



A survey on institutional investors' views on listed companies' environmental, social and governance disclosure requirements

Executive summary and policy calls

August 2015

Preface

Oxfam Hong Kong has been promoting corporate social responsibility (CSR) since 2004. We believe that corporate behaviour has far-reaching implications to overall socioeconomic development. We also believe that poor people would benefit if all companies integrated CSR into their operations and decision-making processes as this would provide people who live in poverty with decent work, access to credit, quality goods and services, help them benefit from economic development, and thus reduce poverty.

The global community is now facing various critical issues: economic crises, skyrocketing food prices, the exploitation of labour, poor supply chain management, frequent product safety scandals, serious environmental damage, exacerbated climate change, as well as an increased number of natural disasters. The poor bear the brunt of all these problems and suffer most. Companies also now have greater global influence than ever before; we believe that by integrating social and environmental responsibility into their core business operations and decision-making processes, companies would have a significant impact on poverty reduction.

Oxfam Hong Kong is thus urging all enterprises to enhance their transparency in Environmental, Social and Governance (ESG) disclosure so that the public can better understand and even monitor their CSR performance. We hope companies will make commitments and report on areas like labour, environment, human rights and equal opportunities, and set pro-poor policies. To date, the Hong Kong Stock Exchange (HKEx) has not made ESG disclosure mandatory. Currently, whether or not this information is available is solely dependent upon companies' willingness to provide it or how much they want to provide. Overall, the number of listed companies willing to disclose this information is small; the current situation is far from ideal and falls below international standards. In the long run, Oxfam Hong Kong hopes to work with all industries to improve CSR standards so that they adhere to international standards.

In recent years, an increasing number of institutional investors are placing more emphasis on CSR and considering it when making investment decisions. Since 2006, the United Nations has been promoting responsible investment and formed an international network of investors called the Principles for Responsible Investment (PRI) initiative. The Principles urge investors to consider the environmental



and social impacts of their investment decisions on society before making these decisions. The assets under management by its signatories now (as of May 2015) stands at more than US\$59 trillion¹, up from US\$4 trillion at the Principle's launch in 2006. This clearly shows that CSR and ESG are becoming increasingly important to asset management companies when making investment decisions.

According to the HKEx's 'Cash Market Transaction Survey 2013/14'² report, the total turnover value of the securities market reached HK\$15.8 trillion between October 2013 and September 2014; of this, more than 58.2 per cent (about HK\$9.2 trillion) came from both local and overseas institutional investors. As institutional investors are listed companies' major shareholders, they can greatly impact whether or not ESG factors are disclosed as well as their performance in these areas. In other words, institutional investors play a significant role in Hong Kong's securities market and their opinion on ESG reporting requirements are of crucial importance.

In view of this, Oxfam Hong Kong commissioned Policy 21 Limited to conduct a survey on institutional investors' views on listed companies' ESG disclosure requirements between March 2015 and June 2015. This was done to collect institutional investors' views in order to make policy suggestions to the Government of the Hong Kong Special Administrative Region (HKSAR) and the HKEx.

1. Research Methodology

Our target respondents were institutional investors, which as defined by the HKEx's 'Cash Market Transaction Survey 2013/14'³ report is any investor who is not an individual/retail investor – it refers to retail banks, investment banks, asset management companies and insurance companies. We invited 42 institutional investors to take part in our study; respondents came from companies including the Hong Kong Investment Funds Association, authorised restricted licence banks and deposit-taking companies from the Hong Kong Monetary Authority, Mandatory Provident Fund Approved Trustees and Authorised Insurers from the Office of the Commissioner of Insurance.

2. Profile of Respondents

The main business activity of companies in which respondents worked were banking and finance (42.9 per cent), and insurance (42.9 per cent), while the remaining companies (14.2 per cent) were in the asset management industry. Participating companies included local note-issuing banks, overseas registered asset management companies – one of which had US\$3.3 trillion assets under management

¹ <http://www.unpri.org/news/pri-fact-sheet/>

² <http://www.hkex.com.hk/eng/stat/research/documents/cmts2014.pdf>

³ Ibid.



– and five insurance companies, which together had more than US\$970 billion assets under management. In addition, nine companies were listed in overseas stock exchanges and had a total market capitalisation of over US\$90.1 billion.

The positions of those who completed the questionnaire varied. Half of the respondents were managers, while 21.4 per cent held positions other than the ones listed in the questionnaire, such as Head of Legal and Compliance, or Group Head of Sustainability. A further 11.9 per cent were directors, 9.5 per cent were either chairpersons or CEOs, and the remaining respondents were accountants, public relations managers, or owners/shareholders (please refer to Figures 1 and 2 in Appendix 1).

3. Major Findings

3.1 Nearly 86 per cent of institutional investors consider ESG factors in investment decisions

A total of 85.8 per cent of respondents indicated that they consider ESG factors when making investment decisions, while 59.6 per cent of respondents said that ESG factors affected their investment decisions (please refer to Figure 3 in Appendix 1).

