

Frequently Asked Questions Series 18 (Released on 31 August 2012 / Last updated on 21 December 2015)

**Questions relating to Rule amendments relating to environmental, social and governance reporting
(apply to issuers with financial year ending after 31 December 2012)**

Status of “Frequently Asked Questions”

The following frequently asked questions (FAQs) are designed to help applicants and issuers to understand and comply with the Listing Rules, particularly in situations not explicitly set out in the Listing Rules or where further clarification may be desirable.

Users of the FAQs should refer to the Rules themselves and, if necessary, seek qualified professional advice. The FAQs are not substitutes for the Listing Rules. If there is any discrepancy between the FAQs and the Listing Rules, the Listing Rules prevail.

In formulating our “answers”, we may have assumed certain underlying facts, selectively summarised the Listing Rules or concentrated on one particular aspect of the question. They are not definitive and do not apply to all cases where the scenario may at first appear similar. In any given case, regard must be had to all the relevant facts and circumstances.

The Listing Division may be consulted on a confidential basis. Contact the Listing Division at the earliest opportunity with any queries.

No.	Main Board Rules	GEM Rules	Query	Response
1.	13.91	17.103	Is there a timeframe for raising the level of obligation of the ESG Reporting Guide to “comply or explain”?	Subject to further consultation, we plan to raise the level of obligation of some recommended disclosures to “comply or explain” by 2015. To prepare for the consultation, we plan to conduct our first relevant survey of issuers’ financial reports to be published in 2014.
2.	13.91/ Appendix 27	17.103/ Appendix 20	<u>Can an issuer adopt other guidelines instead of the ESG Reporting Guide? (“ESG Guide” or “Guide”)? Where an issuer adopts alternative reporting guidance or international standards with comparable provisions to the Guide, is it required to give any explanation/reconciliation in relation to the Guide?</u>	<u>The Guide sets out minimum parameters for reporting with a view to facilitating issuers’ disclosure and communication with investors and other stakeholders. Issuers may adopt international standards or guidelines, such as the Global Reporting Initiative’s G4 Sustainability Reporting Guidelines, CDP’s Climate Change Information Request and Water Information Request, the International Organization for Standardization’s Guidance on Social Responsibility, and the Corporate Sustainability Assessment for inclusion in the Dow Jones Sustainability Indices.</u> <u>To avoid duplication, adopting international reporting standards or guidelines that contain comparable provisions to the ESG Guide should be sufficient compliance with the Guide without the need for further explanation. However, issuers that report on international standards or guidelines should make clear which “comply or explain” provisions and recommended disclosures of the Guide they are reporting on.</u> <u>The Guide is for issuers with limited familiarity with ESG issues but which are looking for a starting point to begin work on ESG reporting. We encourage issuers with the capability to adopt international guidelines instead, which may include Global</u>

