

**HKEX**  
香港交易所

In the  
Community

—  
Supporting  
the prosperity  
of all

2019  
Corporate Social Responsibility  
Report

Stock Code: 388





As an active and responsible global financial markets leader, we are committed to adopting CSR best practices and promoting the global sustainability agenda.

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# Message from Our Chairman

At HKEX, we understand that our responsibilities go beyond our status as just an exchange group. Our issuers, business partners and the wider community look to us to lead the way and set an example. Our role in the community, and our commitment to being a responsible leader is a critical part of our business strategy and of our future.

**Laura M CHA**  
Chairman



## ESG considerations should be part of the business decision-making process

The past year has been a challenging one for Hong Kong and many other parts of the world, with numerous macroeconomic and political challenges. Despite these challenges, HKEX carried out its responsibility to its stock market and ancillary operations in an efficient and stable manner. I am incredibly proud of the resilience of our HKEX team and their dedication to maintaining operations and upholding the integrity of our markets.

Hong Kong is a successful international financial centre because our market is progressive, well-regulated, trusted, backed by the rule-of-law and it adheres to international best practices. This continued to be the case in 2019.

HKEX's purpose, to promote and progress our financial markets and the communities they support for the prosperity of all, is always at the top of my mind. Fulfilling this purpose drives us to excel in everything we do.

In order to ensure our purpose continues to be core, we unveiled a new CSR Strategy and Plan for 2019-2021, setting out our ambitions and focus areas across three pillars, namely: Our Markets, Our People and Our Operations.

As 2019 marked the first year of our new three-year CSR Strategy and Plan, it was also fitting to refresh our own CSR framework, reflecting our strong track record in corporate governance, responsible practices and community engagement. As part of HKEX's global and long-term outlook, our CSR strategy includes goals and targets that

are aligned with international frameworks such as the UN Sustainable Development Goals (SDGs) and the World Federation of Exchanges (WFE) Sustainability Principles. These are complemented by an additional focus, on promoting diversity and financial literacy; areas in which we have both expertise and a unique point of view. This has helped ensure that our CSR strategy is 'brought to life' through a broad range of relevant initiatives – and it has been a busy and rewarding year.

As both a market regulator and exchange operator, at HKEX we consider it a privilege and responsibility to promote sustainability and enhanced transparency in our marketplace. I am pleased to see that the role that Environmental, Social and Governance (ESG) plays in investment strategies is becoming institutionalised around the world via regulators, indices, exchanges, corporates and consultants. This creates both challenges and opportunities for individuals, organisations and governments. Thankfully, there is increasing recognition that leaders and businesses can “do good” and “do well” at the same time.

Business and finance are also reaching an interesting tipping point as investors and executives now recognise that it is costly and risky to ignore ESG, and that sustainability is a driver of performance, not a box-ticking exercise.

We continue to play a key role in promoting corporate governance and ESG disclosures among our listed issuers. Consequently, in 2019 we sought to further champion a culture of good corporate governance and ESG management by enhancing the Corporate Governance Code and our ESG Guide, in addition to launching new online guidance in these two key areas.

As part of our overall [Strategic Plan 2019-2021](#), HKEX has also sought to develop a green finance framework to facilitate sustainable financing for environmentally-aligned companies that are seeking lower funding costs. With green finance markets in Hong Kong continuing to develop and gain momentum, we are working closely with a broad suite of stakeholders to support and promote a number of key green finance initiatives. In addition to the launch of our responsible sourcing framework at the LME, we are optimistic that sustainable financial products will become more available at our trading platforms.

Nurturing a healthy, diverse and inclusive working culture, one where everyone can fulfil his or her potential, is another key focus of our organisation. We continue to do our very best to be a responsible business, for our employees and community alike. Throughout the

year, we celebrated the benefits of the launch of our **Purpose, Vision** as well as our **Values**: Integrity, Diversity, Excellence, Collaboration, and Engagement. These help us to promote a new, shared understanding of what it means to be part of HKEX and are a framework that we see as critical to the delivery of our future success. These Values represent the essence of, and the DNA of our business.

We seek to embed our corporate vision and culture throughout the company and to ensure that our people are nurtured, trained and engaged. We have achieved this by investing in on-boarding, talent development and staff retention, while also offering various physical, mental and financial wellness programmes for our employees. It has been greatly rewarding to personally oversee the enhancement of our succession planning; ensuring that HKEX remains strong and fit for the future. We are continuing to cultivate a diverse and inclusive workplace and are exploring new ways to develop our talent and engage and support our colleagues. I believe that with the establishment of the company's People and Culture Committee, we will continue to see the growth and development of many successful careers with us.

I am delighted that our new CE Awards, which recognise deserving colleagues and high-performing teams who go 'above and beyond' in helping to realise our Values, has been well received and supported by all our colleagues across the company. I am also pleased that our recent HKEX People Survey continues to measure the progress that we have made in improving the HKEX experience for our colleagues. The results will continue to be harnessed to ensure that HKEX offers the very best working experience.

**Companies should play a more meaningful role in shaping all our futures by having a positive and progressive ESG approach**

In 2019 our employees, and their families and friends, contributed more than 3,000 hours of volunteer services to the local community. In Hong Kong, we also helped to raise another record-breaking \$100 million for The Community Chest of Hong Kong through our Stock Code Balloting for Charity Scheme. With the establishment of our charitable foundation, we plan to fund even more local projects and community initiatives in the years ahead. In London, the work of our Charity Committee Working Group has started to boost real interest in volunteering with our partner charity, The Connection, a London-based charity helping thousands of homeless people every year to move away from and stay off the streets.

We believe that through our tailored financial literacy education programmes, stakeholders can be updated and empowered to make financially-wise decisions. Initiatives we have hosted or promoted in 2019 include our partnership with the Investor and Financial Education Council and St James' Settlement to launch a financial literacy programme for tertiary students; hosting the Ring the Bell for Financial Literacy; providing guided tours for the general public at the HKEX Museum of Finance as well as the publication of informative factsheets; hosting conferences, events and seminars, and constantly updating our websites and social media materials.

We continue to uphold the highest standards of ethics, integrity and accountability in our operations. We are also committed to managing our environmental and social impacts in a responsible way, seeking to set an example for responsible business so that we can all prosper and thrive. Internally, we have continued to promote a culture of risk management across the Group via ongoing

training and initiatives. During the year, we introduced a new policy to offset the carbon emissions of our business air travel and rolled out more environmentally and socially considerate corporate gifts. In 2020 we will again be looking to further reduce our environmental impact focusing on paper reduction and energy consumption.

We are conscious that there is still much to be done in sustainability and our work continues. Our efforts in 2019 have strengthened our solid foundations for the many upcoming initiatives and programmes that HKEX will promote as part of our three-year CSR Strategy and Plan, and beyond. Looking forward to 2020 and 2021, we will continue to promote pressing issues such as board diversity and raising awareness of the value of ESG reporting. I am confident that through the strong commitment and collaboration of the Board, from our colleagues at all levels, as well as from our wider stakeholder community, HKEX can lead the way in promoting sustainability in Hong Kong and beyond.

