



FIL Investment Management (Singapore)
Limited

1 Raffles Place #14-00
Singapore 048616

Telephone: (65)65112200 Fax: (65)65361960

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

5 April 2012

Dear Sirs

Consultation Paper on ESG Reporting Guide

We would like to commend your initiative to improve the amount and quality of ESG disclosure by Hong Kong listed companies. As long term investors, we believe that ESG factors affect the performance of our investment portfolios and we integrate these considerations into our investment and decision making process.

We fully endorse the submission of Responsible Research on this consultation paper and take this opportunity to highlight the following issues in particular:

1. Whilst we understand that you are only proposing that ESG reporting be recommended best practice for now, we would support a move towards a “comply or explain” regime in the future. We believe that this can be strengthened through a clear statement of intent by the HKEx and an indicative timeline for implementation, which we believe will incentivise more issuers to initiate ESG disclosure plans.
2. In our view, the reporting time frames for ESG disclosure should be the same as annual reports, allowing for greater comparability with other disclosed metrics, and for ESG disclosure to be made along with, or shortly following, the release of the annual report.



3. We note that the current emphasis of the ESG reporting guide is primarily on past performance. We would support a greater focus on forward looking ESG disclosure and commentary, including identification by companies of any future ESG risks and opportunities and how these might be mitigated or exploited.

4. As means of improving the quality of ESG disclosure, we support the introduction of mechanisms for shareholders to provide feedback and hold boards accountable for ESG reporting, such as annual non-binding votes, and we would encourage companies to consider the use of external assurance, so that ESG disclosure becomes more verifiable, independent and comparable in the future.

Finally, although we strongly support the HKEx's initiative to facilitate comparable ESG disclosure by its users, we are concerned that an overly prescriptive framework could diminish innovation and quality of good ESG reporting. As the ESG guide is a guideline and basic support document for issuers that are new to ESG reporting, we are broadly comfortable with areas and aspects covered but would encourage companies, and the HKEx, to evolve beyond the framework as ESG considerations become more integrated into their business models.

Yours faithfully

[Redacted signature]

Director of Corporate Finance