No.	Main Board Rules	GEM Rules	Query	Response
				<p style="color: red;">Reporting Initiative's Sustainability Reporting Guide, the Carbon Disclosure Project and the KPIs for ESG – A Guidelines for the Integration of ESG into Financial Analysis and Corporate Valuation (version 3.0) published by the Society of Investment Professionals in Germany, etc.</p> <p style="color: red;"><i>(Updated on 21 December 2015)</i></p>
3.	<u>13.91, Appendix 16 Paragraphs 6 and 53,</u> Appendix 27	<u>17.103, 18.07, 18.84,</u> Appendix 20	<u>What is the implementation date of the amendments to the Rules and the Guide adopted in the “Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide” published in December 2015? Does an issuer need to report on all the recommended disclosures and key performance indicators?</u>	<p style="color: red;"><u>The amendments to Main Board Rule 13.91 and Main Board Rules Appendix 16 Paragraphs 6 and 53 (GEM Rules 17.103, 18.07 and 18.84), the upgrade of the General Disclosures under each Aspect of the Guide from recommended to “comply or explain”, and the amendments to the recommended disclosures will be effective for issuers’ financial years commencing on or after 1 January 2016. An ESG report, if not presented in the issuer’s annual report, should be published no later than three months after the publication of the issuer’s annual report; and the issuer’s annual report must be published no more than four months (in the case of a Main Board issuer) and three months (in the case of a GEM issuer) after the end of the financial year.</u></p> <p style="color: red;"><u>So, for an issuer with a financial year starting from 1 January, its 2016 ESG report must contain the information required under the General Disclosures of each Aspect of the Guide, or else it must give considered reasons. At the latest, a Main Board issuer with a financial year starting from 1 January must publish its 2016 annual report by 30 April 2017, and should publish its 2016 ESG report by 31 July 2017. However, if the issuer publishes its 2016 annual report earlier, say on 31 March 2017, then it should publish its 2016 ESG report by 30 June 2017.</u></p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p>The upgrade of the KPIs in the “Environmental” Subject Area from recommended to “comply or explain” will be effective for issuers’ financial years commencing on or after 1 January 2017. So, for an issuer with a financial year starting from 1 January, its 2017 ESG report must contain the information required under the “Environmental” KPIs (in addition to the information required under the General Disclosures of each Aspect of the Guide), or else it must give considered reasons. Similar to the example given above, a Main Board issuer with a financial year starting from 1 January must, at the latest, publish its 2017 annual report by 30 April 2018, and should publish its 2017 ESG report by 31 July 2018. However, if the issuer publishes its 2017 annual report earlier, say on 31 March 2018, then it should publish its 2017 ESG report by 30 June 2018.</p> <p><i>(Updated on 21 December 2015)</i></p> <p>We do not expect an issuer to report on all recommended disclosures from the start. An issuer with resource constraints could start reporting on a few KPIs, and cover only its major operations/subsidiaries. The key is to report on relevant and material KPIs that are material to it.</p>
4.	Appendix 27	Appendix 20	An issuer may have many operations/subsidiaries. Does it need to report on all its operations/subsidiaries?	<p>The Guide does not prescribe which entities in an issuer’s group and/or which operations should be included in the ESG report. An issuer should decide on the operational boundaries of its ESG report in view of its individual circumstances. An issuer should disclose the operational boundaries of its ESG report and, if there</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p><u>is any change, explain the difference and reason for the change.</u></p> <p><u>In relation to determining operational boundaries for reporting on greenhouse gas (“GHG”) emissions, issuers may refer to the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong”, published by the HKSAR Environmental Protection Department (“EPD”) and Electrical and Mechanical Services Department (http://www.epd.gov.hk/epd/english/climate_change/files/Guidelines_English_2010.pdf).</u></p> <p><i>(Updated on 21 December 2015)</i>We do not expect an issuer’s ESG report to cover all its operations from the start. An issuer could start by covering only its major operations/subsidiaries. An issuer is encouraged to disclose the scope of its ESG report.</p>
5.	Appendix 27	Appendix 20	<p>How does an issuer determine materiality? <u>Are there resources that issuers may refer to in this regard?</u></p>	<p>“Materiality” is defined in the Guide as “the threshold at which ESG issues become sufficiently important to investors and other stakeholders that they should be reported”.</p> <p>Whether a particular ESG issue is material is a matter of judgment that depends on the facts involved and the circumstances of the specific issuer. Issuers should bear in mind that materiality can have different meanings for different stakeholder groups. It is up to the issuer to identify its material ESG issues, with reference to the views of its key stakeholders.</p>

No.	Main Board Rules	GEM Rules	Query	Response
				<p><u>Issuers may also refer to the following resources on how to determine materiality:</u></p> <ul style="list-style-type: none"> • <u>The GRI and RobecoSAM's "Defining Materiality: What Matters to Reporters and Investors"</u> (https://www.globalreporting.org/resourcelibrary/Defining-Materiality-What-Matters-to-Reporters-and-Investors.pdf); and • <u>The Business Environment Council's "BEC Handbook: Understanding Materiality for Environmental, Social and Governance Reporting"</u> (http://bec.org.hk/files/images/BEC_advisorygroups/BEC_ESG_Handbook_web.pdf). <p><i>(Updated on 21 December 2015)</i></p> <p>The 2011 ESG workshops gave guidance on how to determine materiality. A practical guide on determining materiality is available on the HKEF website: http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/esg/Documents/toolkit.xls.</p> <p>An issuer may also refer to Global Reporting Initiative's G4 Exposure Draft (https://www.globalreporting.org/resourcelibrary/G4/G4_Exposure_Draft.pdf) on how to determine materiality.</p>
6.	Appendix 27	Appendix 20	The Guide does not set out calculation/measurement methods for	<u>The HKEx website provides various resources for issuers:</u> http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/esg/index

