

Response to the 2012 Hong Kong Exchanges And Clearing Ltd Consultation on Environmental, Social & Governance Guidelines 9 April 2012

Introduction

The global situation

There is growing interest among investors and stakeholders in environmental, social and governance (ESG) information of listed companies worldwide. ESG reporting began as a voluntary activity but has become mandatory in other countries. For example, stock exchanges in China, Singapore, Taiwan, Malaysia, US, Europe and South Africa have all implemented initiatives to promote, and in some cases mandate, ESG reporting by listed companies. Also, over 1000 signatories (asset owners, investment managers and professional service partners) of the UN Principles for Responsible Investment (UNPRI) have voluntarily adopted seven principles with ESG reporting at its core. Currently these signatories manage USD 20 trillion in assets. UNPRI members come investors from developed and developing countries including Singapore, the Netherlands, South Africa, Brazil, UK, USA and Korea among others.

KPMG's 2008 International survey of corporate responsibility reporting confirmed this development with 79 percent of global 250 companies published sustainability reports. In 2010 the number increased to 85%. It is useful to benchmark this data against 1999 results when only 35% of global companies reported on ESG. In a regional context Chinese produced 700 sustainability reports in 2010.

ESG in Hong Kong

Hong Kong has not kept pace with international developments in ESG. There is no legislation governing ESG reporting, Hong Kong has no over-arching framework for sustainable development and, with a few exceptions the corporate sector has been slow to adopt ESG reporting. This is exemplified by the closure of ACCA's sustainability reporting awards in 2009 because of the limited number of entrants.

The introduction by HKEx of these guidelines fills an important gap in Hong Kong's position as a leading global market and steps to accelerate this process are to be welcomed. With over 1500 listed companies, the HKEx has enormous potential to influence its members, aspiring listers, investors and the Hong Kong Government.

Recommendations:

Promote the benefits of ESG Reporting

Several Hong Kong-listed companies are voluntarily reporting on ESG, and doing so against best practice international standards (such as the Global Reporting Initiative, ISO 14000 and the Carbon Disclosure Project). For some companies ESG reporting is an important risk management tool. The most proactive are also recognizing that early identification of risks and the implementation of strategies to address them can be a key component of brand development.

Encourage the use of internationally recognized reporting tools

The operations of HKEx members are conducted in many different jurisdictions and according to varying degrees of regulation. The great majority of companies use compliance with local legislation as the benchmark for many of the activities covered under ESG reporting. Encouraging companies to conduct ESG reporting according to widely accepted global best practice as exemplified by GRI, ISO 14000 and CDP, avoids the need to reinvent the wheel, and creates a framework for comparison that will be of great use to analysts and investors and companies wishing to benchmark their activities against their competitors.

Establish minimum standards and compliance

HKEx must clearly identify minimum standards including a set of core indicators that all companies must report against. Thereafter, to maintain credibility, the HKEx must have an ability to review these reporting standards and those of their listed entities.

Prepare for ESG reporting by sector

HKEx should build on the progress to date by defining the minimum expectations for ESG reporting for each sector as it has done for the minerals companies under rule 18.05(6). Particular attention should be paid to those sectors that are significant on the exchange – financial services, mining and metals and real estate – or that have significant exposure to environmental, social or governance risks.

Upgrade to “comply or explain” within two years

The HKEx is to be congratulated for proposing the “comply or explain” requirement, especially given Hong Kong’s slow uptake of ESG reporting to date. Given the benefits of ESG reporting it is clearly desirable that Hong Kong catches up with global ESG reporting levels as soon as possible. It is understood that many companies currently lack the infrastructure for effective reporting.

The establishment of a two-year timeframe for upgrading the HKEx’s ESG reporting requirements to “comply or explain”, will both create a sense of urgency and provide sufficient time for appropriate arrangements to be made.

