

**Amendments to the GEM Listing Rules**  
(apply to issuers with financial year ending after 31 December 2012)

**Chapter 17**

**EQUITY SECURITIES**

**CONTINUING OBLIGATIONS**

17.103 Issuers are encouraged to include information set out in Appendix 20 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.*

**Chapter 18**

**EQUITY SECURITIES**

**FINANCIAL INFORMATION**

**Recommended additional disclosure**

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18.84 Issuers are encouraged to include information set out in Appendix 20 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.*

**Appendix 17**

**Headline Categories**

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**Schedule 4**

**Headline Categories for Financial Statements/ESG Information**

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Environmental, Social and Governance Information/Report

## Appendix 20

### Environmental, Social and Governance Reporting Guide

#### Introduction

1. This guide sets out Environmental, Social and Governance (“ESG”) subject areas, aspects, general disclosure and key performance indicators (“KPIs”).
2. This guide is not comprehensive. The Exchange encourages an issuer to identify and disclose additional ESG issues and KPIs that are relevant to its business. It may also refer to existing international ESG reporting guidance for its relevant industry or sector.
3. An issuer may adopt a higher level of ESG reporting based on international guidance and standards.
4. An issuer may disclose the ESG information in its annual report regarding the same period covered in the annual report, or in a separate report, in print or on its website. Where the information is included in a separate report, an issuer is free to report on any period. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.
5. It is important to involve the board of directors in preparing the ESG report. The board of directors is responsible for ESG reporting but it may delegate the task of compiling the ESG report to its employees or a committee that reports to the board.
6. Issuers may consider offering assurance on the ESG report.

#### *How this guide is organised*

7. There are four ESG subject areas: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement. Corporate Governance is not included as it is dealt with separately in Appendix 15 of the GEM Listing Rules.
8. Each subject area has various aspects. For each relevant aspect, an issuer could report on the general disclosure and KPIs that indicate its performance.

#### General Approach

##### *Identify subject areas, aspects and indicators that are relevant*

9. Not all ESG subject areas, aspects and KPIs in this Guide may be relevant to an issuer’s business. Also, some may be more important to an issuer’s business than others. For example, product responsibility, an ESG aspect, may be important to a retailer.
10. An issuer is encouraged to prioritise ESG subject areas, aspects and KPIs that are material in the context of its corporate strategy, which could be given prominence in the report.

11. It is unnecessary to report on all subject areas, aspects and KPIs. An issuer is encouraged to identify and report on relevant ESG subject areas, aspects and KPIs that have material environmental and social impacts. Materiality can be addressed in strategic, operational and financial terms.

#### *Engage stakeholders*

12. It is important to engage stakeholders periodically to identify material aspects and KPIs and understand their views. Stakeholders are parties that have interests in or are affected by the decisions and activities of an issuer. They may include shareholders (including independent shareholders), business partners, employees, suppliers, sub-contractors, consumers, regulators and the public.
13. The ESG report could disclose the issuer's stakeholders and the basis for their identification. It may also disclose the activities the issuer has arranged to engage stakeholders, the objectives and how it has responded to stakeholders' views. Stakeholder engagement may be conducted through meetings (e.g. personal or annual general meetings), conferences, workshops, advisory committees, round-table discussions, focus groups, questionnaires, web-based forums and written consultations.
14. The ESG report may also disclose a mechanism for stakeholders to provide feedback.

### **Reporting guidance**

#### *Scope of reporting*

15. An issuer is encouraged to state in its ESG report which entities in the group and/or which operations have been included for the report. If there is change in the scope, the issuer is encouraged to explain the difference and reason for change.

#### *Approaches to reporting*

16. Once an issuer starts reporting, it is encouraged to continue to do so regularly. The aspects and KPIs reported could be consistent for each period or there could be an explanation of the changes. An issuer may also explain why some aspects and KPIs are not reported.
17. An ESG report could state the issuer's ESG management approach, strategies, priorities, objectives and explain how they relate to its business. It could discuss the issuer's management, measurement and monitoring system to implement its ESG strategies.
18. An ESG report could also discuss ESG opportunities, risks, challenges and how they are addressed. For example, a telecommunication company may see an opportunity to promote teleconferencing as an alternative to travel due to climate change concerns. An information and technology company may see the damage to its reputation from a breach in consumer privacy as an ESG risk.

### Reporting on line items

19. The Guide does not provide a definition for each KPI. An issuer is encouraged to explain how the KPIs are calculated and include information that is necessary for interpreting the KPIs. It may use the same definition and calculation method each period for comparison over time. If there is a change to the definition or calculation method, the issuer could explain the difference and reason for the change.
20. Over time, an issuer may present time series of data for comparison over a period already reported on. The time period used may be consistent for every report.
21. An issuer may report line items with objective and representative industry benchmarks.
22. Quantitative information could be presented in a table format.