No.	Main Board Rules	GEM Rules	Query	Response
			<p><u>KPIs. Issuers may need more resources and guidance to help them with the reporting process. Where may issuers find resources in this regard?define the terms and methods of calculations of KPIs. Instead, it asked an issuer to explain how the KPIs are calculated.</u></p> <p><u>However, an issuer may need clearer definitions in order to start reporting. Please indicate where an issuer may find useful resources to help start reporting.</u></p>	<p>.htm.</p> <p>We set out in the table below the provisions of a number of international standards and guidelines that broadly correspond to the provisions of the ESG Guide, as well as other references and resources that an issuer may find useful in preparing its ESG report. The provisions of the international standards and guidelines included in the table may not be strictly equivalent to the corresponding provisions of the ESG Guide, but relate to the same ESG issue. Please note that the references and resources listed below are not exhaustive and are for reference only.</p> <p>The HKEx website provides various resources for issuers: http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/esg/index.htm.</p> <p>We also set out below references that an issuer may find useful in preparing its ESG report.</p>

ESG References

Subject areas, aspects, general disclosure and KPIs

A. Workplace quality

Aspect A1 Working conditions

General disclosure Information on:

- (a) the policies; and
- (b) compliance and material non-compliance with relevant standards, rules and regulations
~~on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare.~~

References

(please note that these references are not exhaustive and are for reference only.)

The principles are broadly based on internationally recognized standards such as:

- UN Universal Declaration of Human Rights;
- UN Convention: International Covenant on Civil and Political Rights;
- ILO Declaration on Fundamental Principles and Rights at Work, 1998;
- ILO Convention 155, “Occupational Safety and Health Convention”, 1981 and its Protocol of 2002;
- ILO Convention 142, “Human Resources Development Convention”, 1975;
- ILO Convention 182, “Convention Concerning the prohibition and immediate action for the elimination of the worst forms of child labour”, 1999;
- ILO Convention 105, “Abolition of Forced Labour Convention”, 1957;
- United Nations Global Compact;
- OECD Guidelines for Multinational Enterprises.

Hong Kong also recognizes the importance of employees' benefits and providing a safe workplace. Major labour legislation includes:

	<ul style="list-style-type: none"> • Employment Ordinance; • Employee's Compensation Ordinance; • Occupational Safety and Health Ordinance; • Minimum Wage Ordinance; • Sex Discrimination Ordinance; • Family Status Ordinance; • Race Discrimination Ordinance; • Disability Discrimination Ordinance.
KPI A1.1	Total workforce by employment type, age group and geographical region.
KPI A1.2	Employee turnover rate by age group and geographical region.
Aspect A2	Health and safety
General disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance and material non-compliance with relevant standards, rules and regulations</p> <p>on providing a safe working environment and protecting employees from occupational hazards.</p>
KPI A2.1	Number and rate of work-related fatalities.

KPI A2.2	Lost days due to work injury.	
KPI A2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	
Aspect A3	Development and training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	
KPI A3.1	The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).	
KPI A3.2	The average training hours completed per employee by employee category.	
Aspect A4	Labour standards	
General disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	International references include: <ul style="list-style-type: none">• United Nations Universal Declaration of Human Rights;• Forced labour: ILO Core Conventions 29 and 105;• Child labour: — Convention on the Rights of the Child, 1989;— ILO Convention 138 on the minimum age for admission to employment and work;— ILO Convention No. 182 on the worst forms of child labour, 1999.

KPI A4.1	Description of measures to review employment practices to avoid child and forced labour.
KPI A4.2	Description of steps taken to eliminate such practices when discovered.

B. Environmental protection

Aspect B1 Emissions

General disclosure Information on:

- (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_x, SO_x, 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.

International references include:

- Greenhouse Gas Protocol;
- Kyoto Protocol, 1997.

Hong Kong key environmental legislation includes:

- Air Pollution Control Ordinance;
- Waste Disposal Ordinance;
- Water Pollution Control Ordinance;
- Hazardous Chemicals Control Ordinance.

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

- Aspect B2** Use of resources
- General** Policies on efficient use of resources including energy, water |

disclosure	and other raw materials.
	Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.
KPI B2.1	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).
KPI B2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
KPI B2.3	Description of energy use efficiency initiatives and results achieved.
KPI B2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.
KPI B2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.

