

## 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.

This is in line with the international practice and the rising concern in disclosure of ESG matters.

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 agree with the view of HKEx that this approach will present investors and other stakeholders with a more holistic and comprehensive view of the issuer’s performance, 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 agree with the view of HKEx that such approach will give issuers the flexibility to issue ESG reports in the form that most suits their own circumstances. For issuers incorporated in Hong Kong, Companies Ordinance (Cap. 622) requires a discussion of their environmental policies and performance to be included in the business review section of their annual directors’ report. The proposed publication deadline of ESG report to cover the same period as the annual report will present investors and other stakeholders with a more holistic and comprehensive view on financial and non-financial information. A summary or a reference is suggested to link the annual report and the separate report/the issuer’s website if the ESG information is not presented in the annual report.

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.

To a large extent, these principles are already in the current ESG Report Guide, Appendix 27 to the listing rules.

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.

This will give a clear guide to the issuers on preparing annual reports.

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.

This is in line with the global reporting guidelines, GRI 4. Such re-arrangement in terms of adopting a similar terminology as used in international guidelines and the statute also enables the ease of presentation to the issuers and hence the ease of reading to the readers.

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 suggest to changing the word “Standards” to “Practices” so as to tally closely with the contents.

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.

The General Disclosures of each aspect mostly cover the information on the policies and compliance with relevant laws and regulations. At the beginning stage, it will be a burden to the issuers to develop or revise an ESG policy or various policies to cover all the aspects. In addition, as stated in the current Guide, not all ESG subject areas, aspects and KPIs may be relevant to an issuer’s business. We suggest the General Disclosures be recommended disclosures as in the current Guide.

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 agree to align it with the language of the relevant provisions of the Companies Ordinance to avoid confusion.

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.

Same view as Question 9 above. In addition, collection of information is a difficult and time-consuming process. At the beginning stage, issuers should be allowed to choose the most relevant and important information for disclosure purpose.

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.

Same view as Question 11 above. No comment on re-numbering.

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.

Same view as Question 11 above. No comment on re-numbering.

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.

Same view as Question 11 above. No comment on re-numbering.

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 to incorporate gender disclosure as voluntary provisions.

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