

18 September 2015

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

Dear Sir

## **Re: Consultation Paper on Review of the ESG Reporting Guide**

We are writing to you concerning the consultation paper on review of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) issued July 2015.

Greenpeace East Asia (“GPEA”) is an independent campaigning organization that acts to change attitudes and behavior, to protect and conserve the environment and to promote peace. Since 1997, GPEA has been committed to fight climate change, create a toxic-free future, ensure food security, end illegal deforestation and defend the oceans both in Hong Kong and in the East Asia region.

GPEA is of the view that climate change, depletion of natural resources, ecosystem decline and deforestation have disruptive impact on the environment, as well as the economy, companies, investors and security, all of which affect businesses and financial markets. We recognize the effort of the Hong Kong Stock Exchange (“HKEx”) to impose a higher level of Environmental, Social and Governance (“ESG”) reporting obligations on Hong Kong listed companies by upgrading the KPIs under the subject area “Environmental” to “comply or explain”. We would like to take this opportunity to highlight our following issues concerning the ESG Guide:

### 1) Importance of ‘climate change strategy’

In order to keep global warming within 2 degree Celsius to avoid dangerous climate change, the world needs to peak its greenhouse gases emission around 2020. Under this urgency of climate action, we believe HKEx is in a unique and influential position to encourage listed companies to develop and implement climate change strategies that contain concrete actions such as reducing greenhouse gas emissions and minimizing energy consumption within a meaningful timeframe. Listed companies should be requested to disclose their reduction target on greenhouse gas emissions and processes working with their suppliers and customers to achieve the climate change strategy.

### 2) Comparisons within industry

Key environmental KPI reporting, such as greenhouse gas emissions and energy consumption created by listed companies should be in a format that allows comparison over time and amongst companies in the same industry. Information transparency such as meaningful comparison among industry players can be a key driver to motivate companies to improve their environmental performance.

### 3) Engaging stakeholders

In the proposed ESG Guide, the paragraphs regarding stakeholder engagement have been amended and simplified. After reviewing and comparing with the previous version, we believe the original detailed guidance on stakeholder engagement is more appropriate as it explained the basis of identification of stakeholders, and activities of stakeholder engagement. Listed companies should have mechanisms to seek and address stakeholders' feedback and take their concerns into account.

### 4) Environmental risk and hazardous waste in supply chain

GPEA stresses the importance and the need for listed companies to disclose their policies on managing environmental risks of the full supply chain and therefore supply chain management should also be part of "Environmental". Listed companies in the manufacturing sector should be requested to disclose the restricted substances list. For listed companies involving suppliers in the production cycle, they should also be requested to disclose data on the hazardous waste discharge from their supply chain to the public. We believe listed companies should completely eliminate hazardous waste produced from the full supply chain and product life cycle.

### 5) Verification and assessment

To ensure the ESG reporting is truly reflecting the performance of the listed company, GPEA proposes the disclosure should be verified by external and independent assessment, so that problematic ESG performance and measures for improvements can be identified.

Below please find GPEA's comment on each of the consultation question raised in the consultation paper.

Consultation Question	GPEA's comment
1	Yes
2	Yes. The ESG reporting should cover same period in its annual report so that meaningful comparison can be made over the years.
3	Yes
4	Regarding the amendment in stakeholder engagement in "Overall approach", we believe the original detailed guidance on stakeholder engagement is more appropriate as it explained the basis of identification of stakeholders, and activities of stakeholder engagement. Listed companies should have mechanisms to address stakeholders' feedback and take their concerns into account.
5	Yes
6	Yes
7	No comment
8	No comment
9	Yes
10	No comment
11	Yes
12	Yes

# GREENPEACE 绿色和平

13	Yes
14	Yes
15	No comment

Should you have any further queries regarding our feedback, please do not hesitate to contact Ms. Sannie Chung by telephone at [REDACTED] or by email at [REDACTED].

For and on behalf of  
Greenpeace East Asia



Sannie Chung  
Senior Finance Campaigner