Aspekt B3	The environment and natural resources
General disclosure	Policies on minimizing the operation's significant impact on the environment and natural resources.

KPI B3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

C. Operating practices

Aspect C1 Supply chain management

General disclosure Policies on managing environmental and social risks of supply chain.

International standards relating to product responsibility and anti-corruption include:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- United Nations Convention Against Corruption.

Hong Kong regulations:

- Prevention of Bribery Ordinance;
- Sales of Goods Ordinance;
- Consumer Goods Safety Ordinance;
- Trade Marks Ordinance;
- Copyright Ordinance.

Please see G4 Exposure Draft (https://www.globalreporting.org/resourcelibrary/G4/G4_Exposure_Draft.pdf) for definition of supply chain.

KPI C1.1 Number of suppliers by geographical region.

KPI C1.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.

Aspect C2	Product responsibility
General disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance and material non-compliance with relevant standards, rules and regulations</p> <p>on products and services health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>
KPI C2.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
KPI C2.2	Number of products and service related complaints received and how they are dealt with.
KPI C2.3	Description of practices relating to observing and protecting intellectual property rights.
KPI C2.4	Description of quality assurance process and recall procedures.
KPI C2.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.
Aspect C3	Anti-corruption
General	Information on:

disclosure	<p>(a) the policies; and</p> <p>(b) compliance and material non-compliance with relevant standards, rules and regulations</p> <p>on bribery, extortion, fraud and money laundering.</p>
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

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

Key:

GRI—Global Reporting Initiative Sustainability Reporting Guidelines (<https://www.globalreporting.org>)

DVFA—KPIs for ESG—A Guideline for Integration of ESG into Financial Analysis and Corporate Valuation published by the Society of Investment Professionals in Germany (http://www.dvfa.de/files/die_dvfa/kommissionen/non-financials/application/pdf/KPIs_ESG_FINAL.pdf)

<u>ESG Reporting Guide</u>			<u>Guidelines/ Reference/Resources</u>
	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
<u>A. Environmental</u>			
<u>Aspect A1 : Emissions</u>	<p><u>General Disclosure</u></p> <p><u>Information on:</u></p> <p class="list-item-l1">(a) <u>the policies; and</u></p> <p class="list-item-l1">(b) <u>compliance with relevant laws and regulations that have a significant impact on the issuer</u></p> <p><u>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</u></p> <p><u>Note: Air emissions include NO_x, SO_x and other pollutants regulated under national laws and regulations.</u></p> <p><u>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluoro- carbons, perfluoro-carbons and sulphur hexafluoride.</u></p> <p><u>Hazardous wastes are those defined by national regulations.</u></p>		<p><u>GRI: G4-EN29</u></p> <p><u>DJSI: 2.2.1</u></p>

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	<p><u>KPI A1.1</u> <u>The types of emissions and respective emissions data.</u></p> <p><u>KPI A1.2</u> <u>Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</u></p>		<p><u>GRI: G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN21</u></p> <p><u>CDP: CC8.2, CC8.3a, CC12.2, CC12.3, CC14.1</u></p> <p><u>ISO: 6.5.3.2, 6.5.5.2.1</u></p> <p><u>DJSI: 2.3.2, 2.3.3</u></p> <p><u>References/Resources:</u></p> <ul style="list-style-type: none"> • <u>The Clean Air Charter – A Business Handbook</u> , published by The Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment (http://www.cleanair.hk/eng/guidebook/guidebook_eng_r.pdf) • <u>Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, residential or Institutional Purposes) in Hong Kong, EPD and Electrical and Mechanical Services Department</u> (http://www.epd.gov.hk/epd/english/climate_change/files/Guidelines_English_2010.pdf)

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			<ul style="list-style-type: none"> • <u>Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong</u>, published by The University of Hong Kong and City University of Hong Kong (http://www6.cityu.edu.hk/aerc/sme/images/sme_eng.pdf) • <u>EMFAC-HK Vehicle Emission Calculation Tool</u> by EPD(http://www.epd.gov.hk/epd/english/environmentinhk/air/guide_ref/emfac-hk.html) • <u>Greenhouse Gas Protocol – Calculation Tools</u> (http://www.ghgprotocol.org/calculation-tools/all-tools) • <u>MOBILE6.1 Particulate Emission Factor Model Technical Description – Final Report</u>, published by United States Environmental Protection Agency (http://www3.epa.gov/otaq/models/mobile6/r03001.pdf) • <u>Other carbon footprint tools suggested by the EPD</u> (http://www.epd.gov.hk/epd/english/climate_change/indiv_actions_carboncalculator.html)