I would like to extend my sincere appreciation to my HKEX Board members, our employees, our partners and our friends, who have all joined our CSR journey. I hope that this report provides insights into the way we approach this important topic and, as always, I greatly welcome your feedback.

**Laura M CHA**  
Chairman

Hong Kong, 26 February 2020

# HKEX in the Community

We aim to help promote prosperity in society, not only from an economic perspective, but also through social and environmental progress. We believe that beyond our statutory roles and responsibilities, it is our obligation to help develop sustainable financial markets everywhere we operate.

## Our Purpose

To promote and progress our financial markets and the communities they support for the prosperity of all.

## Our Vision

To be the global markets leader in the Asian time zone –  
Connecting China,  
Connecting the world.

## Our Values

### Integrity

We always do the right thing.

### Diversity

We recognise that great ideas come from anywhere.

### Excellence

We promote best-in-class in all that we do.

### Collaboration

We are always better together.

### Engagement

We are engaged in the markets and communities in which we operate.

Our Values capture what is at the very heart of our organisation and reflect our sense of shared ambition in a way that is simple and easy to communicate. They define our role in our community, they are the values that we share, that we look for in our colleagues. Simply put, they are the DNA of HKEX.





## Our Market Presence

HKEX is one of the world's largest financial market operators. We provide world-class facilities for trading and clearing securities and derivatives in equities, commodities, fixed income and currency. Our global presence includes our headquarters in Hong Kong as well as offices in London, Beijing, Shanghai, Shenzhen and Singapore.

HKEX is publicly listed on the Main Board of The Stock Exchange of Hong Kong Limited. A list of HKEX's principal subsidiaries, as of 31 December 2019, can be found on p.164 of our 2019 Annual Report. Additional corporate information about the Group is available on both the [HKEX Group website](#) and the [HKEX Market website](#).

## Our Financial Portfolio

Investors can find HKEX's latest financial information, business analysis, regulatory disclosure and shareholder information in the Annual Report or in the [Investor Relations](#) section of HKEX Group website.

## Recognitions and Ratings

HKEX has received high ratings from local and overseas rating agencies and professional institutions for its ESG performance. In 2019, HKEX remained a constituent company in various sustainability indices, including the Dow Jones Sustainability Asia Pacific Index, the FTSE4Good Index Series and the Hang Seng Corporate Sustainability Index Series. HKEX was recognised with the Partner in Corporate Giving Award by The Community Chest of Hong Kong for its continuous contribution in the last 20 years and also received a number of awards in recognition of its strong corporate citizenship. Additional information is available on the [HKEX Group website](#).

# Our Approach to CSR

At HKEX, we understand that our corporate social responsibilities go well beyond our status as an exchange group. Our issuers, business partners and the wider community all look to us to lead the way and set an example as a truly responsible business in the community. By virtue of the role HKEX plays in Hong Kong’s financial community, and the global trend for elevating ESG metrics in investment strategies, we aim to be best-in-class amongst Hong Kong companies in our CSR activities, both by leading by example and through the standards of disclosure and behaviours that we expect of our corporate issuers.

As an important catalyst for the sustainable development of financial markets and society as a whole, we regard our position and wider role as one of both privilege and great responsibility. With more than 2,400 companies listed on our markets, we are also a flag bearer for strong governance and “good” corporate behaviours. At the same time, HKEX recognises that our shareholders and the wider stakeholder community are becoming increasingly concerned about management transparency, internal controls and overall corporate governance.

**We reinforce our commitment to sustainable development across the three pillars of Our Markets, Our People and Our Operations, by:**

**Reinforcing strong governance as a key driver of business success**

**Placing the highest value on diversity across our marketplace, workplace and the communities in which we operate**



## Making it Happen – Aligning Our Strategy with the Global Sustainability Agenda

The global sustainability agenda motivates us to maintain an ongoing conversation with different stakeholders and report our progress and plans to address these important goals. Our new CSR strategy was written to help us address global sustainability issues at a local level. It represents our desire to better align our CSR goals with the global sustainability agenda, in particular the **UN Sustainable Development Goals (SDGs)** and the **World Federation of Exchanges (WFE) Sustainability Principles**, reflecting HKEX's positioning as the region's global markets leader.

### UN Sustainable Development Goals

The UN's 17 goals stated within the 2030 Agenda for Sustainable Development call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. When we formulated our approach towards addressing different CSR focus areas, we endeavoured to embed the relevant SDG oriented targets into the process as far as reasonably practical. For example, with regard to, SDG target 12.6 – *Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*, this has been incorporated into our initiatives to promote ESG management and disclosure. Further information regarding our focus areas and the specific SDGs can be found throughout the Report.

### World Federation of Exchanges Sustainability Principles

In 2018, the WFE published a set of core principles for stock exchanges to take on a leadership role in promoting the sustainable finance agenda:

**| Principle 1 |** Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues

**| Principle 2 |** Exchanges will promote the enhanced availability of investor-relevant, decision-useful ESG information

**| Principle 3 |** Exchanges will actively engage with stakeholders to advance the sustainable finance agenda

**| Principle 4 |** Exchanges will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows

**| Principle 5 |** Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts

As a WFE member, we sought to adopt these principles as the underlying foundation of our CSR strategy and initiatives. This includes our recent market initiatives to promote and advocate enhanced ESG management and disclosure among our listed issuers, to introduce relevant frameworks for the advancement of sustainable financial products, as well as our ongoing efforts to review and enhance the governance structures and policies that enable the achievement of our sustainability goals.



## Overseeing Our Activities

At HKEX, our Board and senior management are accountable for, among other priorities, ensuring the relevance and effectiveness of our CSR strategy and related activities. The Board has delegated the day-to-day responsibility for all CSR-related matters to the CSR Committee which comprises the Chairman, Chief Executive and three other Board members. The CSR Committee is responsible for providing direction on, and overseeing the development and implementation of

HKEX's CSR initiatives. The effectiveness of our CSR initiatives is assessed by measuring specific outputs and outcomes. The Committee also oversees the CSR Working Group, led by the Group Chief Communications Officer and comprises senior management from different divisions, which provides executive-level guidance, advice and support for the implementation of CSR initiatives. Information about the composition, major roles and functions and the Terms of Reference of the Board and its CSR Committee is available on the [HKEX Group website](#).



On the risk management front, the Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including ESG-related risks) it is willing to take in achieving the Group's strategic objectives; maintaining sound and effective risk management, and internal control systems (including those for ESG-related risks); and reviewing their effectiveness to safeguard shareholders' investment and the Group's assets. A Risk Committee is delegated by the Board to oversee the Group's overall Risk Management Framework and to advise the Board on the Group's risk-

related matters. Information about the Group's risk management approach, its principal risks, including ESG-related risks, and the relevant mitigation measures are available in the Risk Committee Report contained in HKEX's 2019 Annual Report and the [HKEX Group website](#).

Information about the Group's corporate governance practices and activities are available in the Corporate Governance Report contained in HKEX's 2019 Annual Report and the [HKEX Group website](#).













