do you agree with our proposal to amend the Guide to include an MDR requiring an explanation of the ESG report’s reporting boundary, disclosing the process used to identify the specific entities or operations that are included in the ESG report?

Yes

No

Please give reasons for your views.

It's not clear for the meaning of "if there's a change, the issue should explain the difference" - whether the different in the quantitative KPIs or merely the reason for the change.

Introducing Aspect on Climate Change and Revising the Environmental KPIs

Climate Change

10. Do you agree with our proposal to introduce a new Aspect A4 requiring:
- (a) disclosure of policies on measures to identify and mitigate the significant climate-related issues which have impacted, and those which may impact the issuer; and
 - (b) a KPI requiring a description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them?

Yes

No

Please give reasons for your views.

Please make sure that you know what you are looking for or you have a clear idea what climate change means, which may be more than to have more typhoon. The definition of climate-related issues not clear. HKEx should provide more details and what's expected to be disclosed.

Targets

11. Do you agree with our proposal to amend the Environmental KPIs to require disclosure of a description of targets set regarding emissions, energy use and water efficiency, waste reduction, etc. and steps taken to achieve them?

Yes

No

Please give reasons for your views.

Please see comments above.

GHG Emissions

12. Do you agree with our proposal to revise an Environmental KPI to require disclosure of Scope 1 and Scope 2 greenhouse gas (“**GHG**”) emissions?

Yes

No

Please give reasons for your views.

Please don't waste investor's money any more for getting more detail from the issuer.

Upgrading the Disclosure Obligation of the Social KPIs

13. Do you agree with our proposal to upgrade the disclosure obligation of all Social KPIs to “comply or explain”?

Yes

No

Please give reasons for your views.

Not all Social KPIs is suitable to change to "comply or explain" without any amendments, in particular the KPIs for supply chain management and product responsibility. Under the Appendix 27, number of suppliers by geographical region is shall be disclosed. But such number may not be meaningful in particular if for listed issuer does not have a centralise purchasing system - supplier by various department / business units may overlap - distort the number of suppliers disclosed. No clear the meaning of "by geographical region" - whether such classification based on the place of incorporation of the supplier / places for transporting the goods. Merely based on the number of supplier may not be meaning - one / two of the suppliers may be critical to the operation of the business notwithstanding the issuer may engaged over thousands of supplier for other products.

Regarding KPI B5.2, the way to monitor the supplier, it's not realistic for the issuer to monitor each and every supplier. The issuer may not have resources to do so. They may only rely on public information / the supplier's disclosure.

Regarding the complaints received, no clear definition about complaints for products. Should not upgrade all Social KPIs to "comply or explain" in one go but to upgrade those relating to employment and labour practices first to allow issuer to have more time for preparation.

Revising the Social KPIs

Employment Types

14. Do you agree with our proposal to revise a KPI to clarify “employment types” should include “full- and part-time” staff?

Yes

No

Please give reasons for your views.

Please don't waste investor's money any more for get more detail from the issuer.

Rate of Fatalities

15. Do you agree with our proposal to amend the KPI on fatalities to require disclosure of the number and rate of work-related fatalities occurred in each of the past three years including the reporting year?

Yes

No

Please give reasons for your views.

Please don't waste investor's money any more for get more detail from the issuer.

Supply Chain Management

16. Do you agree with our proposal to introduce the following new KPIs in respect of supply chain management?

(a) Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.

(b) Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

Yes

No

Please give reasons for your views.

Some issuer may not have such practices to promote environmentally preferable products and services in the meantime considering their existing business size / nature. Please don't waste investor's money any more for get more detail from the issuer.

Anti-corruption

17. Do you agree with our proposal to introduce a new KPI requiring disclosure of anti-corruption training provided to directors and staff?

Yes

No

Please give reasons for your views.

Please don't waste investor's money any more for get more detail from the issuer. Merely getting anti-corruption training doesn't help to prevent anti-corruption. ICAC has enough promotion on anti-corruption and it's their job. Please don't ask the issuer to do the job of ICAC.

Encouraging Independent Assurance

18. Do you agree with the proposal to revise the Guide's wording on independence assurance to state that the issuer may seek independent assurance to strengthen the credibility of ESG information disclosed; and where independent assurance is obtained, the issuer should describe the level, scope and processes adopted for assurance clearly in the ESG report?

Yes

No

Please give reasons for your views.

Just wondering if there's any benefits HKEx may have under this ESG reporting. Otherwise there's no reason to give issuer's money to those assurance companies.

- End -