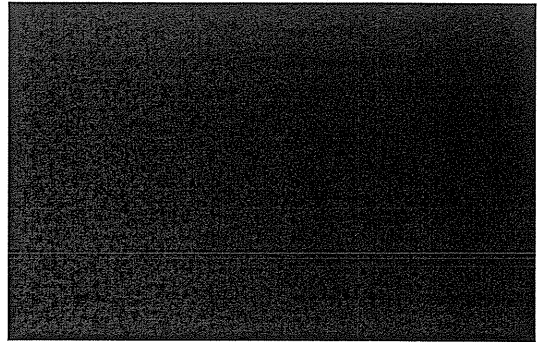


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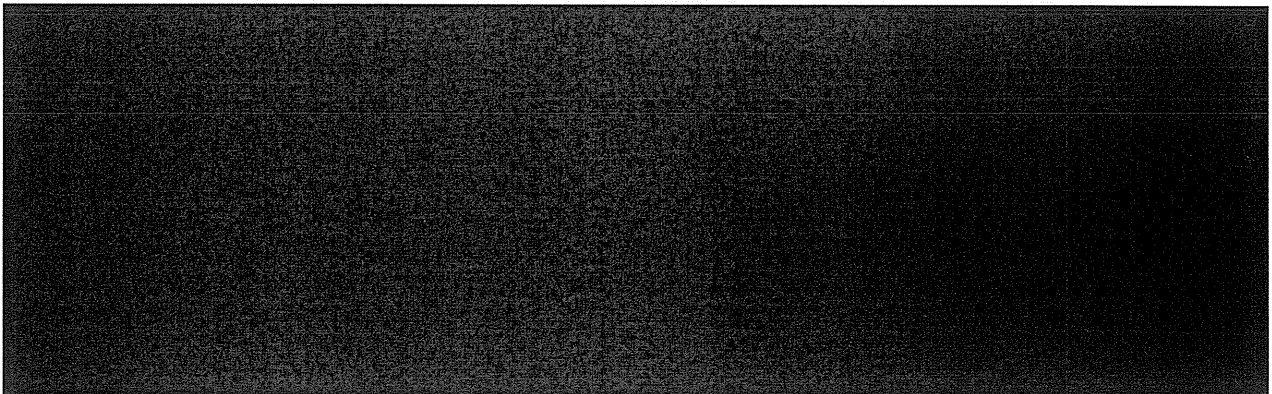
11 September 2015

The Stock Exchange of Hong Kong Limited
Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Response to the Consultation Paper ("Consultation") on
"Review of the Environmental, Social and Governance Reporting Guide" ("Guide")**

Dear Sir/Madam,

We appreciate the opportunity to provide our responses to the Consultation.



██████████ believes that the Guide is aligned with our fiduciary responsibility to protect shareholders from undue risk and maximize the long-term value of ██████████ funds. ██████████'s core purpose is "To take a stand for all investors, treat them fairly, and give them the best chance for investment success." Consistent with that mission, ██████████ strives to make sure the companies our funds invest in are subject to the highest standards of corporate governance. In an effort to continue the improvement of corporate governance and shareholder engagement, ██████████ supports initiatives that promote good corporate governance and shareholder engagement.

¹ Data as of 30 July 2015



Principles for Responsible Investment

As the consultation acknowledges, investors are increasingly interested in understanding the environmental, social and governance ("ESG") factors play in their investment. In November 2014, ██████ became a signatory to the Principles for Responsible Investment ("PRI"). As signatories to the PRI we will implement the six PRI principles where consistent with our fiduciary responsibilities:

- Incorporate ESG issues into investment analysis and decision-making processes.²
- Be active owners and incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the principles within the investment industry.
- Work together to enhance our effectiveness in implementing the principles.
- Report on our activities and progress towards implementing the principles.

██████ is formalizing procedures and enhancing external disclosure regarding how ██████ considers ESG factors within its corporate engagement and investment practices. ██████ will be submitting public reports to the PRI describing ██████'s plan and progress on integrating ESG issues within our relevant business areas.

Responses to the consultation questions

Given ██████'s recognition that ESG factors can create risk and may have a material impact on an investment in a company, it is natural that ██████ generally supports the Guide. Regarding the details of the proposed changes, we have provided feedback to the questions which are more relevant to ██████'s views on the review of the Guide. Please see below the questions and responses. The numbering of the questions corresponds to the numbers of the relevant questions set out in the Consultation.