## Listening to Our Stakeholders

Stakeholder feedback is essential for the Group to make better-informed decisions and to strengthen our business development and our commitment to CSR. The Group engages with stakeholders via a number of channels to better understand their views and expectations, and to achieve long-term sustainability across the financial markets and throughout the community. Our stakeholders are prioritised from time to time according to HKEX's roles and duties, strategic plan and business initiatives. The process and results of our stakeholder engagement are recorded, reviewed and reported publicly where appropriate, for accountability and transparency purposes. Based on our engagement objectives and stakeholders' level of

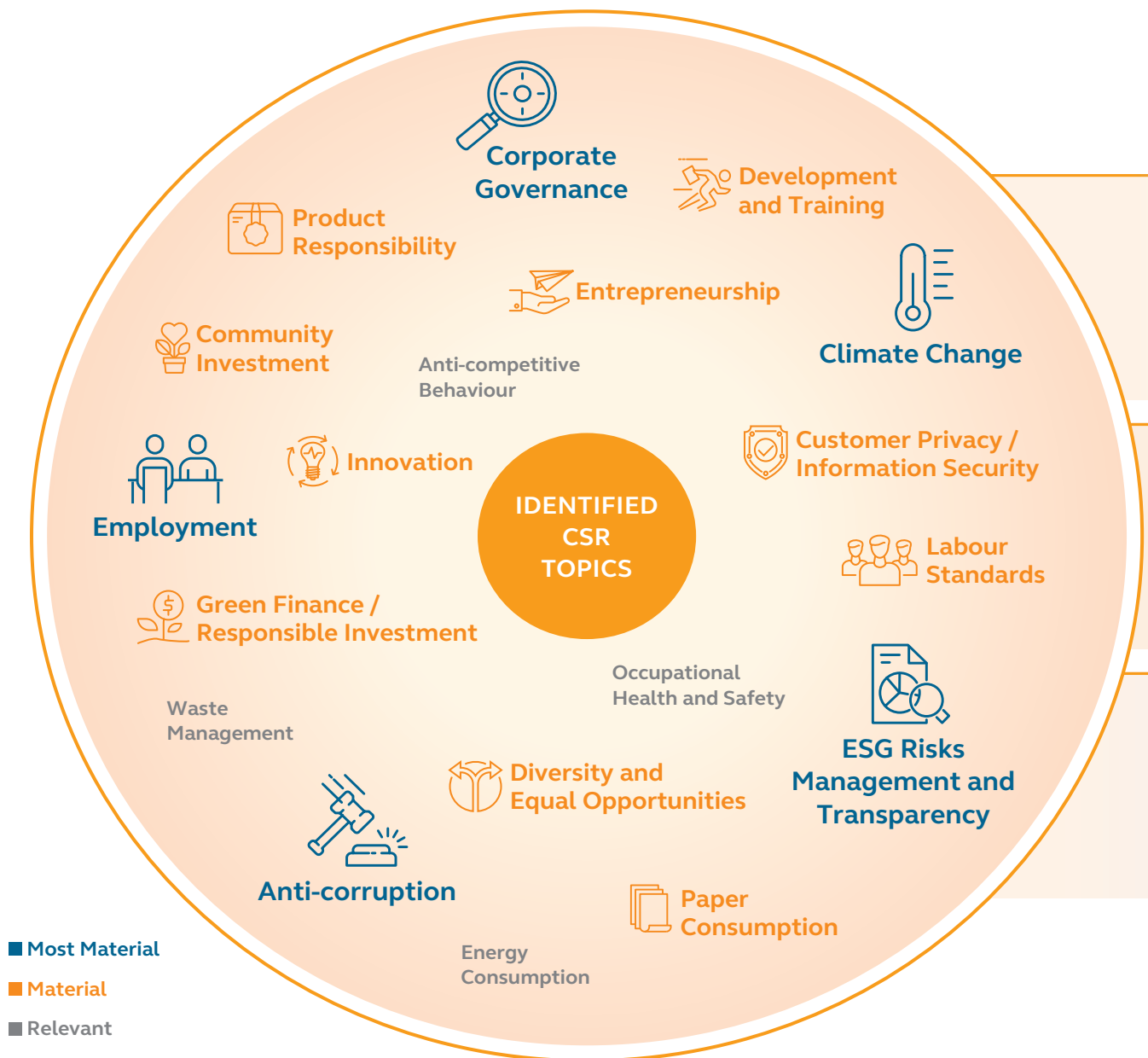
interest and influence, we engage with our stakeholders in a number of formal or informal ways as listed in the following table.

As part of our stakeholder engagement, the Group subscribes to or endorses a number of external economic, environmental and social charters, principles and other initiatives. The Group also collaborates with various national and international advocacy organisations by holding positions on their governance bodies or committees, participating in projects or providing funding. More information about the Group's approach to stakeholder engagement is available on the [HKEX Group website](#).

Major stakeholder groups	Key engagement channels and frequencies
 <b>Shareholders/ institutional and individual investors</b>	<ul style="list-style-type: none"> <li>• Annual general meeting, notices, circulars and announcements</li> <li>• Regular corporate publications including financial statements</li> <li>• Enquiries or feedback to the Board via the Group Company Secretary</li> <li>• Corporate Day, non-deal roadshows, investor meetings and conferences</li> <li>• Analyst briefings on HKEX's interim and year-end financial results</li> </ul>
 <b>Market regulators</b>	<ul style="list-style-type: none"> <li>• Bi-monthly FSTB / SFC / HKEX tripartite meetings, regular liaison meetings and ad hoc work meetings</li> <li>• Daily, monthly and annual reporting</li> <li>• Attending to requests for documents or witness statements on an ad hoc basis</li> </ul>
 <b>Government bodies</b>	<ul style="list-style-type: none"> <li>• Regular verbal and written communication regarding the Group's key initiatives and new developments</li> <li>• Responding to enquiries for the purpose of various government meetings, including the HKSAR Legislative Council meetings</li> <li>• Bi-monthly FSTB / SFC / HKEX tripartite meetings</li> </ul>
 <b>Listed/potential issuers and market intermediaries</b>	<ul style="list-style-type: none"> <li>• Market consultations on proposed changes to the Listing Rules</li> <li>• Publication of guidance materials including guidance letters, listing decisions and frequently asked questions whenever necessary</li> <li>• Regular publications including reports on the review of listed issuers' annual report disclosure, corporate governance disclosures and ESG disclosures, Listed Issuer Regulation Newsletter and Enforcement Newsletter</li> <li>• Investigation into listing compliance via written enquiries</li> </ul>
 <b>Market participants, members and information vendors</b>	<ul style="list-style-type: none"> <li>• Regular consultative panel meetings, briefings, seminars and discussions</li> <li>• Market consultations on new proposals</li> <li>• Market rehearsals, connectivity and user acceptance tests before and upon launch of new/enhancement services</li> </ul>
 <b>Mainland and overseas exchanges</b>	<ul style="list-style-type: none"> <li>• Regular meetings on specific projects</li> <li>• Delegations for courtesy and training purposes</li> <li>• Annual board meeting of the World Federation of Exchanges</li> <li>• Participation in annual market surveys and trading information updates</li> <li>• Regular dialogue and staff exchange with other exchanges</li> </ul>
 <b>Public and media</b>	<ul style="list-style-type: none"> <li>• Regular media interviews and events, including media stand ups, media workshops, guided visits and media briefings</li> <li>• News releases on major business updates</li> <li>• HKEX websites and social media</li> </ul>
 <b>NGOs, industry associations, professional bodies and market users</b>	<ul style="list-style-type: none"> <li>• Market consultations on new proposals</li> <li>• Regular meetings and correspondences with market practitioners and related associations regarding listing/trading matters</li> <li>• Response to periodic assessments on HKEX's sustainability performance</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Monthly Executive Forum and quarterly Chief Executive presentations</li> <li>• People Survey</li> <li>• Town hall and focus group meetings whenever needed</li> <li>• Semi-annual Leadership Forum</li> <li>• Social activities organised by staff-initiated interest clubs, sports teams and volunteer team throughout the year</li> <li>• Annual summer events engaging employees' family members</li> </ul>
 <b>Suppliers/ business partners</b>	<ul style="list-style-type: none"> <li>• Tender notices for procurement of products/services</li> <li>• Work inspection and supervision as scheduled</li> <li>• Supplier CSR Code of Conduct and CSR questionnaire for engaging key suppliers</li> </ul>