3.2 In total, 80 per cent of institutional investors are concerned about companies' impact on society and local communities; 70 per cent are concerned about labour protection

More than 80 per cent of institutional investors felt that the following factors were of 'very high' or 'high' importance:

- 1) Impact on society and local communities (88.1 per cent)
- 2) Stakeholder engagement (85.8 per cent)
- 3) Pays a living wage to workers (83.3 per cent)
- 4) Incorporation of ESG strategies into company's strategy (81 per cent)

In addition, more than 70 per cent of respondents believed that labour protection was important and felt that the following factors were of 'very high' or 'high' importance when assessing companies' CSR performance (please refer to Table 4 in Appendix 1):

- 1) Ethical procurement (73.8 per cent)
- 2) Labour and human rights in purchasing and supply management (73.9 per cent)
- 3) Labour codes of conduct in supply chain (73.8 per cent)
- 4) Mechanism for monitoring/implementing code of conduct in supply chain (76.2 per cent)
- 5) Occupational health and safety performance (78.5 per cent)
- 6) Discriminatory hiring and promotion practices with respect to race or gender (78.6 per cent)

3.3 Disclosure of foreign direct investment information (FDI) is important to close to 70 per cent of respondents

A total of 69 per cent of institutional investors believed that disclosing information on foreign asset and foreign sale turnover was of ‘high’ or ‘very high’ importance, while 59.5 per cent considered the disclosure of the number of employees companies have worldwide is of ‘high’ or ‘very high’ importance. Over 78.6 per cent of respondents indicated that both organisational transparency and financial accounts for each country of operation were of ‘high’ or ‘very high’ importance (please refer to Figure 5 in Appendix 1).

3.4 Nearly 65 per cent of investors felt that ESG disclosure should be mandatory

The HKEx currently encourages listed companies to disclose ESG information on a voluntary basis, however, 64.2 per cent of institutional investors agreed or strongly agreed that ESG disclosure should be mandated. Furthermore, 64.3 per cent of respondents agreed or strongly agreed that the HKEx should adopt the ‘comply or explain’ approach to ensure ESG reporting (please refer to Figure 6 in Appendix 1).

Regarding ESG disclosure standards, 64.3 per cent of respondents agreed or strongly agreed that the HKEx should adopt the Global Reporting Initiative’s (GRI) Standards. Moreover, 69.1 per cent of respondents agreed or strongly agreed that the HKEx should adopt standards of reporting that are comparable to international standards (e.g. UN Global Compact⁴, OECD Guidelines for multinational enterprises, ISO 26000, etc.) and that the HKEx should join the Sustainable Stock Exchanges Initiative (SSEI) and make a public commitment to promoting sustainability⁵. The results show that institutional investors would like the HKEx to align its standards with international disclosure standards.

3.5 Close to 65 per cent of investors believe that the HKSAR Government should implement policies to ensure that listed companies disclose ESG data

Besides the HKEx, institutional investors felt that the HKSAR Government should also regulate listed companies. A total of 64.3 per cent of respondents agreed or strongly agreed that the government should enforce mandatory ESG reporting among listed companies, while 66.7 per cent of respondents agreed or strongly agreed that the government should promote CSR among listed companies through a legal framework. Moreover, 73.8 per cent of respondents agreed or strongly agreed that the government should set a code or law to promote responsible investment, while 78.5 per cent of respondents agreed or strongly agreed that it should set a code or law to ensure responsible business

⁴ Please refer to Appendix 2 for detailed explanations of international standards.

⁵ Please refer to Table 6 and 7 in Appendix 1.



practices among listed companies (please refer to section 4.2 for detailed policy recommendations and Table 8 in Appendix 1).

3.6 Over 70 per cent of institutional investors felt that practising CSR can improve a company's reputation

Overall, 73.9 per cent of respondents felt that practising CSR can moderately or greatly improve companies' reputation. Furthermore, over 60 per cent of respondents felt that practising CSR could: 1) improve community welfare (66.7 per cent), raise companies' environmental standards (66.7 per cent), retain employees (61.9 per cent) and strengthen business partner relationships (64.3 per cent) (please refer to Figure 9 in Appendix 1).

4. Oxfam's policy recommendations to the HKEx, HKSAR Government, institutional investors and listed companies

The study's findings clearly show that listed companies' CSR performance in Hong Kong has an impact on institutional investors' investment decisions and that they consider it when making investments. The HKEx is now conducting a consultation exercise on the review of the Environmental, Social and Governance Reporting Guide to encourage listed companies to disclose this information. Oxfam Hong Kong welcomes this move and believes that the comprehensive disclosure of ESG information is important to practising CSR. It not only helps the public more effectively monitor companies' CSR performance and improves their policies, but also helps reduce poverty and thus benefits poor people. In view of this, Oxfam Hong Kong's recommendations are as follows:

4.1 The HKEx should join the SSEI and mandate ESG disclosure

Since 2012, major stock exchanges around the world – such as the London Stock Exchange, NASDAQ, New York Stock Exchange and Deutsche Börse – have joined the SSEI and are committed to promoting sustainability. As the fifth largest stock exchange in the world in terms of market capitalisation, the HKEx should follow suit and join the SSEI to promote CSR among listed companies.

