

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.

Such requirement enables investors to learn more about issuers' performance on sustainable development. In aspect “B8: Community Investment” in particular, I think issuers could report according to the six dimensions of social capital defined by the World Bank. It is a systematic approach and lets investors understand how issuers have contributed in this area which will not only benefit the community but also the issuers themselves.

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.

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.

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.

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.

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.

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.

It is easier for investors to understand issuers’ performance on the two major areas. The name “Community Investment” of aspect B8 is good as it tells what issuers have invested in the community that benefit the community, issuers and investors ultimately.

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.

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.

It is a good approach to promote awareness about the importance of ESG issues. Under “Aspect B8: Community Investment”, more guidelines could be provided. For example, we can ask issuers to report according to the six dimensions of social capital that is defined by the World Bank. It measures how issuers have contributed to the community by building social networks, fostering mutual help atmosphere, promoting cross-sectoral collaboration, etc, which is essential for economic prosperity and long-term sustainable development of the society.

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.

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.

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.

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.

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.

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.

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