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	<u>KPI A1.3</u> Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		<p><u>GRI: G4-EN23, G4-EN25</u></p> <p><u>ISO: 6.5.3.2</u></p> <p><u>DJSI: 2.3.6</u></p> <p>References/Resources:</p> <ul style="list-style-type: none"> • Waste guidelines & references, published by EPD (http://www.epd.gov.hk/epd/english/environmentinhk/waste/guide_ref/waste_guidelines.html)
	<u>KPI A1.4</u> Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		<p><u>GRI: G4-EN23</u></p> <p><u>ISO: 6.5.3.2</u></p> <p><u>DJSI: 2.3.6</u></p>
	<u>KPI A1.5</u> Description of measures to mitigate emissions and results achieved.		<p><u>GRI: G4-EN19</u></p> <p><u>CDP: CC3.1, CC3.1a, CC3.1b, CC3.1c, CC3.1e, CC3.3, CC3.3a, CC3.3b, CC12.1, CC14.3</u></p> <p><u>ISO: 6.5.3.2, 6.5.5.2.1</u></p>

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			(Please note that these references/ resources are not exhaustive and are for reference only.)
<u>Aspect A2: Use of Resources</u>	<u>KPI</u> <u>A1.6</u>	<u>Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</u>	<p>GRI: G4-EN23, G4-EN25</p> <p>ISO: 6.5.3.2</p> <p>References/Resources:</p> <ul style="list-style-type: none"> • Hong Kong Waste Reduction Website of EDP (https://www.wastereduction.gov.hk/en/quickaccess/resource_centre_index.htm)
		<u>General Disclosure</u> <u>Policies on the efficient use of resources, including energy, water and other raw materials.</u> <u>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</u>	<p>CDP: W6.3, W6.3a</p> <p>DJSI: 2.2.1</p>
	<u>KPI</u> <u>A2.1</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>	<p>GRI: G4-EN3, G4-EN4, G4-EN5</p> <p>CDP: CC11.2, CC11.3, CC11.5</p> <p>ISO: 6.5.4.2</p> <p>DJSI: 2.3.4</p>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
	<u>KPI A2.2</u> <u>Water consumption in total and intensity (e.g. per unit of production volume, per facility).</u>		<u>GRI: G4-EN8</u> <u>CDP: W1.2a, W1.2c</u> <u>ISO: 6.5.4.2</u> <u>DJSI: 2.3.5</u>
	<u>KPI A2.3</u> <u>Description of energy use efficiency initiatives and results achieved.</u>		<u>GRI: G4-EN6</u> <u>CDP: CC3.1, CC3.1d, CC3.1e</u> <u>ISO: 6.5.4.2, 6.5.5.2.1</u>
	<u>KPI A2.4</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>GRI: G4-EN9, G4-EN10</u> <u>CDP: W3.2c, W8.1, W8.1a, W8.1b</u> <u>ISO: 6.5.4.2</u>
	<u>KPI A2.5</u> <u>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</u>		<u>GRI: G4-EN1</u> <u>ISO: 6.7.5.2</u>

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<u>Aspect A3:</u> <u>The Environment and Natural Resources</u>	<u>General Disclosure:</u> <u>Policies on minimising the issuer’s significant impact on the environment and natural resources.</u>		<u>DJSI: 2.2.1</u>	
	<u>KPI A3.1</u> <u>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</u>		<u>GRI: G4-EN12, G4-EN27, G4-EN30</u> <u>CDP: CC2.1, CC2.1a, CC5.1, CC6.1</u> <u>ISO: 6.5.3.2, 6.5.4.2, 6.5.5.2.1, 6.5.5.2.2, 6.5.6.2</u>	
<u>B. Social</u>				
<u>Employment and Labour Practices</u>				
<u>Aspect B1:</u> <u>Employment</u>	<u>General Disclosure</u> <u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</u> <u>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and</u>		<u>GRI: G4-LA2</u> <u>ISO: 6.3.10.3, 6.4.3.2, 6.4.4.2</u> <u>DJSI: 3.6.2, 3.6.3</u>	

