

## 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.

***The ESG Guide should remain as a voluntary guideline (recommended best practice) and not a mandatory one for conglomerates like our group.***

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.

*We generally support development in this area to raise ESG awareness in Hong Kong and encourage issuers to report on ESG matters.*

*However, no one set of simple, general KPIs or requirements is suited across the board. In fact, different industries and jurisdictions will give rise to different ESG issues/focus and KPI calculation standards.*

*Hutchison has included a CSR/ESG section in our annual reports for many years. As a multi-national corporation with a diverse array of holdings ranging from port operations, property and hotels, retail, infrastructure to energy and telecommunications in 53 countries accountable to a variety of stakeholders, it is important for us to have the liberty to report on ESG matters that are relevant and meaningful to the Group and our stakeholders having regard to local and international laws, regulations and standards. It is virtually impossible and meaningless for a conglomerate like ours to adopt ESG reporting based on one set of general KPIs as proposed by the Exchange.*

*We would therefore encourage the Exchange to be open and flexible in formulating the ESG reporting framework, especially in the case of multi-national and multi-business companies for the reasons mentioned above.*

*Furthermore, if such an initiative is taken, a comprehensive report should be provided every 3 years and not annually having regard to the time that will be required to implement any ESG policies.*

## 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 – see comments below.

No

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

***We would urge the Exchange to clarify that the issuers would be given the flexibility and discretion to prioritise and determine the scope, approach and level of ESG reporting having regard to its corporate strategy and business nature so that:***

- 1. the proposed ESG Guide is not to be served as a minimum standard on ESG reporting; and***
- 2. it is not necessary for the issuers to report any KPIs, to have all its businesses reported on the same set of KPIs nor to have a particular KPI reported on an consolidated basis if any such ESG reporting is not meaningful or is likely to produce an anomalous result.***  
***For example, workplace injury is a pertinent KPI for our infrastructure and energy operations, but not our financial services operation. Requesting us to report such KPI for both of such operations and/or on a consolidated basis is likely to produce anomalous and meaningless ESG report for that KPI.***

***For reasons stated under Question 2, a comprehensive report should be provided every 3 years and not annually.***

## 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 – see comments below

No

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

***Yes, subject to replacing the word “could” with “may” so as to clarify that all such references relate to the issuer’s discretion, not capability.***

***In particular, as the issuers are given the discretion as to whether to consult its stakeholders and report, in paragraph 12, it is important to replace the word “could” with “may”.***

## 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 – see comments below.

No

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

*Yes, subject to replacing the word “could” by “may” so as to clarify that such references relate to the issuer’s discretion, not capability.  
As mentioned in our responses to Question 3, we do not agree with setting any framework/requirement on reporting KPIs. The issuers should be given the flexibility and discretion to prioritise and determine the scope, approach and level of ESG reporting having regard to its corporate strategy and business nature.*

Key ESG Subject Areas

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

Yes – see comments below.

No

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

*We would however like to stress that the issuers should be given the flexibility and discretion to prioritise and determine the scope, approach and level of ESG reporting having regard to its corporate strategy and business nature.*

Aspects for each ESG Area

7. Do you agree with the following proposed aspects?

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

Yes

No

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

***We would like to stress that the issuers should be given the flexibility and discretion to prioritise and determine the scope, approach and level of ESG reporting having regard to its corporate strategy and business nature.***

**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.

***Please note that while providing information on policies and compliance is in order, we would however like to stress that the issuers should be given the flexibility and discretion to prioritise and determine the scope, approach and level of ESG reporting having regard to its corporate strategy and business nature.***

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.

***As an equal opportunity employer with hiring policies based on merit and not age or gender, we regard information about age as unnecessary. Furthermore, in certain countries, the workforce’s talents and education may reflect the development of that society. Therefore, the age factor may be skewed younger or older and is not a reflection of any discrimination practices.***

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.



*Not for a group of our size and geographical span – the data would not be meaningful..*

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

Yes

No

Please give reasons for your proposals.

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.

*Please refer to our response to Question 8 above.*

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.

***While these figures may be useful for risky industries, when put together for a conglomerate, these figures are skewed and not very meaningful. Therefore we do not think KPIs should be reported, but companies may choose to share specific data for industries it deem appropriate. For example fatality rate for heavy manufacturing and construction industries can help identify processes and areas where better policies processes can help improve employee safety whereas gathering these information for office workers may not be as helpful.***

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.