The HKEx, in its review of the Environmental, Social and Governance Reporting Guide, is only recommending a 'comply or explain' approach to environmental key performance indicators (KPIs). The HKEx's recommendation is inconsistent with the results of this study, which clearly show that institutional investors would like access to information on companies' social, governance and FDI performance and not just their performance in terms of the environment. Major stock exchanges around the world (e.g. China – Shanghai Stock Exchange and Shenzhen Stock Exchange, the United States, United Kingdom, European Council and Taiwan) have already enforced mandatory ESG



reporting requirements. Oxfam Hong Kong recommends the HKEx to follow this international trend and urge listed companies to disclose information in these areas and set a clear timetable indicating when it will shift from a ‘comply or explain’ approach to mandatory ESG disclosure.

4.2 The HKEx must comply with international standards to increase transparency

The HKEx should require listed companies to abide by international standards. In comparison to the GRI’s G4 Guidelines, the HKEx’s standards are much laxer as they only require companies to provide general policy information (please refer to Appendix 2). The G4 Guidelines require companies to report on 12 environmental aspects and 31 social aspects, however, the HKEx only requires companies to report on 6 environmental aspects and 12 social aspects – a 50 per cent and 38.7 per cent discrepancy between the G4 Guidelines and HKEx’s reporting guide in the two respective areas. It is worth mentioning that among the HKEx’s 12 social aspects, the HKEx only requires companies to take a ‘comply or explain’ approach to disclosure its current policies, while its implementation practices and performance can be disclosed on a voluntary basis. This reflects both the lack of comprehensiveness and depth of the HKEx’s reporting guide.

Results from this study also show that human and labour rights in companies’ supply chains are of crucial importance to institutional investors. However, the HKEx only requires companies to disclose environmental and social risks in their supply chain based on a ‘comply or explain’ approach; the practice of human and labour rights in corporate supply chains are not included. Moreover, listed companies do not need to disclose whether or not they considered environmental and social factors when selecting a supply chain.

Oxfam Hong Kong believes that if listed companies effectively monitored their supply chains and disclosed more information, this would help investors and the public better understand companies’ supply chains and their environmental, economic and social impact on local communities, and would in turn help companies improve their CSR performance. In particular, many large enterprises have supply chains in developing countries and can thus significantly help to reduce poverty.

As such, the HKEx should require listed companies to adopt the G4 Guidelines and disclose comprehensive information on their supply chains, economic aspects (such as companies’ financial performance, indirect impact on local communities, FDI information, etc.), as well as their environmental, social (e.g. labour and human rights and decent work) and governance performance. To increase transparency, the HKEx could revamp the HKExnews website to be more user-friendly and establish an independent database with hyperlink to make it easier for the public to access companies’ ESG reports. The HKEx could not only name out the non-compliant companies in the



HKExnews website, but also explores the possibility of adopting sanctions clauses for any non-compliance.

4.3 Government legislation on ESG disclosure for listed companies

As an international financial hub, investors from all over the world invest in Hong Kong. As such, the HKSAR Government should proactively improve the level of transparency, integrity and accountability of companies within this financial hub. This study has shown that most institutional investors would like the HKSAR Government to mandate ESG disclosure among listed companies. Since December 2014, the European Union has enforced mandatory non-financial reporting for companies (whether listed or not) that have over 500 employees; it has done this to disclose these companies' environmental, social, labour and human rights information based on international standards (i.e. G4 Guidelines, and ISO 26000). The HKSAR Government could adopt similar measures to regulate listed companies by making relevant subsidiary ordinances under the 'Companies Ordinance'.

In Asia, the State-owned Assets Supervision and Administration Commission under the State Council in China announced the 'Guidelines to the State-owned Enterprises on Fulfilling Corporate Social Responsibilities' for state-owned enterprises in 2008 – a circular with guiding principles on the implementation of CSR measures. The circular stressed that state-owned enterprises directly under the Chinese Central Government must meet CSR requirements; qualified enterprises also need to periodically publish social responsibility or sustainability reports. In 2005, the Japanese government implemented the 'Law Concerning Promotion of Environmental Consideration in Business Activities', which required specific companies to produce a year-end report on environmental protection measures and how to reduce their business's impact on the environment. In Taiwan, the Financial Supervisory Commission also regulates listed companies in the food, financial and chemical industries as well as companies with paid-in capital of over NT\$10 billion; these companies are required to submit reports based on the G4 Guidelines.