Question 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. ██████ supports appropriate disclosure of ESG issues. Disclosure or an explanation why disclosure is not necessitated will allow investors and stakeholders sufficient information to fully understand a company's risks and the approach to manage or mitigate these risks.

Globally, there has been a marked increase in policies and regulation calling for ESG reporting, Increasing the Guide standards to "comply or explain" would more closely align Hong Kong listed companies to these global changes. ██████ would also recommend guidance concerning the "explain" standard to ensure it is not interpreted as a permanent preclusion from disclosure of identified ESG risks, but rather it allows companies to explain how some ESG issues may not be applicable risks in a given sector, company, geography, etc. Similarly, it provides companies with the flexibility to develop infrastructure and resources needed to identify, assess, and disclose existing and future ESG risks.

Question 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?

² Does not apply to passively managed funds



Yes. This standardized reporting timeline will allow all the information relating to the issuer be released around the same time so that investors and other stakeholders will be able to review the issuer's financial and ESG performance as a whole. By having the two reports to cover the same period, over time, it may also allow investors to analyze the correlation between financial performance and ESG performance.

In terms of resources, issuers should be able to cope with the timeline as buffer has already been built into the proposal. The proposal only encourages issuers to publish an ESG report within three months of the publication of the annual report.

Question 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, in general. Additionally, we would suggest a supplemental or additional principle, "Oversight." Oversight would require that an internal committee or other body would provide a review and/or assessment of the ESG reporting independent of the group or division producing the ESG disclosure. The party responsible for oversight would ensure the reporting described under "Balance" is unbiased and effective.

Question 8

Do you agree with the proposal to change the heading "Workplace Quality" to "Employment and Labour Standards" as discussed in paragraphs 100 and 101?

Yes. The proposed changes appear to be in line with leading international guidelines and the new Companies Ordinance ("CO") so that issuers can deal with consistent terminology in a more consistent manner and better meet the needs of globally diversified investors and other stakeholders.

Question 9

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

Yes. By upgrading the General Disclosures for each Aspect of the ESG Guide to "comply or explain", there will be an increased level of transparency and as mentioned in the Consultation Paper, raised level of stakeholder communication. The business review section of the annual directors' reports can also include such discussions to provide a holistic view of the company's policies relating to ESG.


Question 11

Do you agree with our proposal to revise Aspect A1 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, as discussed in paragraphs 109 to 114, and 117 to 118?

Yes. We promote the disclosure of material environmental risks to long-term company performance and a sustainable global economic system.

Question 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, as discussed in paragraph 119?



Yes. The recommendations are in line with international guidelines and if the issuers are already adopting the best practices, we do not believe this will not create unnecessary burden on issuers' internal processes.

Question 13

Do you agree with our proposal to upgrade to "comply or explain" the KPIs under the current Aspect B2, re-numbered Aspect A2 as discussed in paragraphs 120 to 122?

Yes.

Question 14

Do you agree with our proposal to upgrade to "comply or explain" the current KPI B3.1, re-numbered KPI A3.1, as discussed in paragraphs 123 to 125?

Yes. The disclosure required under this proposal seeks to provide more details to the statements which issuers are to provide under the re-numbered Aspects A1 and A2.

Question 15

Do you agree with our proposal to incorporate gender disclosure in Subject Area B under the sub-heading "Employment and Labour Standards"?

Yes. We agree that gender disclosures should be done voluntarily. If the issuer is hiring based on meritocracy, the gender of its employees should not be a factor of consideration. [REDACTED] has long fostered a culture that develops, supports, and encourages women's leadership abilities through a programme called the "Women's Initiative for Leadership Success". Moreover, [REDACTED] continues to work to increase the representation of women in leadership, and we would be interested in understanding how companies value a diverse and inclusive workforce.

We regard our feedback provided for the Consultation in this response letter to be confidential and would not want any of our comments to be attributed to [REDACTED] or [REDACTED] in any publication by the Hong Kong Stock Exchange. However, we are happy to be listed as a respondent to the Consultation.

We are also happy to provide the Hong Kong Stock Exchange with our further thoughts so please do not hesitate to contact us should you have any follow-up questions.

Yours faithfully,

