

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/-/media/HKEX-Market/News/Market-Consultations/2016-Present/May-2019-Review-of-ESG-Guide/Consultation-Paper/cp201905.pdf>.

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

Timeframe for Publication of ESG Reports

1. Do you agree with our proposal to amend Main Board Listing Rule 13.91 and GEM Listing Rule 17.103 to shorten the time required to publish an environmental, social and governance (“**ESG**”) report from three months after the publication of the annual report to within four months for Main Board issuers or three months for GEM issuers from the financial year-end date?

Yes

No

Please give reasons for your views.

I agree to this proposed timeframe as timely publication of ESG report can let stakeholders to understand and assess the ESG information which supplements the financial information on a timely basis and will be able to let investors or potential investors to consider the overall picture when they make their investment decision making.

Printed Form of ESG Reports

2. Do you agree with our proposal to amend the Listing Rules and the Guide to clarify that issuers are not required to provide printed form of the ESG report to shareholders unless responding to specific requests, but are required to notify shareholders that the ESG report has been published on the Exchange’s and the issuer’s websites?

Yes

No

Please give reasons for your views.

I agree to this proposal as this will be more environmental friendly, meanwhile it also ensure the shareholders aware of the publication of non-financial information.

Introducing Mandatory Disclosure Requirements

General

3. Do you agree with our proposal to amend the Guide to introduce Mandatory Disclosure Requirements (“MDR”)?

Yes

No

Please give reasons for your views.

In general, I agree to the proposal for amendment, especially the update regarding the board statement and reporting principles and boundary. It is very important to ensure the shareholders/readers understand the process of materiality assessment and its results.

Governance Structure

4. If your response to Question 3 is positive, do you agree with our proposal to introduce an MDR requiring a statement from the board containing the following elements:

(a) a disclosure of the board’s oversight of ESG issues?

(b) the process used to identify, evaluate and manage material ESG-related issues (including risks to the issuer’s businesses); and

(c) how the board reviews progress made against ESG-related goals and targets?

Yes

No

Please give reasons for your views.

I totally agree with the proposed changes for items a and b as both of them are core elements to an ESG report / a sustainability report. The disclosure of the board's oversight of ESG issues can let readers understand the Board's tone and management approach of ESG issues and its oversight approach and governance mechanism.

However, I disagree with the mandatory disclosure on reviewing progress made against ESG-related goals and targets in the Board statement. Instead, it should be recommended only and leave flexibility to the Company to decide the contents of the Board Statement. This is because different type of companies may have different highlight of ESG aspects that they would like to share in a limited statement as an executive summary of the Company. On the other hand, I agree to have the targets and goals to be set in the other sections of ESG report.

5. Do you agree with our proposal to set out in a note that the board statement should include information on the issuer’s current ESG management approach, strategy, priorities and goals/targets and an explanation of how they relate to the issuer’s businesses?

Yes

No

Please give reasons for your views.

My views have been stated in Q.4.

Reporting Principles

6. Do you agree with our proposal to amend the Guide to introduce an MDR requiring disclosure of an explanation on how the issuer has applied the Reporting Principles in the preparation of the ESG report?

Yes

No

Please give reasons for your views.

Yes, this is important to let the stakeholders understand the reporting principles of the ESG report, especially in consideration of the scope of reporting and the reasons of choosing those selected entities/operations.

7. Do you agree with our proposal to amend the Reporting Principle on “materiality” to make it clear that materiality of ESG issues is to be determined by the board and that the issuer must disclose a description of significant stakeholders identified, the process and results of the issuer’s stakeholder engagement (if any), and the criteria for the selection of material ESG factors?

Yes

No

Please give reasons for your views.

It is also important to let the readers understand the category of significant stakeholders identified by the Company and its expectations of the Company after the stakeholder engagement and materiality assessment exercise. This serves a good channel for readers, potential investors and other stakeholders to understand the importance of issues recognised by the Company and its stakeholders. It also serves a means for the Company to explain what kind of measures and actions to address the material issues.

8. Do you agree with our proposal to amend the Reporting Principle on “quantitative” to:

(a) require disclosure of information on the standards, methodologies, assumptions and/or calculation tools used, and source of the conversion factors used for the reporting of emissions/energy consumption (where applicable); and

(b) clarify that while key performance indicators (“KPIs”) for historical data must be measurable, targets may be expressed by way of directional statements or quantitative descriptions?

Yes

No

Please give reasons for your views.