The New Companies Ordinance, which came into effect in March 2014, requires all Hong Kong incorporated companies to include information on their environmental policies and performance ('Companies Ordinance' Schedule 5, Section 2(b)(i)) in the business reviews section of their annual directors' reports. However, environmental policies and performance only make up a part of CSR. As such, and to promote transparency and disclosure, the HKSAR Government should take reference to the UK's 'Companies Act 2006' no. 417⁶, which also requires companies to disclose information

⁶ http://www.legislation.gov.uk/ukpga/2006/46/pdfs/ukpga_20060046_en.pdf



about social and community issues in their directors' reports.

In terms of directors' duties within the 'Companies Ordinance', Oxfam believes that the HKSAR Government should consider adopting requirements similar to the 'Companies Act 2006' no. 172 in the UK which requires directors to consider the impact of their company's operations on communities and the environment.

4.4 All institutional investors should pay greater attention to companies' CSR performance

Good CSR performance can reduce investment risks, create greater social value, and even reduce poverty. Investors should thus consider more CSR factors when making investment decisions and dialogue with company management about these issues during annual general meetings. Institutional investors should also consider NGOs' opinions in this area and even work together with them to better understand listed companies' CSR performance.

4.5 Listed companies should proactively disclose ESG information

Listed companies, regardless of size or market capitalisation, should adopt international standards and disclose ESG data. Listed companies can benefit from this as it helps improve companies' reputation and the public's confidence in these companies as their operations are more transparent. Disclosing ESG data not only demonstrates listed companies' commitment to CSR, but also boosts their value and creates greater social value.

Appendix 1

Figure 1: Major business activities of respondents' companies



Figure 2: Positions of those who finished the questionnaires

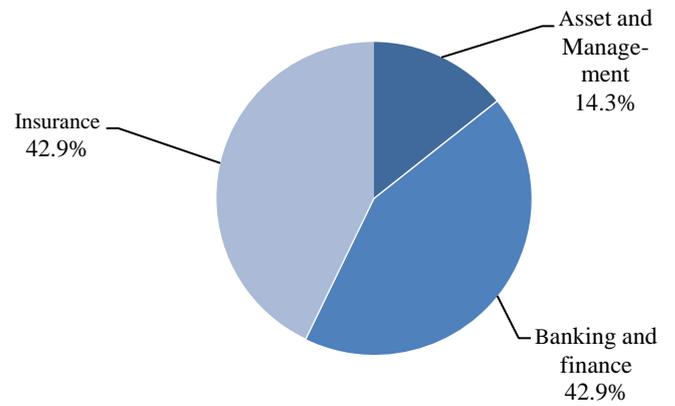
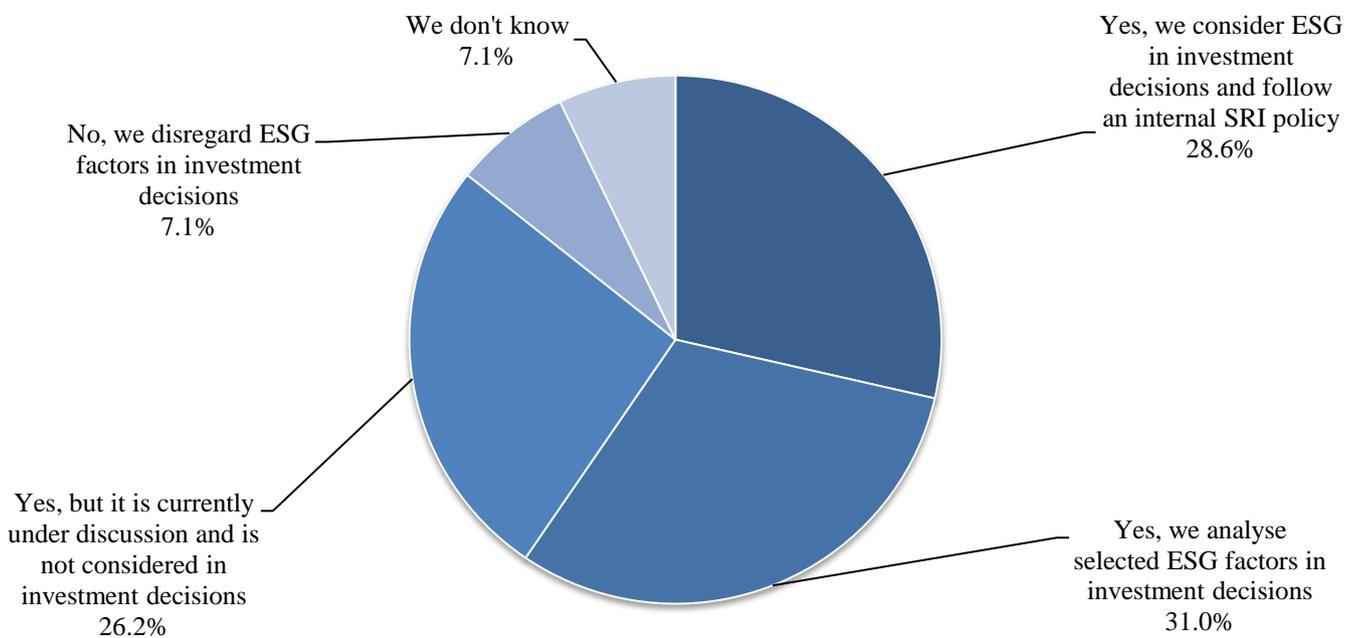


