

LCQ10: Environmental, social and governance performance of listed companies

Following is a question by the Hon Edmund Wong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (January 17):

Question:

The Hong Kong Institute of Certified Public Accountants (HKICPA) published a study report on "ESG Assurance in Hong Kong 2023: An evolving landscape" in November 2023. Regarding the environmental, social and governance (ESG) performance of Hong Kong-listed companies, will the Government inform this Council:

(1) as the aforesaid study report found that among the 1 882 December 2022 year-end listed companies, 141 adopted ESG external assurance, and although the figure represented an observable increase compared with the 85 listed companies found in a similar study conducted by HKICPA in 2021, the overall percentage of listed companies adopting ESG external assurance was still 7.5 per cent only, whether the Government has plans to spur the Hong Kong Exchanges and Clearing Limited to require listed companies to adopt ESG external assurance; if so, of the details; if not, the reasons for that;

(2) given that according to the aforesaid study report, only over 15 per cent (i.e. 290 companies) of the listed companies surveyed have put in place a board-level ESG committee, whether the Government will instruct the various regulatory bodies of listed companies to require listed companies to formulate a timetable for putting in place a board-level ESG committee; if so, of the details; if not, the reasons for that; and

(3) as HKICPA is of the view that the absence of a widely-adopted and harmonised set of international standards for ESG reporting has presented challenges to assurers, and the Government indicated earlier on that the Green and Sustainable Finance Cross-Agency Steering Group was considering adopting a gradual approach in aligning the relevant local requirements with the baseline of the International Financial Reporting Standards Sustainability Disclosure Standards published by the International Sustainability Standards Board in June 2023, of the timetable and progress of the relevant work?

Reply:

President,

With the global concern and focus on achieving carbon neutrality and

promoting green transformation, allowing investors to obtain more information to understand how climate change affects the business operations, assets, and financial condition of their investments is of utmost importance.

In consultation with the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX), my reply to the three parts of the question is as follows.

(1) and (3) The International Sustainability Standards Board (ISSB) published the International Financial Reporting Standards – Sustainability Disclosure Standards (ISSB Standards) in June 2023, as the global baseline for corporate disclosure of climate and sustainability-related information.

In the Policy Measures of the Chief Executive's 2023 Policy Address, the Government has committed to working with financial regulators and stakeholders to develop a roadmap on the appropriate adoption of the ISSB Standards.

Formed by the Financial Services and the Treasury Bureau (FSTB), the Environment and Ecology Bureau, the Hong Kong Monetary Authority, the SFC, the Insurance Authority, the Mandatory Provident Fund Schemes Authority, the Accounting and Financial Reporting Council, and the HKEX, the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) has expressed support for adopting the ISSB Standards. The Steering Group has set up a working group, which is co-led by the FSTB and the SFC with members comprising financial regulatory authorities and stakeholders (including the HKEX and the Hong Kong Institute of Certified Public Accountants), to prepare the roadmap. The roadmap will comprise four key areas, namely sustainability reporting, assurance, data and technology, and capacity building. The working group will start the engagement with stakeholders to identify the specific circumstances that should be considered when implementing the ISSB Standards in Hong Kong.

In 2019, the HKEX conducted consultation on assurance arrangements in its consultation paper on environmental, social and governance (ESG) reporting. Respondents raised concerns on the varied quality of assurance in the absence of an accredited authority to govern the standards of assurance service. As an internationally-recognised ESG assurance standard was yet to be available, the HKEX decided not to require issuers to obtain independent assurance for ESG information, and included provisions in the ESG Reporting Guide (Guide) published in July 2020 to encourage (instead of require) issuers to seek independence assurance to enhance the credibility of ESG information.