Integrate ESG reporting with the Annual Report

We recommend that the timing of ESG reporting should be synchronized with a company’s Annual Report. Companies that have taken this approach report considerable benefits especially in mainstreaming consciousness of ESG issues. Most notably this will improve transparency and consistency of the report, encouraging the board and shareholders to track progress, compare information from year to year, and allow easy benchmarking between firms.

Where the comprehensive nature of ESG reporting makes a combined annual report unwieldy, a summary should be included in the annual report. In electronic versions the summary should include hyperlinks to the relevant sections of the full ESG report.

Implementation

HKEx has clearly invested substantial efforts and secured considerable traction in introducing the concept of ESG reporting to its members. It is recommended that the benefits of this traction be fully leveraged to further advance the concepts outlined in the ESG guide and this consultation through similarly resourced engagement.

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed changes discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201112.pdf>.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Should the ESG Guide be a recommended best practice appended to the Listing Rules?

Yes

No

If your answer is “No”, please give reasons and alternative views.

We welcome the HKSE’s work in this area. While noting the strategy of the HKSE of currently not elevating the ESG Guide to the level of “comply or explain”, we encourage the HKSE to move in this direction and elevate the ESG Guide to “comply or explain” within the next two years.

We also suggest that in the future HKSE define minimum core and sectoral expectations for ESG reporting based on global best practice, and provide information and training for the listing committee on how to review and understand the submitted data according to global best practice.

2. Do you agree with the proposed Main Board Listing Rule 13.91 and paragraph 53 of Appendix 16/ GEM Listing Rules 17.103 and 18.84 in Appendix I of the Consultation Paper?

Yes

No

If your answer is “No”, please give reasons and alternative views.

We recommend that the ESG report be issued at the same time and cover the same period as the annual report. This will improve transparency and consistency of the report. It will allow the tracking of progress and comparison information from year to year and with other issuers. Information is time sensitive, and delaying its publication may compromise its relevance.

Content of the proposed Environmental, Social and Governance Reporting Guide

Introduction

3. Do you agree with the Introduction section?

The proposed Introduction section states:

1. This guide sets out Environmental, Social and Governance (“ESG”) subject areas, aspects, general disclosure and key performance indicators (“KPIs”).
2. This guide is not comprehensive. We encourage an issuer to identify and disclose additional ESG issues and KPIs that are relevant to its business. It may also refer to existing international ESG reporting guidance for its relevant industry or sector.
3. An issuer may adopt a higher level of ESG reporting based on international guidance and standards.
4. An issuer may disclose the ESG information in its annual report regarding the same period covered in the annual report, or in a separate report, in print or on its website. Where the information is included in a separate report, an issuer is free to report on any period.
5. It is important to involve the board of directors in preparing the ESG report. The board of directors is responsible for ESG reporting but it may delegate the task of compiling the ESG report to its employees or a committee that reports to the board.

Yes

No

If your answer is “No”, please give reasons and alternative views.

However, we recommend that the ESG report be issued at the same time and cover the same period as the annual report.
This section should also include a paragraph highlighting the benefits of ESG reporting.

General Approach

4. Do you agree with the guidance under the General Approach section?

The proposed General Approach section states:

Identify subject areas, aspects and indicators that are relevant

8. Not all ESG subject areas, aspects and KPIs in this Guide may be relevant to an issuer's business. Also, some may be more important to an issuer's business than others. For example, product responsibility, an ESG aspect, may be important to a retailer.
9. The ESG report could prioritise ESG subject areas, aspects and KPIs that are material in the context of its corporate strategy, which could be given prominence in the report.
10. It is unnecessary to report on all subject areas, aspects and KPIs. An issuer could identify and report on relevant ESG subject areas, aspects and KPIs that have material environmental and social impacts. Materiality can be addressed in strategic, operational and financial terms.