Figure 3: Whether investors carry out Socially Responsible Investing (SRI) or consider Environment, Social, Governance (ESG) performance when making investment decisions

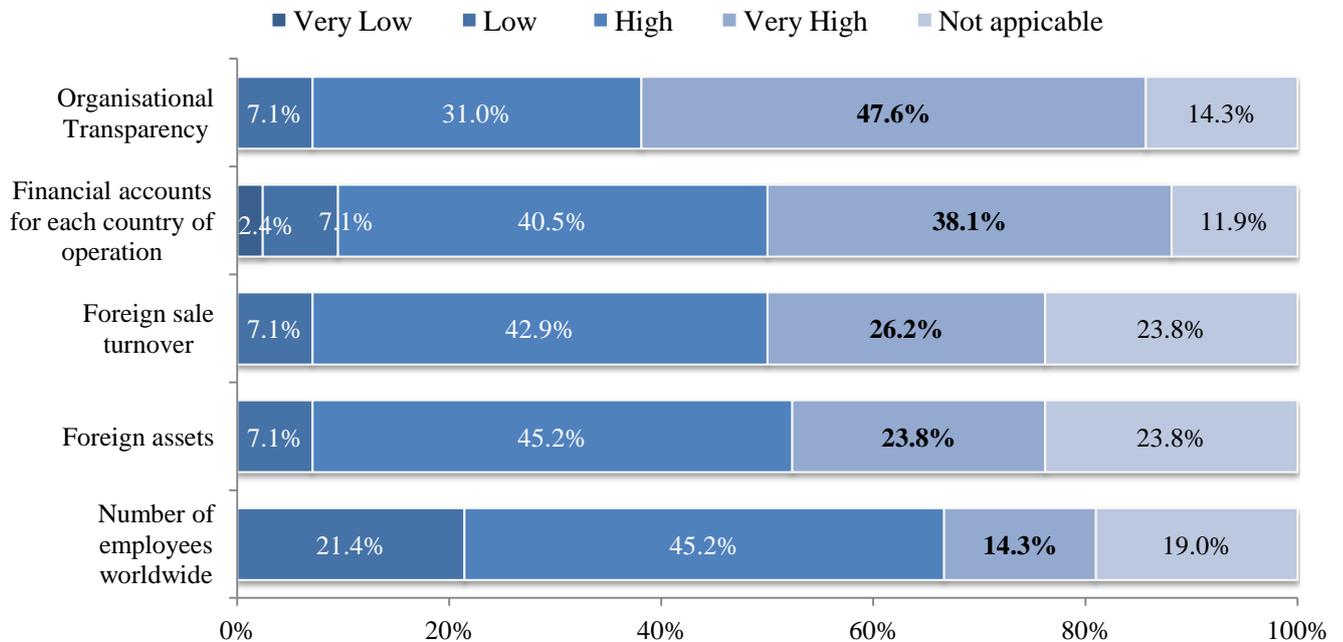


Appendix 1 (Cont)

Table 4: Importance of various factors when assessing companies that practise CSR

	Very Low	Low	High	Very High	Not applicable
Occupational health and safety performance	2.4%	9.5%	45.2%	33.3%	9.5%
Labour and human rights in purchasing and supply management	0.0%	16.7%	42.9%	31.0%	9.5%
Mechanism for monitoring/implementing code of conduct in supply chain	2.4%	2.4%	45.2%	31.0%	19.0%
Incorporation of ESG strategies into company's strategy	0.0%	7.1%	50.0%	31.0%	11.9%
Stakeholder engagement	2.4%	2.4%	54.8%	31.0%	9.5%
Ethical procurement/sourcing	0.0%	14.3%	45.2%	28.6%	11.9%
Discriminatory hiring and promotion practices with respect to race or gender	4.8%	9.5%	50.0%	28.6%	7.1%
Paying living wages to workers	2.4%	2.4%	61.9%	21.4%	11.9%
Labour codes of conduct in supply chain	0.0%	7.1%	54.8%	19.0%	19.0%
Impact on society and on local communities	0.0%	4.8%	71.4%	16.7%	7.1%

Figure 5: How the following information affects FDI decisions



Appendix 1 (Cont)