<u>ESG Reporting Guide</u>			<u>Guidelines/ Reference/Resources</u>
	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
	welfare.		
		<u>KPI</u> <u>B1.1</u> <u>Total workforce by gender, employment type, age group and geographical region.</u>	<u>GRI: G4-10</u> <u>DJSI: 3.2.1</u>
		<u>KPI</u> <u>B1.2</u> <u>Employee turnover rate by gender, age group and geographical region.</u>	<u>GRI: G4-LA1</u> <u>DJSI: 3.4.3</u>
<u>Aspect B2:</u> <u>Health and Safety</u>	<u>General Disclosure</u> <u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</u> <u>relating to providing a safe working environment and protecting employees from occupational hazards.</u>		<u>ISO: 6.4.6.2</u> <u>DJSI: 3.6.2, 3.6.3</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	(Please note that these references/ resources are not exhaustive and are for reference only.)
		<u>KPI</u> <u>B2.1</u> <u>Number and rate of work-related fatalities.</u>	<u>GRI: G4-LA6</u>
		<u>KPI</u> <u>B2.2</u> <u>Lost days due to work injury.</u>	<u>GRI: G4-LA6</u> <u>DJSI: 3.6.1</u>
		<u>KPI</u> <u>B2.3</u> <u>Description of occupational health and safety measures adopted, how they are implemented and monitored.</u>	<u>GRI: G4-LA5</u> <u>ISO: 6.4.6.2</u> <u>DJSI: 3.6.2</u>
<u>Aspect B3:</u> <u>Develop-</u> <u>ment and</u> <u>Training</u>	<u>General Disclosure</u> <u>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</u> <u>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</u>		<u>ISO: 6.4.7.1</u> <u>DJSI: 3.3.3</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
		<p><u>KPI B3.1</u> <u>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</u></p> <p><u>KPI B3.2</u> <u>The average training hours completed per employee by gender and employee category.</u></p>	<u>GRI: G4-LA9, G4-LA10</u> <u>ISO: 6.4.7.2</u> <u>DJSI: 3.3.2, 3.3.3</u>
<u>Aspect B4: Labour Standards</u>	<u>General Disclosure</u> <u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance with relevant laws and regulations that have a significant</u>		<u>ISO: 6.3.10.3</u> <u>DJSI: 1.6.3</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>		<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
	<u>impact on the issuer relating to preventing child and forced labour.</u>			
		<u>KPI B4.1</u> _____	<u>Description of measures to review employment practices to avoid child and forced labour.</u>	<u>GRI: G4-HR5, G4-HR6</u> <u>ISO: 6.3.10.3</u> <u>DJSI: 1.6.3</u>
	<u>Operating Practices</u>			
<u>Aspect B5: Supply Chain Manage- ment</u>	<u>General Disclosure</u> <u>Policies on managing environmental and social risks of the supply chain.</u>			<u>DJSI: 1.6.2, 2.2.1</u>
		<u>KPI B5.1</u>	<u>Number of suppliers by geographical region.</u>	<u>GRI: G4-12</u> <u>DJSI: 1.6.1</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<u>(Please note that these references/ resources are not exhaustive and are for reference only.)</u>
		<u>KPI</u> <u>B5.2</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>GRI: G4-HR10, G4-HR11, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-SO9, G4-SO10</u> <u>DJSI: 1.6.1, 1.6.3</u> <u>ISO: 6.4.3.2</u>
<u>Aspect B6: Product Responsibility</u>	<u>General Disclosure</u> <u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</u> <u>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</u>		<u>GRI: G4-PR2, G4-PR3, G4-PR4, G4-PR7, G4-PR9</u> <u>ISO: 6.6.7.2, 6.7.4.2, 6.7.9.2</u> <u>DJSI: 2.2.1</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
		<u>KPI B6.1</u> <u>Percentage of total products sold or shipped subject to recalls for safety and health reasons.</u>	<u>ISO: 6.7.4.2</u>
		<u>KPI B6.2</u> <u>Number of products and service related complaints received and how they are dealt with.</u>	<u>GRI: G4-PR5, G4-PR6, G4-PR8</u> <u>ISO: 6.7.6.2</u> <u>DJSI: 1.4.1, 1.4.2, 1.4.3</u>
		<u>KPI B6.3</u> <u>Description of practices relating to observing and protecting intellectual property rights.</u>	<u>ISO: 6.6.7.2</u>
		<u>KPI B6.4</u> <u>Description of quality assurance process and recall</u>	<u>ISO: 6.7.4.2</u>