## Focusing on What Matters Most

Understanding how various CSR topics may affect our business and our stakeholders is a critical part of our social responsibility undertaking. These topics were identified mainly based on (i) desktop research; (ii) continual engagement with stakeholders in daily operations; and (iii) understanding HKEX’s risks and opportunities.





Taking into account the latest developments across global sustainability agenda and benchmarking with our international peers, the materiality and relevance of identified CSR topics will be evaluated through a systematic process, including the assessment of how these topics may influence our operations and decisions of our stakeholders. Based on the result of the materiality assessment, we have formulated a new set of focus areas which are categorised under the three pillars of our revamped CSR Strategy and Plan for 2019-2021, as illustrated below.

## Our Markets

- Corporate governance
- Environmental, social and governance
- Sustainable finance
- Innovation and entrepreneurship

## Our People

- Talent development and wellness
- Diversity and inclusion
- Financial literacy
- Philanthropy and volunteering

## Our Operations

- Business ethics and integrity
- Environmental stewardship
- Supply chain sustainability
- Communications and transparency

Note:

As our approach to CSR has evolved over several years, so too have our focus areas and CSR topics. In previous years, we organised these topics under our four cornerstones – Marketplace, Workplace, Community and Environment. Now, with the development of the new CSR strategy, these topics have been revamped and rearranged to better reflect our three new CSR pillars of Our Markets, Our People, and Our Operations.





Our Markets.  
Our Responsibilities.

# Our Markets

As the global markets leader in the Asian time-zone, we are aware of the vital role that we play in supporting and enabling the sustainable development of financial markets and society as a whole.

We aim to deliver on our promises on the broad objectives to address the following SDGs:

Corporate Governance	Environmental, Social and Governance	Sustainable Finance	Innovation and Entrepreneurship
<p>To promote a high standard of corporate governance among our listed issuers to improve the overall quality of our market</p> 	<p>To enhance the availability and transparency of ESG information of our listed issuers to enable informed decisions of our investors</p> 	<p>To advance low-carbon and responsible investment by facilitating green and ethical financial products to be listed on our markets</p>   	<p>To position Hong Kong as a market that supports business, in particular the fintech and biotech sectors, through the full life-cycle of growth</p>  

## | 2019 At a Glance |

Enhanced the  
**CG Code**

**9 biotech companies**  
listed under Main Board  
Listing Rule Chapter 18A

Upgraded the  
**ESG Guide**

**\$158 billion**  
raised by green or sustainability  
bonds listed on SEHK as at  
31 December 2019

## | Our Approach |

Markets that operate with high levels of corporate governance and pragmatic accounting standards improve the overall quality of investor decision-making, helping to advance an economy's sustainable development in the process. HKEX plays a proactive and leading role in setting and articulating marketplace standards by facilitating the development of fair, transparent and orderly markets. We do this by regularly reviewing the corporate governance practices of listed companies and enhancing their understanding of

ESG reporting. We also promote sustainable finance through ESG reporting guidance, endorse the growth of sustainable finance and connect investment community leaders around cutting-edge innovation in biotech and fintech. In parallel, we actively engage with international peers including UN Sustainable Stock Exchanges and the WFE, hold market consultations, organise seminars and trainings and collect valuable feedback that keep us up to date on the broader sustainability agenda.

## | Looking Forward |

In 2020 and 2021, we will make further progress on our CSR commitments with plans to:

- ▶ Continue to promote corporate governance and ESG practices among listed issuers, and to the wider business sectors
- ▶ Continue to promote the issuance of green financial products in Hong Kong
- ▶ Cultivate an environment for startups and entrepreneurs by supporting incubating fintech companies and programmes

## Corporate Governance

It has been almost 20 years since we introduced corporate governance standards and we have continued to strengthen them over the years. We firmly believe that a financial market’s success comes from a solid foundation of risk management processes, robust corporate governance standards have become imperative to long-term market sustainability.

We champion a culture of good corporate governance and ESG management by improving corporate

governance transparency. Following the public consultation on amendments to our CG Code and related Listing Rules in 2017, the Exchange upgraded, among others, a “code provision” to a “rule” requiring listed issuers to have a diversity policy and to disclose the policy or a summary of the policy in the issuers’ corporate governance reports. The amendments took effect on 1 January 2019 as another step towards changing attitudes, mindsets and habits around corporate governance.

### The new requirements under the enhanced CG Code aim to:

Strengthen the transparency and accountability of the board, the nomination committee, and election of directors, including INEDs

Improve transparency of INEDs’ relationships with issuers

Promote board diversity, including gender diversity

Enhance criteria for assessing independence of potential INED candidates

Require greater dividend policy transparency



## Promoting Corporate Governance and Board Diversity

To encourage progress on corporate governance, we curate initiatives that reflect our strategic objectives and promote a culture of strong corporate governance and ESG management throughout the market. In April, HKEX partnered with the International Women's Forum Hong Kong to host a **Boardroom Insight** event that explored board diversity and the path to becoming a listed company director. It was an opportunity to learn from professionals as to what it takes to be a director and why diversity on public company boards is so important.

Laura M Cha, HKEX Chairman, gave an inspiring speech that highlighted the importance of a diverse mix in the boardroom that includes different cultures, backgrounds, education levels, perspectives and genders. She noted that while there have been some breakthroughs in recent years, women are still under-represented on boards in Asia generally, especially in Hong Kong.

In November we partnered with Hong Kong Investor Relations Association to welcome more than 200 investor relations professionals and investors to the HKIRA Annual Symposium 2019 at the HKEX Connect Hall for an in-depth discussion on the development of corporate governance standards in Hong Kong.

Hosting these events helps to reinforce both the importance of board diversity to HKEX and the fact that talk will only take us so far. As our Chairman stated at the Boardroom Insight event: "We need to take action."