Engage stakeholders

11. It is important to engage stakeholders to identify material aspects and KPIs and understand their views. Stakeholders are parties that have interests in or are affected by the decisions and activities of an issuer. They may include shareholders (including independent shareholders), business partners, employees, suppliers, sub-contractors, consumers, regulators and the public.
12. The ESG report could disclose the issuer's stakeholders and the basis for their identification. It may also disclose the activities the issuer has arranged to engage stakeholders, the objectives and how it has responded to stakeholders' views. Stakeholder engagement may be conducted through meetings (e.g. personal or annual general meetings), conferences, workshops, advisory committees, round-table discussions, focus groups, questionnaires, web-based forums and written consultations.
13. The ESG report may also disclose a mechanism for stakeholders to provide feedback.

Yes

No

If your answer is "No", please give reasons and alternative views.

A set of core indicators common to all companies should be established according to global best practice in addition to providing more detailed indicators on specific sectors

Reporting guidance

5. Do you agree with the guidance under the Reporting Guidance section?

The proposed Reporting Guidance section states:

Scope of reporting

14. The ESG report could state which entities in the group and/or which operations have been included for the report. If there is change in the scope, the issuer could explain the difference and reason for change.

Approaches to reporting

15. Once an issuer starts reporting, it could continue to do so regularly. The aspects and KPIs reported could be consistent for each period or there could be an explanation of the changes. An issuer may also explain why some aspects and KPIs are not reported.
16. An ESG report could state the issuer's ESG management approach, strategies, priorities, objectives and explain how they relate to its business. It could discuss the issuer's management, measurement and monitoring system to implement its ESG strategies.
17. An ESG report could also discuss ESG opportunities, risks, challenges and how they are addressed. For example, a telecommunication company may see an opportunity to promote teleconferencing as an alternative to travel due to climate change concerns. An information and technology company may see the damage to its reputation from a breach in consumer privacy as an ESG risk.

Reporting on line items

18. The Guide does not provide a definition for each KPI. An issuer could explain how the KPIs are calculated and include information that is necessary for interpreting the KPIs. It may use the same definition and calculation method each period for comparison over time. If there is a change to the definition or calculation method, the issuer could explain the difference and reason for the change.
19. Over time, an issuer may present time series of data for comparison over a period already reported on. The time period used may be consistent for every report.
20. An issuer may report line items with objective and representative industry benchmarks.
21. Quantitative information could be presented in a table format.

Yes

No

If your answer is "No", please give reasons and alternative views.

Wherever possible KPIs should be based on existing global best practice

Key ESG Subject Areas

6. Do you agree with the proposed ESG areas, namely: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Aspects for each ESG Area

7. Do you agree with the following proposed aspects?

Areas and aspects
<p style="text-align: center;">A. Workplace quality</p> <p>Aspect A1 Working Conditions</p> <p>Aspect A2 Health and safety</p> <p>Aspect A3 Development and training</p> <p>Aspect A4 Labour standards</p>
<p style="text-align: center;">B. Environmental protection</p> <p>Aspect B1 Emissions</p> <p>Aspect B2 Use of resources</p> <p>Aspect B3 The environment and natural resources</p>
<p style="text-align: center;">C. Operating practices</p> <p>Aspect C1 Supply chain management</p> <p>Aspect C2 Product responsibility</p> <p>Aspect C3 Anti-corruption</p>
<p style="text-align: center;">D. Community involvement</p> <p>Aspect D1 Community investment</p>

Yes

No

If your answer is “No”, please give reasons and alternative views.

Equal opportunities and workplace diversity reporting should be included in Aspect A

A. Workplace quality

Aspect A1 Working conditions

8. Do you agree with the following general disclosure for Aspect A1: Working conditions?

Information on:

- (a) the policies; and
- (b) compliance and material non-compliance with relevant standards, rules and regulations

on compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity and other benefits and welfare.

Yes

No

If your answer is “No”, please give reasons and alternative views.

Explicit measurement of “equal opportunity” should be included

9. Do you agree to include KPI A1.1: “Total workforce by employment type, age group and geographical region”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Additional metrics should include: gender, racial diversity and disability

10. Do you agree to include KPI A1.2: “Employee turnover rate by age group and geographical region”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Additional metrics should include employment type, gender and race as these can enable assessment on company's human capital risk.