### **Subject areas, aspects, general disclosure and KPIs**

#### A. Workplace quality

<u>Aspect A1</u>	<u>Working conditions</u>
<u>General disclosure</u>	<u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance and material non-compliance with relevant standards, rules and regulations</u>  <u>on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare.</u>
<u>KPI A1.1</u>	<u>Total workforce by employment type, age group and geographical region.</u>
<u>KPI A1.2</u>	<u>Employee turnover rate by age group and geographical region.</u>
<u>Aspect A2</u>	<u>Health and safety</u>
<u>General disclosure</u>	<u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance and material non-compliance with relevant standards, rules and regulations</u>  <u>on providing a safe working environment and protecting employees from occupational hazards.</u>

<u>KPI A2.1</u>	<u>Number and rate of work-related fatalities.</u>
<u>KPI A2.2</u>	<u>Lost days due to work injury.</u>
<u>KPI A2.3</u>	<u>Description of occupational health and safety measures adopted, how they are implemented and monitored.</u>

<u>Aspect A3</u>	<u>Development and training</u>
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<u>General disclosure</u>	<u>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</u>
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Training refers to vocational training. It may include internal and external courses paid by the employer.

<u>KPI A3.1</u>	<u>The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).</u>
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<u>KPI A3.2</u>	<u>The average training hours completed per employee by employee category.</u>
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<u>Aspect A4</u>	<u>Labour standards</u>
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<u>General disclosure</u>	<u>Information on:</u>
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(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on preventing child or forced labour.

<u>KPI A4.1</u>	<u>Description of measures to review employment practices to avoid child and forced labour.</u>
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<u>KPI A4.2</u>	<u>Description of steps taken to eliminate such practices when discovered.</u>
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B. *Environmental protection*

<u>Aspect B1</u>	<u>Emissions</u>
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<u>General disclosure</u>	<u>Information on:</u>
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(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on air and greenhouse gas emissions, discharges into water and land,

generation of hazardous and non-hazardous wastes, etc.

Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.

Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Hazardous wastes are those defined by national regulations.

<u>KPI B1.1</u>	<u>The types of emissions and respective emissions data.</u>
<u>KPI B1.2</u>	<u>Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).</u>
<u>KPI B1.3</u>	<u>Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).</u>
<u>KPI B1.4</u>	<u>Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).</u>
<u>KPI B1.5</u>	<u>Description of measures to mitigate emissions and results achieved.</u>
<u>KPI B1.6</u>	<u>Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</u>

<u>Aspect B2</u>	<u>Use of resources</u>
<u>General disclosure</u>	<u>Policies on efficient use of resources including energy, water and other raw materials.</u>  <u>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</u>
<u>KPI B2.1</u>	<u>Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).</u>
<u>KPI B2.2</u>	<u>Water consumption in total and intensity (e.g. per unit of production volume, per facility).</u>
<u>KPI B2.3</u>	<u>Description of energy use efficiency initiatives and results achieved.</u>
<u>KPI B2.4</u>	<u>Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.</u>
<u>KPI B2.5</u>	<u>Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.</u>

<u>Aspect B3</u>	<u>The environment and natural resources</u>
<u>General disclosure</u>	<u>Policies on minimising the operation's significant impact on the environment and natural resources.</u>
<u>KPI B3.1</u>	<u>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</u>

C. Operating practices

<u>Aspect C1</u>	<u>Supply chain management</u>
<u>General disclosure</u>	<u>Policies on managing environmental and social risks of supply chain.</u>
<u>KPI C1.1</u>	<u>Number of suppliers by geographical region.</u>
<u>KPI C1.2</u>	<u>Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.</u>

<u>Aspect C2</u>	<u>Product responsibility</u>
<u>General disclosure</u>	<u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance and material non-compliance with relevant standards, rules and regulations</u> <u>on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</u>
<u>KPI C2.1</u>	<u>Percentage of total products sold or shipped subject to recalls for safety and health reasons.</u>
<u>KPI C2.2</u>	<u>Number of products and service related complaints received and how they are dealt with.</u>
<u>KPI C2.3</u>	<u>Description of practices relating to observing and protecting intellectual property rights.</u>
<u>KPI C2.4</u>	<u>Description of quality assurance process and recall procedures.</u>
<u>KPI C2.5</u>	<u>Description of consumer data protection and privacy policies, how they are implemented and monitored.</u>

<u>Aspect C3</u>	<u>Anti-corruption</u>
<u>General disclosure</u>	<u>Information on:</u>

(a) the policies; and

(b) compliance and material non-compliance with relevant standards, rules and regulations

on bribery, extortion, fraud and money laundering.

KPI C3.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.

KPI C3.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.

D. *Community involvement*

<u>Aspect D1</u>	<u>Community investment</u>
<u>General disclosure</u>	<u>Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.</u>
<u>KPI D1.1</u>	<u>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</u>
<u>KPI D1.2</u>	<u>Resources contributed (e.g. money or time) to the focus area.</u>