**“Less than 14 per cent of board positions of listed companies in Hong Kong are held by women, a number that has stayed remarkably consistent despite more awareness about the benefits of diversity. We can do better. We must do better.”**

**Laura M Cha**  
HKEX Chairman



## Environmental, Social and Governance

ESG Reporting is part of a process that helps listed companies identify opportunities for risk mitigation. These disclosures are also crucial in ensuring that all stakeholders, including investors, are given sufficient information to make informed decisions and to better understand the management of a company and how it addresses ESG-related risks and impacts.

**ESG should no longer be a box-ticking exercise**

As a market regulator, HKEX plays a key role in promoting the ESG disclosures among our listed issuers. We are in a unique position to promote ESG management as a tool for sustainable development and we fully intend to continue working with companies on improving their ESG disclosures. In 2019, the Exchange reviewed ESG reports for the financial year ended 31 March, 30 June or 31 December 2018 from 400 randomly selected issuers, providing insight and guidance to issuers on the possible improvements regarding their approach to assessing ESG-related risks, and when preparing ESG reports. To reinforce the focus on ESG governance, the Exchange also launched an e-training course, “ESG Governance and Reporting”, and updated the Frequently Asked Questions.





In May, the Exchange revised the [Guidance Letter](#) to give guidance on the expected listing document disclosure on ESG matters, including material information on new applicants' environmental policies, and details of the process used to identify, evaluate and manage significant ESG risks.

In June, HKEX hosted a seminar on the value of ESG reporting which was attended by 180 participants from listed companies, professional parties and investor community. The event encouraged the audience to consider just how important ESG standards and disclosures are in value creation and also to reflect on whether data presented by the corporate community is fit for purpose.



## Progressing to a New Level of ESG Disclosure

The Exchange introduced the ESG Guide into the Listing Rules in 2013, focusing on various environmental and social issues. At first a purely voluntary undertaking, in 2015 we enhanced part of the disclosure requirements to “comply or explain”. Then in May 2019, we launched a [market consultation](#) on further enhancing the ESG Guide, with a key focus on the board’s leadership role and accountability in ESG and the governance structure for ESG matters. The changes to the ESG Guide will be effective for financial years commencing on or after 1 July 2020.

Key changes to the ESG Guide and related Listing Rules include:

- Introducing mandatory disclosure requirements to include:
  - ▶ a board statement setting out the board’s consideration of ESG matters;
  - ▶ application of Reporting Principles “materiality”, “quantitative” and “consistency”; and
  - ▶ explanation of reporting boundaries of ESG reports;
- Requiring disclosure of significant climate-related issues which have impacted and may impact the issuer;
- Amending the “Environmental” KPIs to require disclosure of relevant targets;
- Upgrading the disclosure obligation of all “Social” KPIs to “comply or explain”; and
- Shortening the deadline for publication of ESG reports to within five months after the financial year-end.

## Sustainable Finance

Amid the increasing calls for action to address climate change and other sustainability challenges in the financial sector, green finance continues to develop and gain momentum in Hong Kong. As it is one of our key CSR goals, HKEX engages with stakeholders to develop a green finance ecosystem and promote the development of sustainable finance in the markets where we operate.

We do this by supporting and promoting a number of key green finance initiatives, hosting events, raising awareness and launching publications on green bonds:

- As a member of the Hong Kong Green Finance Association (HKGFA), we continued to support for the HKGFA Annual Forum in September and partnered with them to publish [Our Guide to Green Bonds](#).
- We supported the Green Finance Certification Scheme Presentation Ceremony & Forum 2019 hosted by Hong Kong Quality Assurance Agency.
- We became a signatory of the **Green Investment Principles for the Belt and Road Initiative**, which aims to incorporate low-carbon and sustainable development practices into investment projects in Belt and Road countries.



Investing in sustainable finance is investing in the future

## Sourcing Metals Responsibly

Following two years of market engagement, including a formal market-wide consultation, the LME announced its **responsible sourcing** requirements in October 2019. Underpinned by the Organisation for Economic Co-operation and Development Due Diligence Guidance for responsible supply chains, the new requirements will apply to all LME-listed brands. This marks the first time that the LME has applied ethical standards to its listed brands and represents a significant step forward in LME's promotion of inclusive, sustainable and responsible global metal supply chains.

The requirements rest on four core principles:



The combination of  
transparency and  
standards

Non-discrimination  
between large-scale  
mining and artisanal /  
small-scale mining

Adherence to well-  
established work in  
the sector

A pragmatic and  
clear process

The LME is committed to supporting initiatives that facilitate the global transition to a low-carbon economy. As part of the responsible sourcing requirements, the LME will also require all brands to work towards ISO 14001 for enhanced environmental management and ISO 45001 for occupational health and safety.



## Innovation and Entrepreneurship

The future of Hong Kong’s business ecosystem, as well as the wider global markets in which we participate, relies on sustained innovation and entrepreneurship. To help build a culture of creativity and cutting-edge technological growth, with a specific focus on fintech and biotech, we seek to cultivate a supportive environment for startups and entrepreneurs through partnerships, events and knowledge-sharing.

## Growing the Biotech Ecosystem

Following the biggest-ever changes to our listing regime in 2018, the biotech IPO pipeline in Hong Kong remains robust. In 2019, we welcomed nine biotech companies listed under Main Board Listing Rule Chapter 18A which raised a total of \$16.07 billion. To further support biotech development, we also provided platforms that help steer the industry towards investment and growth and launched an online biotech newsletter.

In May, HKEX hosted its **Biotech Week** to promote the growth of Hong Kong’s biotech ecosystem and to foster innovation and entrepreneurship among the tech community. Over 1,000 scientists, biotech entrepreneurs, investors, technology experts and policymakers from around the world, including winners of the

Nobel Prize and the Turing Award, gathered in Hong Kong to share industry insights. There were also discussions around business opportunities related to big data, artificial intelligence and other cutting-edge technology within the biotech funding ecosystem.

To support the development of the biotech segment of Hong Kong’s equity market, we have provided feedback to the Hang Seng Index Services Company Limited on their development of the new Hang Seng Hong Kong-Listed Biotech Index (Biotech Index). The Biotech Index was launched on 16 December with 39 constituents, five of which are under Chapter 18A of the Main Board Listing Rules for the listing of pre-revenue biotech companies.

In 2019, HKEX took part in a number of high-profile events showcasing creative new technologies and applications for business, including:

- Supporting and co-organising **JUMPSTARTER**, a platform to build, empower and jumpstart Hong Kong's startup ecosystem by bringing people together to transform Hong Kong into a leading hub for global innovation and technology.
- Hosting an event for the Hong Kong tech community at the HKEX Connect Hall. It featured interviews with guests from MindWorks Ventures and WeWork who talked about their investment approach and outlook and shared updates on the Hong Kong tech community.
- Partnering with Symphony to co-host our first ever Hackathon as part of #Innovate2019. In May, eight teams of developers came together in the HKEX Connect Hall to compete in building software that boosts workflow efficiency, automation and cross-departmental collaboration.
- Partnering with Stanford University and Google Cloud to host a **Faster Fintech Symposium** on topics ranging from markets and data to fintech, artificial intelligence, and blockchain.
- Partnering with Hong Kong Venture Capital and Private Equity Association to host the Asia Venture Capital Forum 2019, where more than 300 startup entrepreneurs and venture investors learned about the latest developments and opportunities in the tech investor ecosystem.
- We co-hosted the fourth China BioMed Innovation & Investment Conference in Suzhou, an industry event set to focus on hot topics like smart healthcare, big data and global fundraising trends.