11. Do you have any additional KPIs for Aspect A1?

Yes

No

Please give reasons for your proposals.

Additional KPIs on :
How many hours employees work per week – to ensure that the working conditions of employees are acceptable.
Breakdown of pay (including by gender) into pay for regular and overtime pay – to track disparities better manage headcount

Aspect A2 Health and safety

12. Do you agree with the following general disclosure for Aspect A2: Health and safety?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on providing a safe working environment and protecting employees from occupational hazards.

Yes

No

If your answer is “No”, please give reasons and alternative views.

Amend last line to state: “. . . a safe and healthy working environment” – reason: hazard is too strong a word for poor lighting, ergonomics or ventilation in offices.

13. Do you agree to include KPI A2.1: “Fatality number and rate”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Differentiate between directly-employed staff and contractors
Break down should also identify job function and cause of fatality

14. Do you agree to include KPI A2.2: “Lost days due to work injury”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

15. Do you agree to include KPI A2.3: “Description of occupational health and safety measures adopted, how they are implemented and monitored”?

Yes

No

If you answer is “No”, please give reasons and alternate views.

16. Do you have any additional KPIs for Aspect A2?

Yes

No

Please give reasons for your proposals.

include KPIs on:
public health impacts of accidents (it may not only be workers that suffer) ,
causes of accidents (for future avoidance) , and
absenteeism and its causes (to identify and address the reasons)

Aspect A3 Development and training

17. Do you agree with the following general disclosure for Aspect A3: Development and training?

Policies on improving employees' knowledge and skills for discharging duties at work.

Training refers to vocational training. It may include internal and external courses paid by the employer.

Yes

No

If your answer is "No", please give reasons and alternative views.

Policies should specifically include . . . "on an equal opportunity basis".
Training should specifically include sustainability.

18. Do you agree to include KPI A3.1: "Description of training activities provided and if relevant, the percentage of employees trained by employee category (e.g. senior management, middle management, etc.)"?

Yes

No

If your answer is "No", please give reasons and alternative views.

Should also include percentage trained by gender, race and age – to ensure equal opportunity.

19. Do you agree to include KPI A3.2: "The average training hours completed per employee by employee category"?

Yes

No

If your answer is "No", please give reasons and alternative views.

Should also include average training hours completed by gender, race and age – to ensure equal opportunity

20. Do you have any additional KPIs for Aspect A3?

Yes

No

Please give reasons for your proposals.

Topics on which employees are trained should be documented – to assess the appropriateness and value of the training

Aspect A4 Labour standards

21. Do you agree with the following general disclosure for Aspect A4: Labour standards?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on preventing child or forced labour.

Yes

No

If your answer is “No”, please give reasons and alternative views.

22. Do you agree to include KPI A4.1: “Description of measures to review employment practices to avoid child and forced labour”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Include practices to avoid child and forced labour down the supply chain

23. Do you agree to include KPI A4.2: “Description of steps taken to eliminate such practices when discovered”?

Yes

No

If you answer is “No”, please give reasons and alternate views.

24. Do you have any additional KPIs for Aspect A4?

Yes

No

Please give reasons for your proposals.

Add indicators:
providing transparency on managing human rights risks.
Numbers and details of breaches of national legislation including prosecutions, convictions, warnings and penalties.

B. Environmental protection

Aspect B1 Emissions

25. Do you agree with the following general disclosure for Aspect B1: Emissions?

Information on:

- (a) the policies; and
- (b) compliance and material non-compliance with relevant standards, rules and regulations

on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.

Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.

Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Hazardous wastes are those defined by national regulations.

Yes

No

If your answer is “No”, please give reasons and alternative views.

Toxic air emissions should be assessed against both national standards AND World Health Organization Air Quality Guidelines – national standards rarely reflect the full threat to health of emissions (compliance with permissive national standards may still be causing substantial harm).