In March 2023, the International Organization of Securities Commissions (IOSCO) Sustainable Finance Task Force (STF) set out its expectations of a global assurance framework for sustainability reporting. In August 2023, the International Auditing and Assurance Standards Board (IAASB) launched a consultation on its proposed International Standard on Sustainability Assurance 5000, which closed on December 1. The final standards to be published by the IAASB are expected to be the globally-accepted

sustainability assurance standards. The STF will review the final standards developed by the IAASB and the International Ethics Standards Board for Accountants respectively. If these final standards are considered as agreeable, the IOSCO will encourage its members to adopt or apply them voluntarily or mandatorily (or through other means) based on their own needs.

Establishing assurance standards can increase the credibility of sustainability-related information. We in collaboration with regulatory authorities concerned and the HKEX will closely monitor international developments and diligently work with stakeholders in considering the approach suited to Hong Kong's needs.

(2) Since July 2020, the Guide has included requirements for listed companies to disclose their boards' oversight and governance of ESG issues, ESG management approach and strategy, and how the boards review progress against ESG-related goals. Listed companies' ESG reports have showed that the vast majority have disclosed how their boards oversee and manage ESG issues, and provided information on their ESG governance structures as well as ESG working groups or committees. There is no plan at this stage to mandate issuers to establish ESG committees under the Guide.

LCQ15: Combating illegal vehicle modifications

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (January 17):

Question:

Some members of the public have complained about the noise nuisance they have suffered over the years from illegally modified vehicles and suspect that such vehicles are involved in night-time street racing, posing a threat to public safety. In this connection, will the Government inform this Council:

(1) whether it has studied the introduction of measures to effectively combat the noise nuisance caused by illegally modified vehicles; if so, of the details;

(2) as the Government indicated in its reply letter to the Panel on Transport of this Council on May 3 last year that the Police and the Transport Department (TD) had conducted a number of joint operations against illegal vehicle modifications, whether the Police and the TD have jointly reviewed the effectiveness of such joint operations;

(3) whether it will amend the legislation to increase the penalties for illegal vehicle modifications in order to enhance deterrence;

(4) whether it will list the road sections where vehicle noise complaints are frequently received as "black spots of noise nuisance", so as to strengthen law enforcement against illegal vehicle modifications; and

(5) whether it has adopted new technologies (such as the noise detector developed by the Environmental Protection Department and the Hong Kong Productivity Council, etc) to carry out roadside monitoring, so as to step up efforts to combat illegal vehicle modifications; if not, of the reasons for that?

Reply:

President,

Having consulted the Environmental and Ecology Bureau, the Hong Kong Police Force (Police) and the Transport Department (TD) in respect of combating noise nuisance caused by illegally modified vehicles, my reply to various parts of the question raised by the Hon Tony Tse is as follows:

(1) and (4) Noise Control (Motor Vehicles) Regulation (Cap. 400I) stipulates that all vehicles first registered must conform to the prescribed noise emission standards. In accordance with the Road Traffic Ordinance (Cap. 374), the Commissioner for Transport may refuse to register any vehicle which does not comply with the noise emission standards.

In addition, vehicles are required to be fitted with silencers under the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A). To prevent vehicles from emitting excessive noise due to illegal modifications after first registration, Cap. 374A also requires the silencers to be maintained in good and efficient working order, and not to be altered or replaced to avoid the emanation of greater noise. Any person who contravenes the requirement commits an offence and is liable to a maximum fine of \$10,000 and to a maximum of 6 months' imprisonment.

Under section 80 of the Road Traffic Ordinance, if a police officer has reason to believe that a vehicle has been illegally altered (including causing excessive noise as a result of illegal modification), the police officer is empowered to direct the vehicle to be driven to a vehicle examination centre for further examination by a vehicle examiner. If it is proven that the vehicle owner contravenes the relevant law, the Police will prosecute the vehicle owner concerned. The Police and the TD will continue to work closely on the related enforcement matters.

