

The Stock Exchange of Hong Kong Strengthens Disclosure Requirements of its ESG Guide

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Consultation on the ESG Guide

As mentioned in [BEC Topical Digest Issue No. 7](#), the Stock Exchange of Hong Kong Limited (the “Exchange”) published a [Consultation Paper](#) in July 2015 to seek comments on its proposed amendments to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) and related Listing Rules. The consultation period ended on 18 September 2015. BEC made its [submission](#) on the consultation paper before the closing date.

Consultation Conclusions

During the consultation period, the Exchange received a total of 203 submissions of which 23% came from market practitioners, 17% from listed companies and 10% from non-governmental/charitable organisations. The vast majority of responses submitted were supportive of the suggested changes.



On 21 December 2015, the Exchange published its [Consultation Conclusions](#). It was concluded that the proposed changes should be adopted, with certain modifications or clarifications, as set out in the conclusion paper. The proposed changes have been approved by the boards of both the Exchange and the Securities and Futures Commission.

Main Changes Adopted and Implementation Dates



Effective for issuers’ financial years commencing on or after 1 January 2016

- Rule 13.91 of the Main Board Listing Rules has been amended to require companies to disclose ESG information on an annual basis covering the same period as its annual financial report, issuers must state in its annual report or separate ESG report whether it has complied with the “comply or explain” provisions in the ESG Guide and give considered explanations for any deviations from the prescribed approach.
- The Guide has been rearranged into two subject areas: A. Environmental, and B. Social
- General Disclosures for all reporting aspects move to a “comply or explain” basis.
- Gender diversity has been added to the wording of the recommended (voluntary) disclosures.

Effective for issuers' financial years commencing on or after 1 January 2017

- All Environmental Key Performance Indicators ("KPIs") move to a "comply or explain" basis.

Amendments to align with the new Companies Ordinance

- The wording of the General Disclosures (where relevant) has been revised 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 Listing Rules under Appendix 16, paragraph 28(2)(d) for financial years ending on or after 31 December 2015.

Future Reviews



In relation to respondents' suggestions on upgrading the disclosure obligation of Social KPIs, the Exchange has committed to reviewing the voluntary status of the relevant KPIs in the future.



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Business Environment Council Limited 商界環保協會有限公司 ("BEC") is an independent, charitable membership organisation, established by the business sector in Hong Kong. Since its establishment in 1992, BEC has been at the forefront of promoting environmental excellence by advocating the uptake of clean technologies and practices which reduce waste, conserve resources, prevent pollution and improve corporate environmental and social responsibility. BEC offers sustainable solutions and professional services covering advisory, research, assessment, training and award programmes for government, business and the community, thus enabling environmental protection and contributing to the transition to a low carbon economy.

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