Figure 6: The role of the Hong Kong Stock Exchange

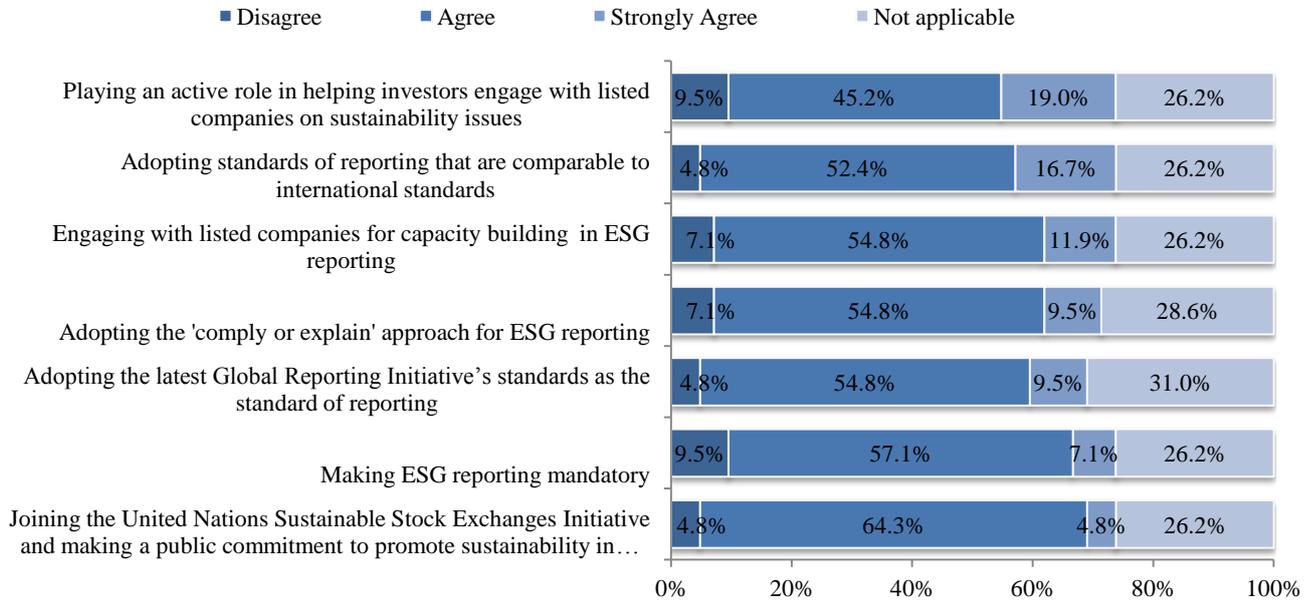
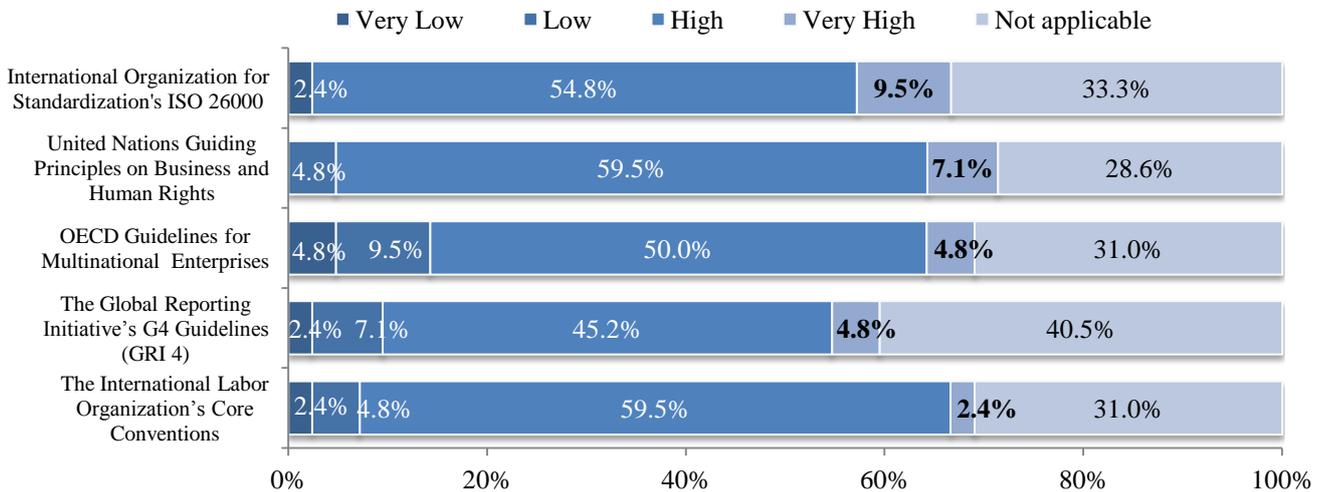