As regards noise nuisance caused by illegal car racing, the Police and the TD have been actively following up the complaints received, and the Police will from time to time carry out operations, including the joint operation with the TD mentioned in Part (2) below, in accordance with the legal provisions mentioned above. The Police and the TD do not keep statistics on the number of complaints about vehicle noise at individual road

sections, but they will determine the locations and time of operations on the basis of the complaints and intelligence received.

(2) and (3) The Police and the TD have been working closely on tackling excessive noise emission, for instance, by suspected "defective vehicles" with modified exhaust pipes as well as complaints against vehicle noise, with a view to combating illegally modified vehicles through the existing reporting mechanism and roadside law enforcement by the Police. In 2023, the Police and the TD conducted a total of 41 joint operations against illegal modification of vehicles, which was a double of the 21 joint operations conducted in 2022, while the number of vehicle examination orders issued from the joint operations decreased from about 2 400 in 2022 to about 2 000 in 2023. In addition, the number of defective vehicle reports received by the Vehicle Inspection Office of the TD decreased from about 4 300 in 2022 to about 3 800 in 2023. The above figures show the effectiveness of the joint operations of the Police and the TD, and that the existing legislation maintains its deterrent effect. The Police and the TD will continue with the relevant work.

(5) The Environmental Protection Department (EPD) has all along been keeping abreast of the development of overseas technologies in monitoring excessive noise emitted from modified vehicles. The EPD has applied artificial intelligence in recent years in analysing sounds and images and developed technology to automatically identify illegally modified vehicles that emit excessive noise. The Police and the TD will continue to keep in view technological developments (including those developed by the EPD) and introduce suitable technologies to facilitate law enforcement in a timely manner.

LCQ18: Developing the "silver economy"

Following is a question by Dr the Hon Tan Yueheng and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (January 17):

Question:

In the 2023 Policy Address, the Chief Executive has announced the establishment of an Advisory Panel on Silver Economy to conduct an in-depth research and offer development recommendations on promoting the "silver economy" which involves products and services catered for the elderly, with a view to tapping into the development potential of the "silver economy". In this connection, will the Government inform this Council:

(1) whether it has explored the current situation of the development of the silver industry and the relevant business activities;

(2) whether it has assessed the potential and market demand for developing the "silver economy" in Hong Kong (such as industries in the areas of elderly health, elderly services, elderly livability and elderly culture); and

(3) while seizing the opportunities for developing the "silver economy", how the Government steps up its efforts in monitoring the relevant business activities (including whether it has plans to formulate or improve the standards and regulations for various types of products and services relating to the silver industry), so as to ensure that the consumer rights and interests of the elderly are protected?

Reply:

President,

My consolidated reply to the question raised by Dr the Hon Tan Yueheng is as follows:

The growing elderly population in Hong Kong is emerging as an important consumer group, creating considerable demand for such products and services as medical and healthcare, leisure and recreation, and home and personal care catered for the elderly. These products and services enhance the quality of life for the elderly and spur industry growth and business opportunities. Through promoting economic activities related to products and services for the elderly, we can foster the development of "silver economy", unleash the business potential of the elderly market, and strengthen support for the elderly.

At present, different bureaux and departments are implementing a number of policy measures covering various aspects to keep the elderly healthy and active. These measures have laid a foundation for the development of "silver economy" and provided useful references for the market to further develop and offer products and services that are suitable for the elderly.

To tap into the business potential of the "silver economy", the Commerce and Economic Development Bureau (CEDB) is preparing to establish an Advisory Panel on Silver Economy comprising experts of different fields this year to conduct in-depth research on the market demands of "silver economy", its related industries and business activities, and offer recommendations for development in one year's time. The CEDB will announce the details as soon as possible.

On regulation, various laws in Hong Kong currently protect the rights and interests of consumers, including the elderly. Among others, the Trade Descriptions Ordinance (Cap. 362) (the Ordinance) prohibits traders from subjecting consumers, including the elderly, to certain unfair trade practices, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. The Ordinance covers goods and services, and is applicable to the trade practices of both physical and online traders.

