

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.

We believe this will encourage issuers to take ESG reporting requirements more seriously.

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.

We believe this approach will present investors and other stakeholders with a more holistic and comprehensive view of the issuer's performance in the course of the year, 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.

We believe this approach will give issuers flexibility to issue ESG reports in the form that most suits their own circumstances. The ESG report should also be published shortly after the annual report in order for it to be relevant and useful.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice and it is suitable for the Guide to match the wordings in the Companies Ordinance where relevant.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice. Upgrading the ESG reporting obligations will prompt issuers to assess their environmental issues and take steps to address them.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice. Upgrading the ESG reporting obligations will prompt issuers to assess their environmental issues and take steps to address them.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice. Upgrading the ESG reporting obligations will prompt issuers to assess their environmental issues and take steps to address them.

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.

We believe this will assist to align the Guide to become more aligned with international standards / best practice. Upgrading the ESG reporting obligations will prompt issuers to assess their environmental issues and take steps to address them.

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.

We agree with the proposal of HKEx to incorporate gender disclosure at all levels of a company in Subject Area B under the sub-heading "Employment and Labour Standards."

The current HKEx Corporate Governance Code only states that issuers should have a policy concerning diversity of board members. We consider that it is appropriate to include gender disclosures in the ESG Guide, as it will give issuers the opportunity to provide a fuller picture of the diversity within their entire work force and may raise the level of awareness of issuers and prompt them to take action to promote gender diversity in their companies.

Research from Community Business, a no-profit organisation in Hong Kong found that women make up over 53.7% of tertiary education students and over 54.6% of our labour force. However, as current statistics show that only 11% of directors in Hong Kong are female, disclosing gender data at every level of employment may have the added benefit of helping to create a pipeline for women to move up the corporate ladder to more senior positions. We believe that the current percentage of women on boards of Hong Kong's listed companies is too low and more needs to be done to increase the pace of change.

Finally, we believe that gender diversity is good for business generally and critical to Hong Kong's competitive advantage. Hong Kong employers must access the widest possible talent pool to remain competitive.

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