I agree the proposal of item (a) since it is critical for readers understand the standards, methodologies, key assumptions and sources of the conversation factors used in the emission and energy consumption calculation in the ESG report. It is also important for the listed issuers to explain the reasons of applying different conervation factor sources if the repsective region doesn't disclose public information.

I agree for the clarification of item (b) as it can demonstrate the trend and explanation of difference when comparing the historical data.

Reporting Boundary

9. Do you agree with our proposal to amend the Guide to include an MDR requiring an explanation of the ESG report’s reporting boundary, disclosing the process used to identify the specific entities or operations that are included in the ESG report?

Yes

No

Please give reasons for your views.

Yes it is important to let readers know which entities or operations are included or excluded in order to minimise the risk of misleading.

Introducing Aspect on Climate Change and Revising the Environmental KPIs

Climate Change

10. Do you agree with our proposal to introduce a new Aspect A4 requiring:
- (a) disclosure of policies on measures to identify and mitigate the significant climate-related issues which have impacted, and those which may impact the issuer; and
 - (b) a KPI requiring a description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them?

Yes

No

Please give reasons for your views.

Yes I agree to introduce a new Aspect A4 but shall be limited to recommended disclosure at the first stage for listed issuers to understand the concept and impact of climate change and potential issues.

Targets

11. Do you agree with our proposal to amend the Environmental KPIs to require disclosure of a description of targets set regarding emissions, energy use and water efficiency, waste reduction, etc. and steps taken to achieve them?

Yes

No

Please give reasons for your views.

Yes I agree to have the analysis and explanation of target and actual comparison so as to let investors their effort to achieve and how they handle during the financial year. If the Company takes the sustainability issues seriously, it will create a better financial return to the Company, no matter cost saving opportunities and process efficiency.

GHG Emissions

12. Do you agree with our proposal to revise an Environmental KPI to require disclosure of Scope 1 and Scope 2 greenhouse gas (“**GHG**”) emissions?

Yes

No

Please give reasons for your views.

Yes, it is important to have a breakdown for the GHG scope. Also, the listed issuers should also have a detailed breakdown in scope 1 and scope 2 so the potential investors and readers can understand the impact of its ultimate sources of each scope of GHG emission.

Upgrading the Disclosure Obligation of the Social KPIs

13. Do you agree with our proposal to upgrade the disclosure obligation of all Social KPIs to “comply or explain”?

Yes

No

Please give reasons for your views.

Yes, I believe for some listed issuers, social KPIs are more material comparing to environmental KPIs. Both environmental and social data or disclosure demonstrates the same weight of importance to stakeholders.

Revising the Social KPIs

Employment Types

14. Do you agree with our proposal to revise a KPI to clarify “employment types” should include “full- and part-time” staff?

Yes

No

Please give reasons for your views.

I think clarification of employment types can increase the disclosure consistency by listed issuers.

Rate of Fatalities

15. Do you agree with our proposal to amend the KPI on fatalities to require disclosure of the number and rate of work-related fatalities occurred in each of the past three years including the reporting year?

Yes

No

Please give reasons for your views.

I think this helps readers to understand the pattern of fatality and the measures taken for addressing the issues by the listed issuers.

Supply Chain Management

16. Do you agree with our proposal to introduce the following new KPIs in respect of supply chain management?

- (a) Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
- (b) Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

Yes

No

Please give reasons for your views.

Supply chain management has always been a concern to customers and investors. More disclosure on supply chain management can let customers and readers understand a better picture of environmental and social risks along the supply chain and take it into consideration when they make decision making in purchase or investment.

Anti-corruption

17. Do you agree with our proposal to introduce a new KPI requiring disclosure of anti-corruption training provided to directors and staff?

Yes

No

Please give reasons for your views.

Yes, Agree as the anti-corruption is a key concern of different stakeholders, including fund managers and investors. Disclosure of the training to director and relevant staff may increase the awareness of the listed issuers' management and staff.

Encouraging Independent Assurance

18. Do you agree with the proposal to revise the Guide's wording on independence assurance to state that the issuer may seek independent assurance to strengthen the credibility of ESG information disclosed; and where independent assurance is obtained, the issuer should describe the level, scope and processes adopted for assurance clearly in the ESG report?

Yes

No

Please give reasons for your views.

I think the proposal should include a mandatory requirement for independent assurance for ESG report as this would significantly increase the accuracy of the environmental and social data and the credibility of the ESG report.

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