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	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
		<u>procedures.</u>	
		<u>KPI B6.5</u> <u>Description of consumer data protection and privacy policies, how they are implemented and monitored.</u>	<u>GRI: G4-PR8</u> <u>ISO: 6.7.7.2</u> <u>DJSI: 1.4.5</u>
<u>Aspect B7: Anti-corruption</u>	<u>General Disclosure</u> <u>Information on:</u> <u>(a) the policies; and</u> <u>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</u> <u>relating to bribery, extortion, fraud and money laundering.</u>		<u>GRI: G4-SO4, G4-SO5</u> <u>ISO: 6.6.3.2</u> <u>DJSI: 1.3.3, 1.3.5</u>
		<u>KPI B7.1</u> <u>Number of concluded legal cases regarding corrupt practices brought against the</u>	<u>GRI: G4-SO5</u>

<u>ESG Reporting Guide</u>				<u>Guidelines/ Reference/Resources</u>
	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>		<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
			<u>issuer or its employees during the reporting period and the outcomes of the cases.</u>	
		<u>KPI B7.2</u>	<u>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</u>	<u>GRI: G4-58</u> <u>ISO: 6.6.3.2</u> <u>DJSI: 1.3.3, 1.3.5</u>
<u>Community</u>				
<u>Aspect B8: Community Investment</u>	<u>General Disclosure</u> <u>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</u>	<u>KPI B8.1</u>	<u>Focus areas of contribution (e.g. education, environmental)</u>	<u>GRI: G4-SO1, G4-SO2</u> <u>ISO: 6.8.3.2, 6.8.4.2, 6.8.5.2, 6.8.6.2, 6.8.7.2, 6.8.8.2, 6.8.9.2</u> <u>DJSI: 3.5.2, 3.5.3</u>

<u>ESG Reporting Guide</u>			<u>Guidelines/ Reference/Resources</u>
	<u>“Comply or explain” Provisions</u>	<u>Recommended Disclosures</u>	<i>(Please note that these references/ resources are not exhaustive and are for reference only.)</i>
		<p><u>concerns, labour needs, health, culture, sport).</u></p> <p><u>KPI B8.2</u></p> <p><u>Resources contributed (e.g. money or time) to the focus area.</u></p>	

Key:

1. GRI – Global Reporting Initiative’s G4 Sustainability Reporting Guidelines(<https://www.globalreporting.org/Pages/default.aspx>)
2. CDP – CDP’s Climate Change Information Request and Water Information Request(<https://www.cdp.net/en-US/Pages/HomePage.aspx>)
3. ISO – International Organization for Standardization’s Guidance on Social Responsibility (ISO 26000:2010) (<http://www.iso.org/iso/home/standards/iso26000.htm>)
4. DJSI – Corporate Sustainability Assessment for inclusion in the Dow Jones Sustainability Indices (<http://www.sustainability-indices.com/sustainability-assessment/recognition.jsp>)

(Updated on 21 December 2015)

7.	<u>Appendix 27</u>	<u>Appendix 20</u>	<u>Both Aspect A2 and Aspect A3 concern “resources”. What is the difference between the information called for under each of these Aspects?</u>	<u>The main distinction between the two is that: (a) Aspect A2 relates to the use of resources – i.e. it is concerned with the quantity (e.g. how much an issuer is consuming); whilst (b) Aspect A3 is concerned with the impact of an issuer’s activities on natural resources and the environment (e.g. the effect that an issuer’s activities have on water supply or biodiversity).</u> <u>(Added on 21 December 2015)</u>
8.	<u>Appendix 16 Paragraph 28(2)(d), Appendix 27</u>	<u>18.07A(2)(d), Appendix 20</u>	<u>The new Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (“New Companies Ordinance”) requires all Hong Kong incorporated companies (unless exempted) to include in the business review section of their annual directors’ reports a discussion of certain ESG matters (New Companies Ordinance Schedule 5, sections 2(b)(i), 2(b)(ii) and 2(c)). Does this requirement also apply to issuers incorporated outside Hong Kong?</u>	<u>The New Companies Ordinance requirement in this regard will be incorporated under Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)) and will apply to all issuers listed on the Exchange, regardless of their place of incorporation, for financial years ending on or after 31 December 2015.</u> <u>Following a public consultation carried out between August and October 2014, this new requirement was adopted in the “Consultation Conclusions on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor/Housekeeping Rule Amendments” published in February 2015 (http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201408cc.pdf).</u> <u>(Added on 21 December 2015)</u>
9.	<u>Appendix 16 Paragraph 28(2)(d), Appendix 20</u>	<u>18.07A(2)(d), Appendix 20</u>	<u>Does an issuer fulfil its obligation to discuss certain ESG matters in the business review section of its annual directors’ report, as required by Main Board Rules</u>	<u>An issuer does not fulfil its obligation to discuss certain ESG matters in the business review section of its annual directors’ report, as required by Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), by cross-referencing its ESG</u>