As the principal enforcement agency of the Ordinance, the Customs and Excise Department (C&ED) adopts a three-pronged approach, which covers enforcement actions, compliance promotion and publicity and public education, to combat unfair trade practices and protect consumers' rights and interests. In particular, to protect the elderly from falling prey to consumption traps, the C&ED pays attention to market trends in order to understand the unfair trade practices targeting the elderly. Publicity and public education programmes for the elderly are also conducted by the C&ED proactively, including joint promotional efforts with the Police and the District Councils to distribute promotional leaflets to the elderly, and the promotion of the messages relating to fair trading and consumers' rights and interests through the District Fight Crime Committees, with a view to enhancing the elderly's awareness of "smart consumption".

In addition, the Consumer Council conducts publicity and education work for the elderly through various channels, including:

- collaborating with various social service organisations and elder academies to conduct talks to provide the elderly with relevant consumption alerts and advice, with a view to enhancing the elderly's understanding of consumers' rights and interests and unfair trade practices;
- launching the Educator Scheme for Senior Citizens since March 2021 to provide consumer education training to soon-to-be retirees and retirees mainly aged between 50 and 64 in order to enhance their knowledge in consumers' rights and interests. Suitable participants who have completed the training will host consumer educational talks for the elderly to share the latest consumer information, and refer the elderly who have encountered consumer issues to the Council's complaint and enquiry hotline for assistance; and
- publishing articles on product tests and service surveys relating to the elderly in the Council's CHOICE magazine, providing them with practical consumer information.

LCQ20: Measures to encourage food donation

Following is a question by Dr the Hon Tik Chi-yuen and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (January 17):

Question:

It has been reported that according to a recent survey conducted by a community group, it is estimated that about one million grass roots in Hong Kong are facing the risk of food insecurity (i.e. lacking the ability or money to buy food, etc.), yet many members of the food trade are cautious about food donation. They would rather dispose of food which has no commercial value but is still fit for consumption than donate the food concerned while bearing the risk of legal liabilities. In this connection, will the Government inform this Council:

(1) of the amount of food waste disposed of at landfills each day, and whether it has compiled statistics on or made estimations of the amount of such food waste still fit for consumption; if not, whether it has plans to compile such statistics or make such estimation;

(2) whether measures are in place to support or encourage food donation by the food trade; if so, of the details (including the amount of funding incurred by such measures); if not, whether it will consider introducing related measures;

(3) given that some members of the food trade who have disposed of large quantities of food have relayed that the trade's desire to donate food is dampened by worries about bearing the risk of civil claims from recipients whose health might be affected after consuming the food donated by them, whether the Government has studied the introduction of or amendments to the relevant legislation, so as to exempt the trade from bearing the legal liabilities involving food donation;

(4) as there are views pointing out that the related legal liability issue may be resolved through an agreement made between food donors and the charitable organisations concerned, but there are also views pointing out that under the Control of Exemption Clauses Ordinance (Cap. 71), the liability of donors involving personal injury or death will not be excluded by reference to a contract, whether the Government has studied the related legal points of contention; and

(5) as it has been reported that a charitable organisation has recently drafted and submitted the Food Donation (Exemption from Civil Liability) Bill to the Government for reference, whether the Government has examined the relevant proposals; if so, of the follow-up actions; if not, the reasons for that?

Reply:

President,

The reply to the question raised by Dr the Hon Tik is set out below.

In 2022, a daily average of around 3 302 tonnes of food waste was disposed of at landfills. The quantity decreased by 3.9 per cent as compared to 2021 (a daily average of around 3 437 tonnes). Since much of the dumped food disposed of at landfills has already been mixed with other wastes and is

no longer edible and hard to be identified, the Government does not have the statistics on the dumped but still edible food disposed of at landfills.

