

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
8/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

By post and email to: response@hkex.com.hk

26 July 2019

Re: Consultation Paper on Review of the ESG Reporting Guide and Related Listing Rules

Dear Sir/Madam,

We welcome the opportunity to comment on the revised ESG Reporting Guide for Hong Kong.

By way of background, Universities Superannuation Scheme (USS or the scheme) is the largest pension scheme in the UK, with total fund assets of over £64 billion. The scheme's trustee is Universities Superannuation Scheme Ltd (USSL), a corporate trustee, which provides scheme management and trusteeship. USS Investment Management, a wholly owned subsidiary of Universities Superannuation Scheme Ltd, is the principal investment manager and advisor to USSL. As an institutional investor that takes its fiduciary obligations seriously, USS aims to be an engaged and responsible steward of the companies and assets in which we invest and through the asset management services we procure.

We welcome the enhancement of the responsibilities of the board in setting the ESG/sustainability strategy, the inclusion of a section on climate change under the environmental KPIs, and the move to a “comply or explain” approach with regard to social KPIs.

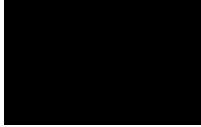
We welcome the Asian Corporate Governance Association’s (ACGA’s) response to this Consultation Paper and are generally supportive of their comments and suggestions. In addition, we would like to underline the following:

- **Climate change impact:** We would encourage the HKEX to make more explicit reference to reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD), as this is becoming the global standard for climate change related disclosure.
- **Timeframe for Publication of ESG Reports:** We agree with the shorter reporting timeframe proposed, as we and other investors use these data in our voting on the general meeting agendas. It would bring the timing of ESG reporting in Hong Kong into line with the publication of annual reports and encourage or require companies to discuss material ESG risks in the context of their broader business strategy and operations.
- **Comply or explain:** The reporting guide could underline that companies should apply a materiality threshold to each Environmental and Social KPI to avoid companies disclosing a laundry list of KPIs that might not be as relevant for their business.

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- **Anti-corruption:** We support the disclosure of training on anti-corruption and would be supportive of a change in the Hong Kong CG Code, which still leaves whistleblowing policy as only a “recommended best practice”, to bring it in line with the proposed changed.
- **Social KPIs:** Reporting of social or employees related issues is frequently overlooked by companies and we believe that the inclusion of such reporting in the Guidance is positive,
- **Independent assurance:** We welcome the fact that you have left decisions on assurance up to individual companies as it is not always clear what the value add of such assurance is.

Yours faithfully,



David Russell
Head of Responsible Investment



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