“Hong Kong – at the confluence of east and west, at the doorstep of the world’s second largest economy – is the natural home for facilitating a biotech community.”

**Charles Li**  
HKEX Chief Executive

**HKEX** BIOTECH  
香港交易所 | WEEK 2019











Our People.  
Our Responsibilities.



# Our People

At HKEX, we are aware of our responsibilities towards our employees across the Group, and to the wider community in which we operate. And, with our new Values front and centre, we are continuing to cultivate a culture that is healthy, diverse and inclusive, where everyone can be his or her true self and fulfil their own potential.

We aim to deliver on our promises on the broad objectives to address the following SDGs:

<p><b>Talent Development and Wellness</b></p> <p>To invest in personal development and offer comprehensive benefits to ensure the physical, mental and financial wellness of our employees and their families</p>  	<p><b>Diversity and Inclusion</b></p> <p>To embrace diversity and equality and foster an inclusive culture in our workplace and the wider community</p>   	<p><b>Financial Literacy</b></p> <p>To utilise our own expertise and resources to champion financial literacy in the community in which we operate</p> 	<p><b>Philanthropy and Volunteering</b></p> <p>To give back to the community and help address its social and environmental challenges</p>    
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## | 2019 At a Glance |

**43%** of the Group's employees are women

**8,000** visitors to the Museum of Finance

**3,000+** volunteer service hours

**↑10%** in the employee engagement score

**\$1 billion** raised for The Community Chest of Hong Kong\*

\* Through the Stock Code Balloting for Charity Scheme since its launch in 1999

## | Our Approach |

Our people are at the heart of everything that we do, and we continue to focus on developing our people and our working environment – so that they remain the best that they can be. With the establishment of People and Culture Committee and a charitable foundation, we strategically invest in people in our business and in the community in which we operate. We are wholly committed to

maintaining a quality workplace that values integrity, diversity and inclusion, collaboration and communication. We also recognise our impact well beyond the workplace and remain committed to developing partnerships with community organisations to address community causes, thereby creating shared benefits for all.

## | Looking Forward |

In 2020 and 2021, we will make further progress on our CSR commitments with plans to:

- Further raise awareness in mental wellbeing among our employees
- Extend the unconscious bias training to wider groups of employees within HKEX
- Enhance financial literacy among ethnic minority groups
- Scale up our philanthropic efforts by establishing a charity funding scheme

## Talent Development and Wellness

A key objective of our CSR strategy is to create and maintain a workplace that values the personal well-being and professional development of our employees. To build a strong talent pipeline, we invest in training and development of our employees at all levels and provide specific leadership training to high potential employees. At the same time, we help advance those who have particular skills and experience in multiple areas by encouraging mobility and proactive collaboration across business divisions. We also constantly review our employee benefits and welfare to ensure that they and their families' physical, mental and financial wellness is safeguarded.



As part of our succession planning process, we have established a new People and Culture Committee comprising the Group Chief Financial Officer, Group Head of Human Resources and many other members of senior management, brought together in order to oversee the strategy of our overall corporate culture and talent pipeline development. We are proud of our 2019 talent development initiatives which include:

- The hosting of two **Leadership Forums** for senior leaders in May and September. Learn more in the Equipping Our Leaders.
- The launch of **Manager Success Factors Workshops** for those in supervisory roles, an initiative which connected a small group of managers from across the business and guided them through a wide range of topics on enhancing personal and professional growth, teamwork and soft skills training.
- The revitalisation of our **Management Trainee Programme**, an intensive 24-month development programme that combines interactive learning, financial skills training and senior management exposure with on-the-job experience.
- Introduction of **Management and Leadership Development Programme** at the LME which all managers across the organisation will undertake as part of our focus on continued development.



## Equipping Our Leaders

In 2019, we hosted two **Leadership Forums** for senior leaders to better understand Board priorities and discuss how to better inspire HKEX employees and execute HKEX's Strategic Plan. The agenda included:

- Discussions on how HKEX is broadening its appeal in the commodities space, IT transformation and developments in market structure.
- A debate on whether the Mainland holds the world's most advanced pool of digitised data and how HKEX can improve at monetising data.
- An inspiring lunchtime presentation from the Red Cross about facing challenging situations and unexpected difficulties.
- Updates on the development of HKEX's leadership and culture and our "Manager Success Factors" initiative, where we continue to strengthen our leaders' managerial capabilities.
- A session on "Communication Styles and Leadership" reflecting on how social media has radically changed communication and what HKEX needs to do to respond and engage.

We continue to review our employee benefits and welfare to ensure the physical, mental and financial wellness of our employees and their families. Highlights of our wellness activities in 2019 include:



- **Occupational Health and Safety Workshops** sharing top tips with our employees on how to build a comfortable and safe work station. During the year, five Automated External Defibrillator (AED) devices were installed at our Central offices and the TKO Data Centre and 18 of our colleagues have acquired a certificate to use an AED device in case of an emergency.
- The introduction of a new **Employee Assistance Programme** helping employees and their families to tackle personal and professional challenges with trained professionals who bring extensive experience in providing advice, all while ensuring total confidentiality. Under the programme, we also hosted a workshop demonstrating the importance of addressing **mental health** issues and introduced resources that can help our employees manage mental health concerns in the workplace, in part by working together to support one another.
- Seminars on **financial wellness** in Hong Kong and London where financial professionals shared their insights about market conditions and emerging retirement trends, helping employees to make more informed decisions when thinking about their future plans.





- Our annual **Wellness Week** to help employees take steps towards leading healthier lifestyles. Focused on health and well-being be it physical, mental and financial, it offered a range of activities and initiatives for employees. In Hong Kong, this included wellness workshops, an on-site health themed marketplace and fitness classes. In London, activities included sessions with an onsite nutritionist and emotional wellbeing workshops.



## Listening to Our Employees

We recognise that our continued success is dependent on the performance and ability of our talented employees across the Group. We use a variety of methods to gather employee feedback on HKEX's culture, management, career opportunities, compensation and benefits. In 2019 we conducted a more comprehensive People Survey, an initiative that we now intend to run

annually. The survey attracted a high response rate of 95 per cent and recorded a 10 per cent improvement in the engagement score over 2018. We received a wide range of important feedback from employees and will incorporate this as we continue to work on initiatives to improve the working experience at HKEX.

**“I enjoy working in a professional team from diverse backgrounds and cultures – with people who welcome new ideas and encourage work-life balance.”**

**An employee's feedback in the People Survey**





## Diversity and Inclusion

We believe that embracing diversity and equality in all forms helps to foster an inclusive culture, not only in our workplace but also across the wider community. Internally, diversity is a critical social issue and also a governance issue that directly affects the continued success of our business. It is also a key theme and a focus area that our Board members and senior management seek to promote through

our corporate culture. From hiring through to progression and retirement planning, at HKEX we are revamping our approach to diversity and are committed to improving our efforts throughout the Group. Externally, our shared set of core values motivate everything we do and we are committed to promoting diversity and inclusion across the communities in which we operate by supporting local partners and encouraging open collaboration and respectful communication with all our stakeholders.

