

Corporate Communications Department  
Hong Kong Exchanges and Clearing Limited  
12<sup>th</sup> Floor, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

10 November 2009

Anticipated by Fax: +852 2524 0149

Dear Sir/Madame,

**Response to the HKEx's Consultation on New Listing Rules for Mineral and Exploration Companies**

I am writing to give Hermes' views on the consultation by the Stock Exchange of Hong Kong ("HKEx") on new listing rules for mineral and exploration companies.

By way of background, Hermes is one of the largest pension fund managers in the City of London and is wholly owned by the BT Pension Scheme. As part of the work of its Equity Ownership Services ("EOS"), we also respond to consultations on behalf of many other clients from around the world, including the Lothian Pension Fund, the National Pension Reserve Fund of Ireland, PNO Media Stichting Pensioenfondsen of the Netherlands, Canada's Public Sector Pensions Investment Board and VicSuper of Australia (only those clients which have expressly given their support to this response are listed here). Hermes EOS has assets under advice of over US\$ 65billion (as at 31<sup>st</sup> March 2009).

Hermes takes a close interest in matters of company law and regulation because they set the context for the exercise of our clients' rights as part-owners of the companies in which they invest. We seek to safeguard our clients' current rights and also to enhance the transparency and accountability of companies and their directors to their long-term owners. To minimise risk to our clients we believe that the markets in which they invest should be transparent and efficient and that regulators should ensure that their actions encourage these aims.

We are broadly in agreement with the proposals contained in the discussion paper. We believe the proposed requirements would reduce uncertainty which is associated with underlying risks within the mineral and exploration industries. As a result, we have not answered all individual questions in the discussion paper. However, we would like to highlight our strong support of the proposals outlined in Chapter 7 – Social and Environmental Standards.

We strongly support the HKEx's proposal to introduce a disclosure requirement related to social and environmental issues for mineral and exploration companies. As social and environmental issues are becoming increasingly important to long-term investors, we



believe that the HKEx's proactive approach to this matter will be welcomed and make an important contribution to a better understanding of these factors in the financial markets.

Like many other investors, we believe that social and environmental issues concern not only reputational but also operational and financial risks. Furthermore, such issues are particularly important in the mineral and exploration industries. We note that there have been many allegations of inappropriate practice concerning mineral and exploration companies globally with regard to social and environmental issues. Many of them have negatively affected directly or indirectly the value of these companies. We hope that the proposed requirement regarding social and environmental disclosure will help to protect shareholders' value in the industries going forward.

Overall, we very much welcome and are encouraged by the HKEx's proposal of social and environmental disclosure requirements, as we believe that more transparency will encourage companies, who wish to be listed on the HKEx, to consider more actively social and environmental issues in their businesses.

We hope that these comments are useful to you. Please do not hesitate to contact me should you wish to discuss these issues further.

Yours sincerely

|  
|  
|  
|  
|