Figure 7: The level of importance of the following CSR guidelines

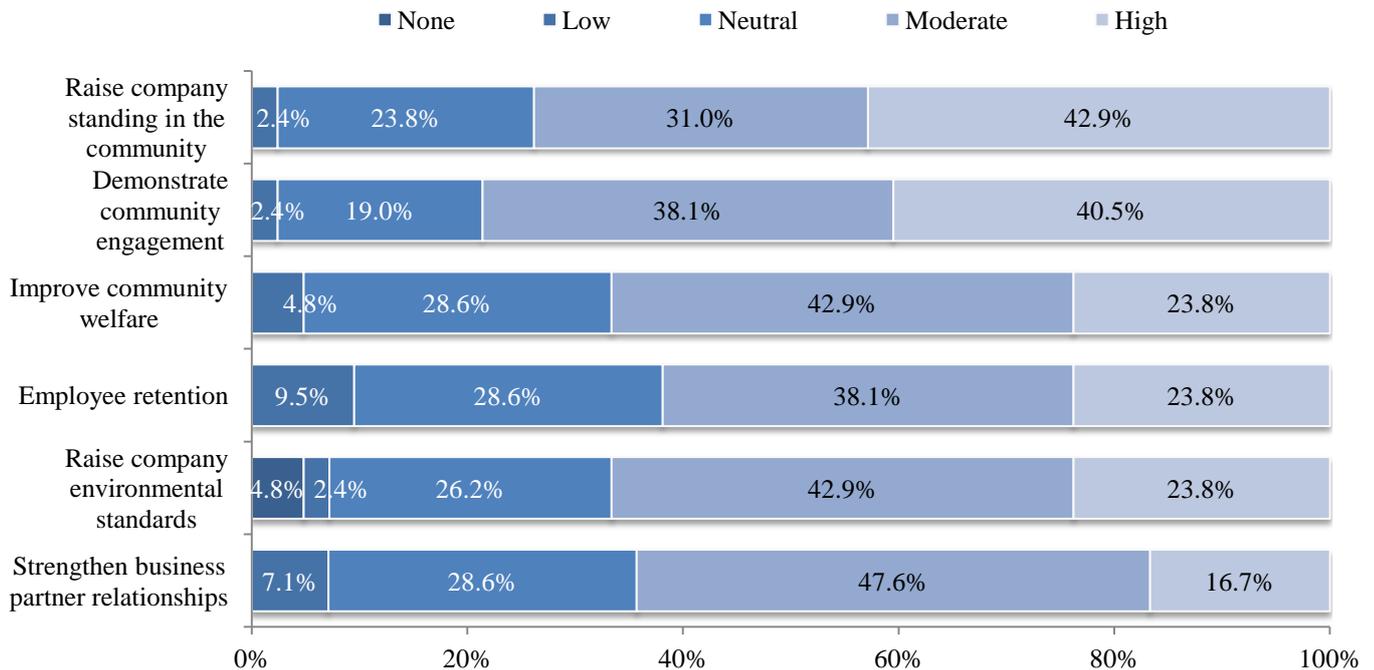


Appendix 1 (Cont)

Table 8: The role of the HKSAR Government in encouraging CSR and promoting responsible investment

	Strongly disagree	Disagree	Agree	Strongly agree	Not applicable
Engaging investors in policy discussions to promote CSR among listed companies'	0.0%	0.0%	54.8%	23.8%	21.4%
Promoting responsible investment among individual investors	2.4%	4.8%	59.5%	21.4%	11.9%
Setting up a code or law to ensure responsible business practices among listed companies	2.4%	7.1%	59.5%	19.0%	11.9%
Setting up a code or law to promote responsible investment	2.4%	9.5%	57.1%	16.7%	14.3%
Promoting CSR among listed companies' through a legal framework	0.0%	21.4%	54.8%	11.9%	11.9%
Setting up relevant regulations to mandate ESG reporting among listed companies	0.0%	21.4%	52.4%	11.9%	14.3%

Figure 9: Whether practising CSR would benefit companies in various ways





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Appendix 2

Comparison between the GRI G4 Guidelines and the HKEx's reporting guide (environmental and social aspects)

GRI G4 Guidelines on the Environmental Aspects	HKEx's proposed reporting guide
1. Emissions	✓
2. Energy	✓
3. Water	✓
4. Material	✓
5. Bio-diversity	✓
6. Effluents and Waste	
7. Products and Services	✓
8. Compliance	
9. Transport	
10. Overall	
11. Supplier Environmental Assessment	
12. Environmental Grievance Mechanisms	
Total	6



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Appendix 2 (Cont)

GRI G4 Guidelines on the Social Aspects	HKEx's proposed reporting guide
<p>Labour Practices and Decent Work</p> <ul style="list-style-type: none">1. Employment2. Labour/Management Relations3. Occupational Health and Safety4. Training and Education5. Diversity and Equal Opportunity6. Equal Remuneration for Women and Men7. Supplier Assessment for Labour Practices8. Labour Practices Grievance Mechanisms	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>



Appendix 2 (Cont)

GRI G4 Guidelines on the Social Aspects	HKEx's proposed reporting guide
<p>Human Rights</p> <p>9. Investment</p> <p>10. Non-discrimination</p> <p>11. Freedom of Association and Collective Bargaining</p> <p>12. Child Labor</p> <p>13. Forced or Compulsory Labor</p> <p>14. Security Practices</p> <p>15. Indigenous Rights</p> <p>16. Assessment</p> <p>17. Supplier Human Rights Assessment</p> <p>18. Human Rights Grievance Mechanisms</p>	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>