While our efforts have brought about considerable improvements in recent years, there is still a long way to go. HKEX believes that women bring much-needed skills and attributes that are critical to the success of any enterprise. When it comes to inclusion and diversity both within our teams and throughout our community network, we see so many opportunities for improvement.

## Our Focus on Gender Equality

In 2019, we supported and promoted gender equality in the workplace and the wider community by:

- Hosting a **Ring the Bell for Gender Equality** event in Hong Kong with the global partners to draw attention to the pivotal role that the private sector can play in empowering women and advancing gender equality. Attended by more than 250 people, the event aimed to engage business leaders by building awareness, sharing best practice and inspiring other businesses to empower women and advance gender equality.
- Becoming a **signatory of the UN Women's Empowerment Principles** to reinforce our commitments towards promoting gender equality in our markets, our workplace and our community.

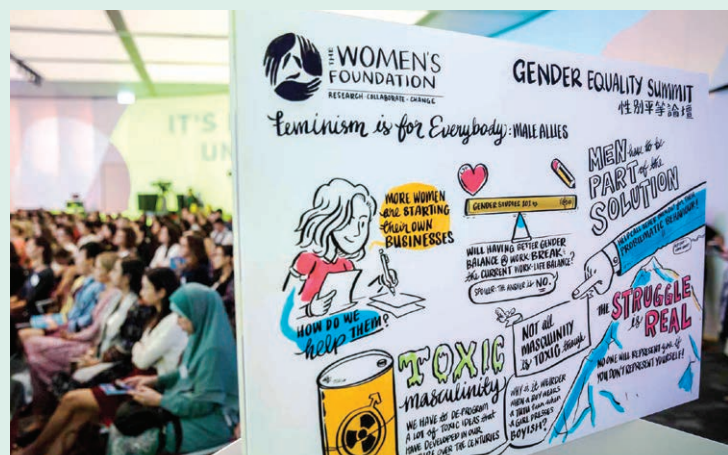
We continued to be a firm supporter of equal opportunities and diversity initiatives, which in 2019 included:

- Rebranding the Women’s Exchange, an initiative that promotes diversity and inclusion by engaging with internal and external stakeholders. It is now called the **Diversity Network** to better engage a wider scope of diversity and inclusion planning.
- Offering **unconscious bias training** under our Better World Series seminars in October to help employees to realise inbuilt bias that may impact our ability to make good and informed business decisions. We also ran three employee training sessions hosted by the Equal Opportunities Commission, providing the latest situation of diversity and discrimination in the workplace in Hong Kong.
- Partnering with the Asian University of Women and CareER, a local charity providing job-matching services for

higher educated students and graduates with disabilities and special educational needs, to offer internships to women under-served in marginalised communities and to students with special needs.

- Signing up to the **Racial Diversity and Inclusion Charter for Employers** in Hong Kong, guiding us to address racial diversity and inclusion in the workplace in three areas: policy, culture and work environment.
- Establishing a **Diversity and Inclusion Forum** at the LME, sponsored by the LME Clear CEO. Internal champions and sponsors have been introduced to different diversity topics including, but not limited to, gender, LGBT and ethnicity. With the establishment of internal networking groups, a series of events have been hosted where internal and external speakers have shared their experiences and insights on a variety of diversity and inclusion topics to raise employee awareness.

- Voicing our commitment to a number of local and global organisations including co-hosting the **HeforShe** event, the United Nations global solidarity movement for gender equality, and the **Gender Equality Summit** co-organised with The Women’s Foundation where our senior management shared on achieving a more inclusive and gender-balanced society by changing the way we operate and our mindset.





Everyone has the right to access basic financial services and financial literacy education.

## Financial Literacy

Promoting financial literacy is not only a social responsibility for HKEX but also a critical part of our approach to progressing our financial markets and the communities they support. We know that financial empowerment helps contribute to the overall stability and the long-term health of both financial systems and society.

We are utilising our own expertise and resources to empower others to make more informed investment decisions. We are committed to ensuring that our stakeholders are fully aware of the benefits and risks associated with day-to-day financial management. As a focal theme of our CSR strategy, HKEX also offers tailored outreach programmes and initiatives on financial literacy, including:

- Hosting the **Ring the Bell for Financial Literacy** during World Investor Week, a global campaign promoted by the International Organization of Securities Commissions to raise awareness about the importance of investor education and protection. During this week, we also supported a retail investor education seminar helping more than 350 participants to learn about how to avoid behavioural biases and pitfalls in investment markets.
- Continuing to support ENRICH, a local charity which runs **financial literacy programmes for migrant domestic workers**, by hosting its annual graduation ceremony for participants back in March.
- Becoming the supporting organisation for the **Financial Literacy Charter** organised by the Investor and Financial Education Council.



There were additional events held throughout the year in the HKEX Connect Hall and the Museum of Finance to raise awareness of financial literacy in the community. The Museum offers interactive and compelling exhibits about the history and development of the Hong Kong financial market. In 2019, the Museum received 8,000 visitors from more than 300 groups from across the financial sector, academia and the general public.

In recognition of our efforts, and to promote financial literacy in the community, we were delighted to be recognised as a Financial Education Champion by the Investor and Financial Education Council.



## Empowering Youngsters with Financial Skills

In partnership with the Investor and Financial Education Council and St James' Settlement, HKEX launched the **Personal Finance Ambassador Programme 2019/20** to promote financial education among tertiary students. Under the programme, 68 selected students from 12 universities and tertiary institutions went through a series of activities in order to enhance their knowledge of financial management. In return, the participating students

promoted the theme – “e-payment” on their campus with their innovative ideas, benefiting more than 2,200 tertiary students throughout the period. At the Award Ceremony event conducted in January 2020, six winning teams presented their findings and shared about what they have learnt in terms of financial management skills during the programme.



## Philanthropy and Volunteering

We are committed to giving back to the communities in which we serve by creating long-term community partnerships and by encouraging our employees to participate in volunteer work. In 2019, the Group continued to contribute to community causes close to our heart including:

- Helping raise \$100 million for The Community Chest of Hong Kong through our [Stock Code Balloting for Charity Scheme](#). Under the scheme, \$1 billion has been raised since its launch in 1999.
- Supporting philanthropic and fundraising initiatives where HKEX volunteers delivered more than 3,000 hours of voluntary services in the community. In April to May, we hosted our third annual

**Volunteer Month** where we invited employees to take part in a variety of worthwhile projects and events offered by 11 partner NGOs. These ranged from supporting children, young people and the elderly to assisting the disadvantaged and promoting sustainability.

- Raising more than \$100,000 through our **employee-donation matching programme** which promotes and encourages charitable giving.
- Outside of Hong Kong, the LME announced a new charity partnership with The Connection at St Martin's-in-the-Fields (The Connection), a homelessness charity located in the centre of London that helps homeless people to move off the city's streets. They offer practical help as well as tackle the underlying causes of rough sleepers.



