

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201507.pdf>

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you agree with our proposal to amend Rule 13.91 to require issuers to disclose in their annual reports or ESG reports whether they have complied with the “comply or explain” provisions in the ESG Guide and if they have not, they must give considered reasons in the ESG reports?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will be clumsy and not setting out useful information to stakeholders.

2. Do you agree with our proposal to amend Rule 13.91 to require the issuer to report on ESG annually and regarding the same period covered in its annual report?

Yes

No

Please give reasons for your views.

Having the ESG report covering the same period as the annual report allow stakeholders to have a more holistic and comprehensive view of the issuer's performance, both in terms of financial and non-financial information.

3. Do you agree with our proposal to include a Note under Rule 13.91 to clarify that:
- (i) an ESG report may be presented as information in its annual report, in a separate report, or on the issuer’s website; and
 - (ii) the issuer should publish the ESG report as close as possible to, and in any event no later than three months after, the publication of the issuer’s annual report?
- Yes
- No

Please give reasons for your views.

(i) It is a good suggestion to allow issuer to decide on the way to publish the ESG report, especially that the ESG report can be published on the issuer’s website only, which is environmental friendly.

(ii) As Rule 13.46(2)(a) allows an annual report to be published no later than four months after the end of the financial year and the ESG report, covering the same financial year, is allowed to be disclosed no later than three months after the publication of the issuer’s annual report, there are already seven months between year end and the date of publication of the ESG report, which should be sufficient for issuers to prepare for the ESG report.

4. Do you agree with our proposal to revise the introductory section of the Guide into four areas (i.e. “The Guide”, “Overall Approach”, “Reporting Principles” and “Complementing ESG Discussions in the Business Review Section of the Directors’ Report”), and with the wording set out in Appendix II to the Consultation Paper?
- Yes
- No

Please give reasons for your views.

The Guide is better structured after the amendment, which is beneficial to both the issuers and the stakeholders.

5. Do you agree with the proposed wording of the Reporting Principles (i.e. “Materiality”, “Quantitative”, “Balance” and “Consistency”) in the introductory section of the Guide, as set out in Appendix II to the Consultation Paper?

Yes

No

Please give reasons for your views.

The proposed wordings defined the Reporting Principles in a clear and simple way.

6. Do you agree with the proposed wording in the Guide linking it to Appendix 16 to the Main Board Listing Rules (in relation to the requirement for ESG discussions in the business review section of the directors’ report), as set out in Appendix II to the Consultation Paper?

Yes

No

Please give reasons for your views.

Appendix 16 mainly sets out guidelines for financial disclosures but ESG disclosures are mainly related to non-financial aspects of the issuer. Furthermore, the proposed amendment to Chapter 13 and Appendix 27 should have set out sufficient guidelines on ESG reporting.

7. Do you agree with the proposal to re-arrange the Guide into two Subject Areas (A. Environmental and B. Social) and re-categorise “Workplace Quality”, “Operating Practices” and “Community Involvement” under Subject Area B?

Yes

No

Please give reasons for your views.

The ESG Guide is better structured after the amendment, which is beneficial to both the issuers and the stakeholders.

8. Do you agree with the proposal to change the heading “Workplace Quality” to “Employment and Labour Standards”?

Yes

No

Please give reasons for your views.

The new heading better described the requirements under the ESG Guide.

9. Do you agree with our proposal to upgrade the General Disclosures for each Aspect of the ESG Guide to “comply or explain”?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will be clumsy and not setting out useful information to stakeholders.

10. Do you agree with our proposal to amend the wording of paragraph (b) under current Aspects A1, A2, A4, B1, C2 and C3, re-numbered Aspects A1, B1, B2, B4, B6 and B7, to “compliance with relevant laws and regulations that have a significant impact on the issuer...” in order to align it with the language of the relevant provisions of the Companies Ordinance?

Yes

No

Please give reasons for your views.

Alignment of different regulatory requirements facilitates the compliance work of issuers.

11. Do you agree with our proposal to revise proposed Aspect A1 (“Emissions”) by upgrading to “comply or explain” the current KPIs B1.1, B1.2, B1.4 and B1.5, re-numbered KPIs A1.1, A1.2, A1.4 and A1.5, concerning disclosure of emissions and non-hazardous waste?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will be clumsy and not setting out useful information to stakeholders.

12. Do you agree with our proposal to upgrade to “comply or explain” the current KPIs B1.3 and B1.6, re-numbered KPIs A1.3 and A1.6, concerning disclosure of hazardous waste?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will be clumsy and not setting out useful information to stakeholders.

13. Do you agree with our proposal to upgrade to “comply or explain” the KPIs under the current Aspect B2, re-numbered Aspect A2, “Use of Resources”?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will be clumsy and not setting out useful information to stakeholders.

14. Do you agree with our proposal to upgrade to “comply or explain” the current KPI B3.1, re-numbered KPI A3.1, concerning disclosure of the significant impacts of activities on the environment and natural resources?

Yes

No

Please give reasons for your views.

Non-financial performance of different industry and different business scale may differ much and hence, not all KPIs are applicable to every issuer. If issuers are obliged to explain on KPIs not applicable to them, the ESG report will become clumsy and not setting out useful information to stakeholders.

15. Do you agree with our proposal to incorporate gender disclosure in proposed Subject Area B. Social, under the sub-heading “Employment and Labour Standards”?

Yes

No

Please give reasons for your views.

This amendment allows stakeholders to have a better understanding on how the issuers avoid sex discrimination.

- End -