



HKEX
香港交易所

The Stock Exchange of Hong Kong Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: CRO20151221-031

21 December 2015

To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)
Market practitioners

Dear Sirs,

Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide

We have today published the Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide (“**Consultation Conclusions**”).

The Exchange published the Consultation Paper on Review of the Environmental, Social and Governance Reporting Guide in July 2015 to seek comments on its proposed amendments to the Environmental, Social and Governance (“**ESG**”) Reporting Guide (the “**ESG Guide**” or “**Guide**”) (Appendix 27 to the Main Board Listing Rules and Appendix 20 to the GEM Listing Rules) and related Listing Rules. The consultation period closed on 18 September 2015. For this consultation, the Exchange received a total of 203 submissions from a broad range of respondents. The consultation found there is strong support for the Exchange’s proposals.

In summary, the main changes to the Guide and related Rules include:

- amending Main Board Rule 13.91 (GEM Rule 17.103) to require issuers to state in their annual reports or ESG reports whether they have complied with the “comply or explain” provisions set out in the ESG Guide for the relevant financial year; and if they have not, to give considered reasons in their ESG reports;
- revising the introductory section of the Guide to provide more guidance on reporting and to bring it more in line with international standards;
- re-arranging the Guide into two Subject Areas: A. Environmental and B. Social;
- upgrading the General Disclosures under each Aspect of the Guide to “comply or explain”;
- revising the wording of the General Disclosures (where relevant) to be consistent with the directors’ report requirements under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), which will be incorporated in the Rules for financial years ending on or after 31 December 2015;

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- upgrading the Key Performance Indicators, or KPIs, in the “Environmental” Subject Area to “comply or explain”; and
- revising the wording of the voluntary provisions of the Guide (i.e. the recommended disclosures) to bring it more in line with international standards of ESG reporting by incorporating disclosure of gender diversity.

The amendments to the Guide and related Rules will come into effect in two phases:

- the Rule amendments and the upgrade of the General Disclosures in the Guide from recommended to “comply or explain”, as well as the revised recommended disclosures, will be effective for issuers’ financial years commencing on or after 1 January 2016. So, for issuers with a financial year commencing 1 January, these amendments will first affect their financial year ending on 31 December 2016; and
- the upgrade of the KPIs in the “Environmental” Subject Area of the Guide from recommended to “comply or explain” will be effective for issuers’ financial years commencing on or after 1 January 2017. So, for issuers with a financial year commencing 1 January, this amendment will first affect their financial year ending on 31 December 2017.

The Consultation Conclusions are available on the HKEx website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201507cc.pdf>.

The amendments to the ESG Guide and related Rules are available at:

http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4978 and
http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4977.

Related Frequently Asked Questions are available at:

http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4579 and
http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4628.¹

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

David Graham
Chief Regulatory Officer and Head of Listing

¹ Related FAQs have also been incorporated in the FAQs for Main Board Chapter 13 (http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4546) and GEM Chapter 17 (http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4602); and Main Board Appendix 16 (http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4576) and GEM Chapter 18 (http://en-rules.hkex.com.hk/en/display/display_main.html?rbid=4476&element_id=4603).