



HKEX's amendments to Guidance Letters in relation to the environmental, social and governance matters and gender diversity

Guidance Letter ([GL86-16](#)) (Guidance Letter) issued by the Stock Exchange of Hong Kong Limited (the Exchange) sets out the guidance for IPO applicants and their advisors to produce listing documents, including the information typically expected to be included in different sections of a listing document.

On 17 May 2019, the Exchange amended the Guidance Letter in relation to the environmental, social and governance (ESG) disclosure and gender diversity.

ESG disclosure

With investors' increasing focus on ESG matters, the Exchange amended the Guidance Letter to set out its expected disclosure on ESG matters in the listing document. IPO applicants are recommended to disclose, amongst other things, material information on their environmental policies, and details of their process used to identify, evaluate and manage significant risks such as those relating to ESG.

The Exchange also introduced three new Frequently Asked Questions (Series 17 and 18) to clarify the linkage between the Corporate Governance Code (CG Code) and the Environmental, Social and Governance Reporting Guide (ESG Reporting Guide), which covers:

- The relationship between ESG risks as described in the ESG Reporting Guide and the risks described in the CG Code;
- The Exchange's expectations for the scope of the board's annual review on the adequacy of resources; and
- The way "governance" is being reflected in the issuer's ESG report.

Gender diversity

There has been a continuing focus on board and gender diversity in recent years. Effective from 1 January 2019, the listed issuers must have a diversity policy and must disclose the policy or a summary of the policy in their corporate governance reports.

The Exchange raised the bar for IPO applicants by requiring additional disclosure on how diversity of the board (including gender) can be achieved when the applicant has a board whose members are all of the same gender. The objective of such change is to provide extra incentive for IPO applicants to take diversity seriously and come forward with at least one woman on their boards at the IPO stage.

If you have any questions about the matters discussed in this publication, please feel free to contact the following capital markets partners and directors.

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