26. Do you agree to include KPI B1.1: “The types of emissions and respective emissions data”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Special attention should be paid to specific pollutants that are known to have harmful effects – e.g NO₂ is harmful, NO_x is less so.

27. Do you agree to include KPI B1.2: “Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)?”

Yes

No

If your answer is “No”, please give reasons and alternative views.

28. Do you agree to include KPI B1.3: “Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)?”

Yes

No

If your answer is “No”, please give reasons and alternative views.

“Per facility or cluster of facilities” is the best measure to evaluate potential public health and ecological impacts

29. Do you agree to include KPI B1.4: “Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)?”

Yes

No

If your answer is “No”, please give reasons and alternative views.

Add disposal method of the waste (e.g. recycled, dumped, burned, sold)

30. Do you agree to include KPI B1.5: “Description of measures to mitigate emissions and results achieved”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

31. Do you agree to include KPI B1.6: “Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

32. Do you have any additional KPIs for Aspect B1?

Yes

No

Please give reasons for your proposals.

Include the following additional KPIs:

- 1) Emissions of ozone-depleting substances by weight and source
- 2) NO_x, SO_x and other significant air emissions by type and weight
- 3) Targets for improvement
- 4) Number and impacts (public health and ecological) of accidental/catastrophic discharges of toxic/hazardous materials
- 5) Number of breaches of national environmental legislation (including warnings, prosecutions, convictions and penalties)

Aspect B2 Use of resources

33. Do you agree with the following general disclosure for Aspect B2: Use of resources?

Policies on efficient use of resources including energy, water and other raw materials.

Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.

Yes

No

If your answer is “No”, please give reasons and alternate views.

34. Do you agree to include KPI B2.1: “Energy consumption by type (e.g. electricity, gas or oil) in total (kwh in ‘000s) and intensity (e.g. per unit of production volume, per facility)”?

Yes

No

If your answer is “No”, please give reasons and alternate views.

Specify direct and indirect energy consumption by primary energy source

35. Do you agree to include KPI B2.2: “Water consumption in total and intensity (e.g. per unit of production volume, per facility)”?

Yes

No

If your answer is “No”, please give reasons and alternate views.

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36. Do you agree to include KPI B2.3: “Description of energy use efficiency initiatives and results achieved”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

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37. Do you agree to include KPI B2.4: “Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

38. Do you agree to include KPI B2.5: “Total packaging material used (in tonnes), and if applicable, with reference to per unit produced”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

39. Do you have any additional KPIs for Aspect B2?

Yes

No

Please give reasons for your proposals.

We recommend to add the following KPIs:

- 1) Percentage and total volume of water recycled and reused
- 2) Specify direct and indirect (supply chain) energy consumption
- 3) Materials used by weight or volume
- 4) Percentage of materials used that are recycled input materials

Aspect B3 The environment and natural resources

40. Do you agree with the following general disclosure for Aspect B3: The environment and natural resources?

Policies on minimizing the operation’s significant impact on the environment and natural resources.

Yes

No

If your answer is “No”, please give reasons and alternative views.

41. Do you agree to include KPI B3.1: “Total paper used”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Add percentage from sustainable sources (recycled, FSC accredited etc)

42. Do you agree to include KPI B3.2: “Paper use efficiency initiatives and results achieved”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

43. Do you agree to include KPI B3.3: “Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Should include impacts of supply chain as well as core operations

44. Do you have any additional KPIs for Aspect B3?

Yes

No

Please give reasons for your proposals.

Add a KPI on:

- 1) Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
- 2) Description of significant impacts on ecosystem function (e.g river dammed, forest felled, soil erosion caused) from core or contracted operations
- 2) Number of EIAs conducted for their operations
- 3) Description of corporate structure, board's involvement and relevant departments responsible for environmental management
- 4) Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

C. Operating practices

Aspect C1 Supply chain management

45. Do you agree with the following general disclosure for Aspect C1: Supply chain management?

Policies on risk management of supply chain.

