

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 selected ESG requirements being ones with which issuers must comply or explain why not. However, we think that the way in which compliance is achieved should continue to be a matter for individual issuers. It follows that, provided information comparable that in Appendix 27 (albeit for example under different subject areas or aspects) is disclosed, issuers should not have to explain why they do not comply with specific disclosure requirements in Appendix 27. We consider that this response is consistent with paragraph 7 of Appendix II to the Consultation Paper.

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 reasons in paragraph 90 of the Consultation Paper.

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 (i). We think setting a maximum period in (ii) is unduly prescriptive. Issuers will reasonably differ in the amount of resources and time which they can sensibly devote to ESG reporting.

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 this proposal or to this wording. In so indicating, we are relying in particular on paragraph 7 of Appendix II to the Consultation Paper, which we interpret as permitting issuers to continue to report by reference to subject areas and aspects which are different from those in Appendix 27 provided that comparable disclosures are made.

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.

See our response to question 4.

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.

We are considering as a separate matter how best to comply with the requirements of Schedule 5 to the Companies Ordinance (and therefore Appendix 16). We agree that the disclosure requirements in Appendix 27 need to be considered separately.

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.

We have no objection to this proposal. In so indicating, we are relying in particular on paragraph 7 of Appendix II to the Consultation Paper, which we interpret as permitting issuers to continue to report by reference to subject areas and aspects which are different from those in Appendix 27 provided that comparable disclosures are made.

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 have no objection to this proposal. In so indicating, we are relying in particular on paragraph 7 of Appendix II to the Consultation Paper, which we interpret as permitting issuers to continue to report by reference to subject areas and aspects which are different from those in Appendix 27 provided that comparable disclosures are made.

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, but see our response to question 1 above.

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 have no objection to this proposal.

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.

We have no objection to this proposal, but see our response to question 1 above.

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.

We have no objection to this proposal, but see our response to question 1 above.

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.

We have no objection to this proposal, but see our response to question 1 above.

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.

We have no objection to this proposal, but see our response to question 1 above.

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 have no objection to this proposal, but see our response to question 1 above.

- End -