

From: Fiona Donnelly
Sent: Saturday, September 12, 2015 11:08 AM
To: response
Subject: Re Consultation paper on review of the ESG reporting guide'

Please accept this response to the above, from Red Links Limited.

You may disclose to members of the public my name, the company name or any element of this submission.

With my best regards, Fiona

- I am immensely in favour of Hong Kong issuers (and Hong Kong companies in general) being required to disclose more about their sustainability efforts. If companies have to report more, then they will surely be more active in addressing sustainability issues, which is good for the planet, as well as being smart business wise. It's been said that ESG management is often a useful proxy for superior management. As a mature, developed, international business hub, Hong Kong businesses should be operating with that level of diligence and professionalism.
- Hong Kong, as one of the world's leading capital markets, has to evolve and keep in step with its peers, and as the consultation paper notes, there is an increasing global trend to disclose more about ESG. International investors will expect Hong Kong ESG disclosure requirements to be comparable with other leading markets. An added pressure for Hong Kong is the 'international financial market' role it plays for Mainland China - given their increasing commitments to ESG topics like air quality and clean energy, more ESG disclosures are likely to follow suit.
- It's great to push things forward, however I am a bit concerned about the proposed timeline for rolling out the revised guidelines. HKEx is proposing to make the new rules and guide effective for 'financial years commencing on or after 1 January 2016', which doesn't leave a lot of time for issuers to prepare and get ready for the new requirements.
- The proposals involve some changes, like re-arranging the subject areas in the guide to be more in line with other international standards, like GRI the de facto global standard framework for sustainability reports. I fully support this idea to align the disclosure framework as it will make it more efficient for issuers to compile sustainability reports as well as making it easier for users to read and compare reports.
- I agree with HKEx's approach to include a lot of flexibility in the guide, so that issuers can interpret the clauses optimally and as it is most relevant to their operations. In this vein, I would prefer issuers were given the option to report more frequently, rather than insist they compile a sustainability report annually. International trends are towards more dynamic, digital and interactive forms of reporting, so I would be disappointed if HKEx advocated steps that may discourage what I consider to be a positive trend towards more frequent reporting, normally online.
- I fully support the suggestion to disclose more details about gender diversity. Not only does this keep Hong Kong in line with global trends, it's aligned with other local

efforts on improving diversity, such as Community Business's work. I would also like to see more disclosures required for labour standards – more about labour relations and policies, rather than just requiring the exceptions and negatives (child and forced labour) to be disclosed. I am pleased that issuers are being urged to disclose more on the environment – it's such a critical issue for Hong Kong, Mainland China is taking such progressive steps in addressing environmental issues, and globally more jurisdictions are doing more, it makes sense that enterprises are being lead to measure, monitor, manage and disclose more environmental aspects.



Fiona Donnelly
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