***Please see our response to Question 13.***

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.

***Please see our response to Question 13.***

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

Yes

No

Please give reasons for your proposals.

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.

***Training should not be limited to vocational training. On the job training is as effective or even more so for certain jobs and for certain employees. Providing KPIs might not be meaningful.***

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.

***Different industries define these categories differently. Please see our response to Question 17 for other issues in determining training activities.***

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.

***Keeping track of hours per person for on the job training is too resource intensive and unnecessary.***

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.

*Please refer to our response to Question 8 above.*

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.

*Measuring such KPI when the policy is not to employ child or condone forced labour is unnecessary.*

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.

***Agree with information on policies and compliance on relevant standards. However, standards and reporting mechanism differ from country to country and from industry to industry.***

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.

***Such emission data are more effectively and efficiently used for specific industries. Do not agree to report emissions and respective emissions for a group like our as a whole.***

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.

***Not appropriate for cross-industry conglomerate with multi-reporting mechanisms. Aggregation is difficult and misleading.***

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.

***Please see our response to Question 27.***

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.

***Please see our response to Question 27..***

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.

***We agree with the description of measures and policies to lower emissions. However, different standards have different measures and these are not appropriate for aggregation at a group level.***

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.

***We agree with the description of measures and policies to reduce hazardous wastes. However, different standards have different measures and these are not appropriate for aggregation at a group level.***

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.

***We agree with policies to encourage the efficient use of resources.***



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.

***Energy consumption calculation is different for different jurisdictions. Furthermore, certain businesses use hybrid machinery or regenerative energy which will skew statistics. Therefore, energy consumption type may be appropriate for certain industries but will be difficult to aggregate as a whole for a group like ours.***

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.

***Not appropriate for cross-industry conglomerate with multi-reporting mechanisms. Aggregation is difficult and misleading.***

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.

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.

***Not appropriate for cross-industry conglomerate with multi-reporting mechanisms. Aggregation is difficult and misleading.***

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

Yes

No

Please give reasons for your proposals.

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.

***We agree with the general principle of an operation reducing its impact on the environment and natural resources.***

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.

***Not appropriate for cross-industry conglomerate with multi-reporting mechanism and KPIs.***

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.

***Certain countries have access to FSC or recycled paper which will help. Some countries with better technological support can reduce paper, but some cannot. Therefore, a blanket KPI is not appropriate for a cross-industry conglomerate like ours.***

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.

***There are numerous KPIs for different jurisdictions. It is more appropriate for the issuer to determine which activities should be highlighted and which KPIs to be used.***

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

Yes

No

Please give reasons for your proposals.

### 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.

***However, it is important to note that some countries have different requirements on supply chain issues and while a general policy can be good guidance, local rules and regulations will have to prevail.***

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.

***This data applied to our group could be misleading. Some suppliers are global whilst others are country specific. The data generated could not be meaningful for a group like ours.***

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

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.

***Please see our responseto Question 8.***

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.

***Irrelevant for conglomerates in multiple industries.***

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.

***The number of complaints is not truly reflective of how a company cares for its customers and the definition of “complaint” is too subjective. Some industries are inherently more susceptible to complaints than others and therefore comparisons across the board would be unfair and inappropriate.***

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.

***However, local laws should prevail.***

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.

***Local laws should prevail.***

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.

***Only cases that will have a material impact on the company’s results should be reported. For a multinational company with a wide range of businesses, there are numerous cases, many of which might be frivolous.***

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

Yes

No

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

***Different jurisdictions have different measures and implementation methods. These should prevail over the general procedures.***

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

Yes

No

Please give reasons for your proposals.

#### **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.

***The policies will differ depending on the local community’s needs. For example, some communities require educational institutions or basic human necessity infrastructure, while others may prefer culture and arts interests. A blanket policy across all countries may not be appropriate for the needs of industrial communities.***



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.

*Aggregating such KPIs wastes resources which could be better spent giving back to the community. For example, a project may have 4 employees helping several elderly persons to clean their homes for 2 hours for a total of 8 hours but the data collation and reporting might take 30 minutes or even an hour.*

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.

- End -