The Government has always attached great importance to promoting the reduction at source and recycling of food waste. In 2013, the former Environment Bureau launched the Food Wise Hong Kong Campaign to promote a "Food Wise, Waste Less" culture, with a focus on reducing the production of food waste at source. We have promoted slogans such as "Buy, buy, buy, all the food expires. Then, bye, bye, bye. It's all thrown away!" as well as the "Food Wise Eateries" Scheme to encourage eateries to bear social responsibilities and reduce food waste at source together with customers by adopting various means.

Since 2014, the Environmental Protection Department has also provided funding to local non-profit making organisations through the Environment and Conservation Fund to recover food from the commercial sector and redistribute it to the needy in the community, in order to drive joint efforts of stakeholders in cherishing food. As of December 2023, the fund has approved 89 relevant projects, with a total funding amount of about HK\$194 million.

To safeguard people's health, donated food must also be food safety compliant. The Centre for Food Safety of the Food and Environmental Hygiene Department has compiled a set of Food Safety Guidelines for Food Recovery (the Guidelines) to provide clear guidance to assist organisations in ensuring food safety during the implementation of food recovery schemes. The Guidelines cover areas on the principles of the requirements and liabilities to ensure food safety, thereby eliminating concerns from food donors about the potential liabilities as a result of food safety. The Guidelines have been made available on Government websites since 2013 as a reference for the trades, food recovery organisations and non-government organisations on ensuring food safety and related liability issues. Since the issuance of the Guidelines, different organisations have launched various food donation programmes and have succeeded in donating food to people in need, thereby reaffirming the effectiveness of the Guidelines. The Government has no plan to introduce new legislation for this purpose.

LCQ22: Management of typhoon shelters and sheltered anchorages

Following is a question by the Hon Kenneth Lau and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (January 17):

Question:

It is learnt that in recent years, the number of marine pleasure vessels has increased sharply, and most of the owners of such vessels berth their vessels at typhoon shelters near the urban areas, resulting in an acute shortage of berthing spaces at those typhoon shelters. In addition, some vessel owners have relayed that some vessels which are berthed at fixed locations at typhoon shelters (such as fish drying barges (i.e. vessels used by fishermen to dry seafood), decommissioned engineering vessels and barges, or even damaged yachts (commonly known as "dead vessels") are used to occupy berthing spaces, while the spaces on both sides of these vessels are leased to pleasure vessels for berthing, with some vessel owners being solicited for rewards when berthing their vessels at typhoon shelters. In this connection, will the Government inform this Council:

(1) of the respective numbers of Classes I to IV licensed vessels registered in Hong Kong in the past year; how such figures compare with those in 2021 and 2022;

(2) of the number of vessels berthing at typhoon shelters and sheltered anchorages in Hong Kong in the past year, together with a breakdown by vessel type; how such figures compare with those in 2021 and 2022;

(3) of the details of the Marine Department's efforts to combat illegal activities by vessels berthing at typhoon shelters in the past five years, including (i) the number of inspections conducted, (ii) the number of non-compliant cases, (iii) the types of non-compliant acts, (iv) the number of prosecutions instituted, and (v) the number of convictions;

(4) whether it will continue to step up inspection and law enforcement actions, including studying the introduction of smart technologies for enforcement, so as to ensure the proper use of berthing places at typhoon shelters; and

(5) whether it will consider setting up a dedicated department to coordinate the policy and management of typhoon shelters and sheltered anchorages, including re-planning and rationalising all berthing places at typhoon shelters in Hong Kong, reviewing the "first-come-first-served" mode of operation for berthing spaces at typhoon shelters, as well as studying the feasibility of recovering all berthing spaces at typhoon shelters and then centralising their management by the Government?