	<u>Appendix 27</u>	<u>Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), by cross-referencing its ESG report?</u>	<u>report.</u> <u>The requirement under Main Board Rules Appendix 16 (GEM Rules Chapter 18) is separate and distinct from the information called for under the ESG Guide. The requirement under Main Board Rules Appendix 16 (GEM Rules Chapter 18) requires a discussion of certain ESG matters (as set out in sections 2(b)(i), 2(b)(ii) and 2(c) of Schedule 5 of the New Companies Ordinance), whilst the Guide calls for greater details including data in relation to the environmental and social performance of the issuer. The disclosure under the ESG Guide should complement, rather than be a substitute for, the information disclosed in the business review section of the annual directors' report.</u> <u>(Added on 21 December 2015)</u>
10.	<u>Appendix 27</u>	<u>Appendix 20</u>	<u>What is the difference between direct and indirect GHG emissions? For the purposes of reporting on KPI A1.2, is an issuer expected to report on both direct and indirect GHG emissions?</u> <u>The difference between direct and indirect GHG emissions is that: (a) direct GHG emissions are emissions from sources that are owned or controlled by the reporting issuer; and (b) indirect GHG emissions are emissions that are a consequence of the activities of the reporting issuer, but occur at sources owned or controlled by another entity.</u> <u>Globally, direct and indirect GHG emissions are further categorised into three broad scopes:</u> <ul style="list-style-type: none">• “Scope 1” covers direct emissions from operations that are owned or controlled by the company;• “Scope 2” covers “energy indirect” emissions resulting from the generation of purchased or acquired electricity, heating,

				<ul style="list-style-type: none"> • <u>cooling and steam consumed within the company; and</u> • <u>“Scope 3” covers all other indirect emissions that occur outside the company, including both upstream and downstream emissions. It captures emissions from a wide range of activities (e.g. employee business travel, transporting fuel and the use of a company’s products.</u> <p><u>Scopes of emissions are defined in accordance with the international reporting framework published by the World Resources Institute / World Business Council for Sustainable Development, as reported in <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i>. Also see the Hong Kong Government’s “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” (http://www.epd.gov.hk/epd/english/climate_change/files/Guidelines_English_2010.pdf).</u></p> <p><u>Issuers are encouraged to report in accordance with the scope classifications.</u></p> <p><u>(Added on 21 December 2015)</u></p>
11.	<u>Appendix 16 Paragraph 28(2)(d), Appendix 27</u>	<u>18.07A(2) (d), Appendix 20</u>	<u>Under Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), an issuer must include a discussion of its compliance with the relevant laws and regulations that have a significant impact on it (as set out in section 2(b)(ii) of Schedule 5 of the New</u>	<u>In determining what to cover in the discussion of its compliance with relevant laws and regulations, an issuer should assess which laws and regulations have a significant impact on it in the context of its own specific circumstances, bearing in mind recent legislative and/or regulatory changes. For example, an issuer with operations in Hong Kong should consider the potential impact of the Competition Ordinance (Cap 619 of the Laws of Hong Kong).</u>

		<p><u>Companies Ordinance), along with a discussion of other ESG matters (as set out in sections 2(b)(i) and 2(c) of Schedule 5 of the New Companies Ordinance). What should the issuer include in the discussion of its compliance with relevant laws and regulations?</u></p>	<p><u>which came into effect on 14 December 2015.</u></p> <p><u>(Added on 21 December 2015)</u></p>
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