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Appendix 2 (Cont)

GRI G4 Guidelines on the Social Aspects	HKEx's proposed reporting guide
Society 19. Local Communities 20. Anti-corruption 21. Public Policy 22. Anti-competitive Behaviour 23. Compliance 24. Supplier Assessment for Impacts on Society 25. Grievance Mechanisms for Impacts on Society	✓ ✓ ✓
Product Responsibility 26. Customer Health and Safety 27. Product and Service Labelling 28. Marketing Communication 29. Customer Privacy 30. Property Rights 31. Compliance	✓ ✓ ✓ ✓
Total	12



Appendix 3:

The **Global Reporting Initiative** is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of businesses on critical sustainability issues. The organisation established a sustainability report guide which can help organisations to measure, understand and communicate their economic, environmental, social and governance performance. The G4 Guidelines are its latest framework.

(Please refer to: <https://www.globalreporting.org/Pages/default.aspx>)

ISO 26000 was prepared by ISO/TMB Working Group on Social Responsibility. These standards provide guidance to organisations on the underlying principles of social responsibility, identifying and engaging with stakeholders, the core subjects and issues pertaining to social responsibility (i.e. organisational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development) and on ways to integrate socially responsible behaviour into organisations' operations.

(Please refer to: <https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en>)

The **OECD Guidelines for Multinational Enterprises** are the most comprehensive set of government-backed recommendations on responsible business conduct. It provides voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, bribery, consumer interests, science and technology, competition, and taxation.

(Please refer to: <http://mneguidelines.oecd.org/text/>)

The **Sustainable Stock Exchanges Initiative** is launched by United Nations Secretary-General Ban Ki-Moon in New York City in 2009, is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency on ESG (environmental, social and corporate governance) issues and encourage sustainable investment.

(Please refer to: <http://www.sseinitiative.org/about/>)

Appendix 3 (Cont)

The **Principles for Responsible Investment (PRI)** initiative, convened by the United Nations, is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. Principles are:

1. Incorporating ESG issues into investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into their ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which they invest.
4. Promoting acceptance and implementation of the Principles within the investment industry.
5. Working together to enhance their effectiveness in implementing the Principles.
6. Each reporting on their activities and progress towards implementing the Principles.

(Please refer to: <http://www.unpri.org/about-pri/the-six-principles/>)

The **UN Global Compact** provides a principle-based framework, best practices, resources and networking events that have revolutionised how companies do business responsibly and keep commitments to society.

Those principles are:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

(Please refer to: <https://www.unglobalcompact.org/what-is-gc/mission/principles>)



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Appendix 4: Global trends in ESG disclosure

Institution	Scope of Application	Disclosure Model	Scope of Subject Matter	Disclosure Standard
Hong Kong Exchanges and Clearing Limited (HKEx) (Consolation Document)	All listed companies	Comply or Explain	Environmental and social matters	Issuers may also use international standards or guidelines that they consider appropriate
Shanghai Stock Exchange and Shenzhen Stock Exchange	Certain listed companies	Mandatory	Environment, social and governance matters	-
U.K. Government	UK quoted companies include those that are (a) incorporated in the UK; and (b) whose equity share capital is (i) officially listed on the Main Market of the London Stock Exchange; or (ii) officially listed in a European Economic Area; or (iii) admitted for dealing on either the New York Stock Exchange or NASDAQ	Mandatory	Greenhouse gas emissions, human rights and gender diversity	-



Appendix 4 (Cont)

Institution	Scope of Application	Disclosure Model	Scope of Subject Matter	Disclosure Standard
U.S. Securities and Exchange Commission (SEC)	Companies listed on US exchanges	Mandatory	Submit annual reports (on Form 10-K) to SEC with information on a number of environmental matters, such as expenditure on environmental controls, and pending environmental litigation	-
Financial Supervisory Commission R.O.C. (Taiwan)	Listed companies in Taiwan in the food industry; specific companies whose dining service revenue in the past year constitutes over 50 per cent of their total revenue; the financial services industries; the chemical industry, and companies with paid-in capital of over NT\$10 billion (HK\$2.7 billion)	Mandatory	Companies must disclose critical information related to the industries in which they operate, including information on economic, environmental and social factors, as well as direction in management and key performance indicators	Adheres to the G4 Guidelines
Council of the European Union	Large listed companies that have more than 500 employees	Mandatory Companies that do not have a specific policy in one or more of the ESG areas need to explain why this is the case	In their management reports, companies must disclose information on their policies, the risks and results in terms of environmental matters, social and employee-related matters, human rights, anti-corruption and bribery issues, as well as diversity within the boards of directors	Adheres to international standards, (e.g. follows UN Global Compact, OECD Guidelines for multinational enterprises and ISO 26000)