

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

18 September 2015

Dear Sir \ Madam

Consultation Paper on Review of the Environmental, Social, and Governance Reporting Guide (“the Consultation”)

On behalf of ACCA Hong Kong, we would like to submit our comments regarding the captioned consultation paper, and enclose a copy of the duly completed questionnaire.

ACCA Hong Kong is supportive of the proposal 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 Reporting Guide (the Guide). However, we feel that certain areas of the Guide will require further revision before it is finalized and published.

Alignment with international standard as stipulated in “Global Reporting Initiatives” (GRI)

We endorse HKEx’s approach of gradually raising ESG obligation that allows market issuers to adapt to the changes, as well as to build up capacity, knowledge and experience. However with the aim of bringing Hong Kong issuers closer to international practices, we consider that the internationally recognised framework, the Global Reporting Initiatives (GRI) should be taken as a reference in the Guide.

The four Reporting Principles that underpin the preparation of an ESG report, namely “Materiality”, “Quantitative”, “Balance” and “Consistency”, are only partial compliance with the GRI. Where these four principles may be regarded as relatively more important, we recommend the full adoption of the all GRI principles for defining report content. This enables future positive steps to further align HKEx reporting requirements with its global peers.

A more integrated approach to total ESG Reporting

We acknowledge that HKEx’s purpose to simplify the Guide to facilitate market’s adoption and implementation and thus the proposal to re-arrange the Guide into two Subject Areas (A. Environmental and B. Social). However, by simply re-classifying all non-environmental aspects under the

Subject Area of Social make the context of “Social” too broad and would also underplay the importance of those aspects which could have implications on environment issues, such as supply chain management. ESG reporting would benefit from more explicit integration of environment, social and governance, such as the “Supply Chain Management” and “Product responsibility” would have significant implication to all three areas.

Market practitioners and stakeholders should be aware that governance should not be just limited to complying with Corporate Governance Codes, but also be practised in wider context in managing risks, implementing strategies, addressing environmental and social concerns.

Further evolvement of ESG Reporting

HKEx should adopt a long term approach and outline the next steps to shape the evolvement in ESG reporting. HKEx can consider putting up a broad timeframe that outline the roadmap to move from “comply or explain” to future possible “mandatory reporting”, which would allow Hong Kong issuers better planning and preparation.

We appreciate HKEx’s aims and effort to bring ESG reporting of Hong Kong issuers closer to international practices. In this regard, it is important the international standard shall be referred to and adopted. In view of Hong Kong’s status as an international financial centre, ACCA Hong Kong recommends that the adoption of the GRI, an internationally recognized framework will undoubtedly make Hong Kong issuer’s reports more comparable across the international markets.

Should there be any questions, please do not hesitate to contact the undersigned at 2973 1108.

Yours faithfully

Fergus Wong
Chairman