

Dear Katherine

I am very happy to see the 2019 Consultation Paper on “Review of the Environmental, Social, and Governance Reporting Guide and Related Listing Rules” after the introduction of the Guide in 2013. This timely review is very important to Hong Kong and I am particularly impressed with the approach taken by

- starting with your 2018 review of the implementation of the Guide
- introducing the amendments in this 2019 review with e-training
- taking into account recent significant global and local developments such as TCFD Recommendations, SFC’s Strategic Framework for Green Finance and FSDC’s ESG Strategy for Hong Kong in reviewing your framework.

The amendments have tackled most of the substance issue which I strongly endorse by focusing on **improving the process** for ESG in the following areas:

- Governance for ESG by making it a Board’s responsibility with its process to identify, evaluate, and manage ESG related issues as well as reviewing progress against goals and targets, requiring an explanation on the materiality assessment and requiring MDR.

I agree with the Introduction of a new Aspect “Climate Change” but hopefully there would be more guidance and details to support issuers. A more detailed reference to global guidance can be provided.

All the details on Social and Environmental KPIs are helpful for companies but a more explicit referral and link to materiality should be emphasized for all the Aspects and Subject Areas. This would be an important clarification for issuers so that they are not overwhelmed with all the details and lose sight of the major impactful Aspects and Subject Areas.

The most important part of ESG reporting lies not only with material disclosures but also with assurance of the material items of risks that can affect the issuer’s economic performance. More explicit statements to encourage issuers to render reliable, objective and credible disclosures are recommended. A reference to global initiatives such as IIRC, GRI and others can help issuers to consider the process to disclose credible, reliable and objective data for disclosures.

In conclusion, I strongly support the 2019 Review with a process focus and wish to point out that this is opportune and timely to go further towards ESG reports that can facilitate HK to be a leader in the development of our financial markets.

Yours sincerely

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