

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 support HKEx’s proposal to raise the level of obligation of some recommended disclosures to “comply or explain” as stipulated in Rule 13.91. However, we think that listed issuers should retain flexibility to disclose what accounted as the most relevant ESG information with respect to the issuers in order to achieve compliance. Issuers should not have to explain why they do not comply with specific disclosure requirements in Appendix 27 if they include comparable disclosure provisions to the “comply or explain” provisions set out in the Guide.

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.

We appreciate that the HKEx has given listed issuers various ways of presenting their ESG report as set out in (i). However, to set a specified timeframe in (ii) may be a concern for smaller companies. They should be given time to develop their internal thinking and framework due to the fact that many of them have not thought about or tackled ESG reporting before.

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 have no objection to revise the introductory section of the Guide into four areas. As regards to the specific wordings set out in paragraphs 2 and 3 under “The Guide”, please refer to our responses to questions 1 and 3 above.

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.

Please refer to our responses to questions 1 and 3 above.

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.

Please refer to our responses to questions 1 and 3 above.

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.

Please refer to our responses to questions 1 and 3 above.

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 have no objection to this proposal as long as issuers could retain their flexibility to disclose the relevant information. See our responses to questions 1 and 3.

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.

We agree with the proposal of the HKEx to incorporate gender disclosure in Subject Area B under the sub-heading “Employment and Labour Standards”.

We believe strongly that a highly effective Board is about chemistry and behaviours and that gender diversity is good for business performance and critical to Hong Kong’s competitive advantage. Hong Kong employers must access the widest possible talent pool. Although we do not support quota based approach to the diversity issues which should not just cover gender diversity aspect, we believe that the current percentage of women on Boards of Hong Kong’s listed companies is too low (~11% according to the HKEx data) in comparison with the size of the general pool of board-ready female talents in Hong Kong.

At Standard Chartered, our approach to diversity and inclusion is fundamental to who we are as an organisation, and a key aspect of our brand promise – Here for good.

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