Yes

No

If your answer is “No”, please give reasons and alternative views.

46. Do you agree to include KPI C1.1: “Number of suppliers by geographical region”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Suggest reporting on the amount of volume or value of how much is sourced per geographical region.

47. Do you agree to include KPI C1.2: “Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Companies should require suppliers to protect labour standards and avoid, minimize or compensate for their environmental impacts.

48. Do you have any additional KPIs for Aspect C1?

Yes

No

Please give reasons for your proposals

Companies should audit suppliers' labour, environmental and ethical standards and publish the periodicity and results of such audits.

Aspect C2 Product responsibility

49. Do you agree with the following general disclosure for Aspect C2: Product responsibility?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on health and safety, advertising, labelling, privacy and methods of redress.

Yes

No

If your answer is "No", please give reasons and alternative views.

50. Do you agree to include KPI C2.1: "Percentage of total products sold or shipped subject to recalls for safety and health reasons"?

Yes

No

If your answer is "No", please give reasons and alternative views.

Reasons for recalls – especially relating to health and safety – should be specified

51. Do you agree to include KPI C2.2: “Number of products and service related complaints received and how they are dealt with”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

52. Do you agree to include KPI C2.3: “Description of practices relating to observing and protecting intellectual property rights”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

53. Do you agree to include KPI C2.4: “Description of quality assurance process and recall procedures”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

The description should include:
Compliance monitoring and
The board’s involvement (e.g. reporting & review) in ensuring product quality

54. Do you agree to include KPI C2.5: “Description of consumer data protection and privacy policies, how they are implemented and monitored”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

55. Do you have additional KPIs for Aspect C2?

Yes

No

Please give reasons for your proposals.

Companies should explain what measures are in place to ensure reduction of incidents.
Additional KPIs: type of customer complaints and customer satisfaction survey.

Aspect C3 Anti-corruption

56. Do you agree with the following general disclosure for Aspect C3: Anti-corruption?

Information on:

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on bribery, extortion, fraud and money laundering.

Yes

No

If your answer is “No”, please give reasons and alternative views.

57. Do you agree to include KPI C3.1: “Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

Prosecutions, outcomes and penalties should all be included

58. Do you agree to include KPI C3.2: “Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored”?

Yes

No

If your answer is “No”, please give reasons and alternative views.

The description should include any employee training on ethical standards.

59. Do you have any additional KPIs for Aspect C3?

Yes

No

Please give reasons for your proposals.

Add a KPI on number and type of cases regarding anti-competitive practices and insider trading.

D. Community involvement

Aspect D1 Community investment

60. Do you agree with the following general disclosure for Aspect D1: Community investment?

Policies on understanding the community’s needs in where it operates and ensuring its activities takes into consideration of communities’ interests.

Yes

No

If your answer is “No”, please give reasons and alternative views.

Policies on consulting communities on the impacts, threats, needs and opportunities associated with a company's operations needs in where it operates and ensuring its activities takes communities' interests into consideration.

61. Do you agree to include KPI D1.1: "Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)"?

Yes

No

If your answer is "No", please give reasons and alternative views.

62. Do you agree to include KPI D1.2: "Resources contributed (e.g. money or time) to the focus area"?

Yes

No

If your answer is "No", please give reasons and alternative views.

63. Do you have any additional KPIs for Aspect D1?

Yes

No

Please give reasons for your proposals.

Additional KPIs on:
grievance mechanisms in place,
percentage of operations implemented with local community
engagement, impact assessments and development programs.
Outline of consultation and reporting processes

Assurance

64. Do you agree that we should not recommend that issuers to seek external assurance for issuers that report on ESG performance?

Yes

No

If your answer is “No”, please give reasons and alternative views.

External assurance increases investors’ confidence that data is accurate and reliable, that the company is in a process of continuous improvement, and that it has its management systems and reporting under control.

- End -