Reply:

President,

The Government is committed to ensuring that sufficient sheltered spaces are provided within the Hong Kong waters for local vessels (including working vessels and pleasure vessels) to take refuge during typhoons or inclement weather, so as to safeguard the safety of the vessels and their crew members. There are currently 14 typhoon shelters located in different parts of Hong Kong waters, providing 423 hectares of sheltered space for use by vessels. Apart from typhoon shelters, local vessels can also choose to berth at 18 sheltered anchorages. Under normal weather conditions, local vessels may be

anchored at any safe and suitable locations within Hong Kong waters according to their daily business and operational needs subject to no obstruction being made to marine traffic.

The Marine Department (MD) carries out assessments of the territory-wide supply and demand situation of sheltered spaces on a regular basis. In the latest round of the Assessment of Typhoon Shelter Space Requirements 2022-2035, it is estimated that the supply of sheltered space substantially meet the demand of local vessels throughout the period up to 2035. The relevant report has been uploaded onto the website of the MD for public information in January 2023. In general, the MD conducts assessments every five years, and the next round of assessment is expected to commence in 2025.

After having consulted the MD, replies to the various parts of the question raised by the Hon Kenneth Lau are as follows:

(1) The numbers of licensed Classes I to IV vessels in Hong Kong and the year-on-year change in the past three years are shown as follows:

Class of licensed vessels	2021	2022	2023
Class I	396	390 (-1.52%)	393 (+0.77%)
Class II	1 956	1 845 (-5.67%)	1 814 (-1.68%)
Class III	6 376	6 139 (-3.72%)	6 260 (+1.97%)
Class IV	11 767	12 378 (+5.19%)	12 553 (+1.41%)

(2) The MD does not keep statistics on the daily occupancy of typhoon shelters and sheltered anchorages, but maintains records on the highest occupancy of typhoon shelters during the passage of typhoons to ensure that the demand for sheltered spaces by vessels during inclement weather can be accommodated. In the past three years, the highest occupancy of typhoon shelters during typhoons by classes of vessels are attached at Annex.

(3) In order to ensure safe navigation of vessels, the MD conducts inspections across the waters of Hong Kong from time to time, including those conducted in typhoon shelters. According to records, in the past five years, the MD conducted a total of about 49 000 inspections in various typhoon shelters and initiated 2 038 prosecutions against the irregularities of vessels. The irregularities included vessels suspected of operating without a licence, vessels being let for hire or reward without permission, vessels carrying an amount of people in excess of the number specified by law, inadequate life-saving appliances or fire fighting apparatus on board the vessels, failure to produce insurance policy, breaching of licence conditions, failure to paint the mark of certificate in the most conspicuous positions on both sides of the deckhouse, failure to keep the full licence on

board, dwelling vessels entering or remaining in the closed area, absence of an operator holding Local Certificate of Competency on board, pleasure vessels being used for non-pleasure purposes. As at December 31, 2023, convictions were made for a total of 1 843 cases while another 195 cases were in process.

(4) In order to ensure smooth navigation in the passage areas of typhoon shelters and crack down on irregularities by local vessels, the MD not only carries out patrols in typhoon shelters from time to time, but also conducts special operations and fire drills in typhoon shelters with the Police and the Fire Services Department from time to time. To strengthen law enforcement, the MD has reached an agreement with the Electrical and Mechanical Services Department, the Water Supplies Department, the Food and Environmental Hygiene Department and the electric companies to conduct joint operations at typhoon shelters regularly. During routine inspections or joint operations, if any vessels are suspected of violating the Electricity Ordinance, the Waterworks Ordinance or the Food Business Regulation, the MD will refer such cases to relevant departments for follow-up. In addition, the MD has also purchased drones in recent years to support investigation and law enforcement, and will review whether there are suitable smart technologies solutions on the market for related purposes.

(5) It is the established policy of the Government to provide sheltered spaces in Hong Kong on a territory-wide basis for local vessels to take refuge during inclement weather. The MD is always willing to listen to the views of various sectors of the community, participate in study of matters relating to the management of typhoon shelters and work with the industry to discuss the issues of typhoon shelter management.