## Spreading Christmas Cheer

To help spread the spirit of giving, HKEX was proud to support Operation Santa Claus and committed to a \$250,000 donation with our Chief Executive Charles Li pledging to match the amount with a personal donation, bringing the total to \$500,000. These funds were used to support 13 projects for those living with physical and mental disabilities, the elderly, children and youth, and minority women to address various social challenges faced by them. Throughout December, the LME collaborated with The Connection by supporting several initiatives; in addition to volunteers helping decorate their donation centre, a team of 20 LME runners took part in the 5K Santa in the City Fun Run to raise funds for The Connection's beneficiaries.

On 24 December, we also hosted our first Christmas Charity Fair at the HKEX Connect Hall where 10 social enterprises set up booths and sold festive products, with proceeds going to various causes such as local organic farmers, artists with disabilities, marginalised women and students with special educational needs.







**Our Operations.  
Our Responsibilities.**

# Our Operations

At HKEX, we know that responsible corporate practices can make a big difference to our business. We focus on upholding the highest standards of integrity and accountability in everything that we do. We are also committed to managing our environmental and social impact in a responsible way; helping to ensure that our business, our markets and the communities we serve can prosper and thrive.

We aim to deliver on our promises on the broad objectives to address the following SDGs:

<p><b>Business Ethics and Integrity</b></p> <p>To uphold the highest standard of ethics and integrity when doing our business and to reinforce our values in all that we do</p> 	<p><b>Environmental Stewardship</b></p> <p>To responsibly manage the environmental impact of our operations and aspire to decouple our carbon footprint from our business growth</p>     	<p><b>Supply Chain Sustainability</b></p> <p>To maintain a responsible and ethical supply chain and to promote strong ethical supply chain management with the wider business community</p>  	<p><b>Communications and Transparency</b></p> <p>To communicate our CSR commitments and progress through transparent and relevant reporting</p> 
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## | 2019 At a Glance |

**Code of Conduct**  
launched for the LME

Winner of the  
**Best Annual Reports Awards**  
and  
**Best Corporate Governance Awards**

Launched the  
**Future Workspace Programme**

**60,000+**  
coffee and water cups saved  
by replacing with reusable  
cups at the LME

## | Our Approach |

Significant work is undertaken to uphold the highest standards of ethics, integrity and accountability in everything that we do. We have adopted responsible business practices that consider the social and environmental needs of our

business and the wider community and aim to demonstrate the business case for sustainability by engaging our employees, business partners, suppliers and other stakeholders.

## | Looking Forward |

In 2020 and 2021, we will make further progress on our CSR commitments with plans to:

- ▶ Review and formulate policies to address emerging CSR issues
- ▶ Reduce 20 per cent of paper consumption by end of 2021
- ▶ Continue to engage local suppliers and/or local marginalised groups on corporate gifts
- ▶ Revamp HKEX's websites to better communicate with key stakeholders



## Business Ethics and Integrity

The way we run our business, how we operate and the rules and regulations that we follow to protect investors, the market and ourselves are all central to our role as a global markets leader. As a regulated and listed company, and specifically as an exchange operator, we have both individual and collective responsibilities to ensure that we comply with the legal and regulatory framework that shapes all that we do.

We aim to uphold the highest standard of ethics and integrity throughout our operations. We achieve this by helping employees practice ethical decision-making and by providing relevant tools, resources and training that aim to ensure that everyone on our team can

act responsibly. In 2019, we organised a series of initiatives, including the Legal and Compliance Month, the Risk Awareness Month and Know Your Regulator Series, helping reinforce a strong culture of integrity and compliance among our employees. Weekly educational messages, periodic seminars hosted by regulators and other relevant authorities and an e-learning refresher course were also run to maintain and enhance employee awareness and understanding of our legal and compliance obligations and risk management. In London, the LME initiated a ban on the consumption of alcohol prior to practicing on the Ring in order to uphold the high standards of excellence and professionalism in the market.

In December, we continued our annual mandatory e-training course for all employees in order to refresh their understanding of their compliance obligations as set out in certain compliance policies including employees' dealing in securities, anti-bribery and anti-corruption, conflicts of interest, confidentiality of information, whistleblowing, continuous disclosure and communication of inside information and record retention, among other topics.

**A culture of ethics and integrity are fundamental to building trust in business**



## Upholding a Culture of Integrity

We are aware of the vital and leading role that we play in setting and articulating corporate governance standards in the marketplace so as to secure market confidence and protect investors. To enhance our business resilience and meet our stakeholders' expectations, we have made a number of enhancements to maintain the highest standards of ethics and integrity in everything that we do. During the year:

### **| Group Anti-Bribery and Anti-Corruption Policy Enhancements |**

We enhanced the Group Anti-Bribery and Anti-Corruption Policy with key changes including strictly prohibiting the giving or receiving of cash gifts by all staff and the giving and receiving of non-cash gifts by Listing Department staff.

### **| New Whistleblowing Channel and Group Whistleblowing Framework Enhancements |**

We launched a new web-based whistleblowing channel that allows employees to raise genuine disclosures independent of HKEX IT systems and in accordance with the Group Whistleblowing Policy. In addition, we implemented a new HKEX External Whistleblowing Policy that allows external parties to raise genuine disclosures in a manner similar to employees. We have also enhanced our Group Whistleblowing Policy by (i) centralising the whistleblowing reporting route to the Group General Counsel or Head of Regulatory Compliance; (ii) empowering the Group General Counsel to appoint independent third parties to investigate received disclosures; and (iii) introducing a new HKEX Whistleblowing Advisory Panel to provide advice, direction and oversight in exceptional circumstances.

### **| Updated LME and LME Clear Conflicts of Interest Policy |**

To reflect the enhanced regulatory scrutiny on conflicts of interest, the LME and LME Clear Conflicts of Interest Policy was updated in 2019. Training was given for all line managers, informing them of their first line responsibilities around managing conflicts of interest and to ensure employees understand how to identify conflicts of interest. The policy update also culminated with all employees being required to declare they had read and understood the updated policy, and to make their annual conflict of interest declaration.

### **| LME Code of Conduct |**

The LME launched its Code of Conduct in April. The Code of Conduct represents a natural extension of HKEX Group Values, providing clear guidance for LME Group employees, LME member employees at the LME premises and attendees at LME events. The LME believes the Code of Conduct will facilitate the ongoing enhancement of conduct across the wider metals sector and help ensure all individuals in the industry can rightly expect a welcoming, respectful and inclusive environment.

## Environmental Stewardship

We make ongoing, concerted efforts to reduce the environmental impact of our operations and to promote environmental protection within the Group. Overall, we are continually seeking new ways to operate in a manner that is as environmentally considerate as possible.

In 2019, to meet this commitment, we ran environmentally-focused initiatives including:

- One of the Group's environmental objectives is to decouple its carbon footprint from business growth.

In December, the Board approved a new policy to mitigate our carbon footprint by offsetting the indirect GHG emissions arising from our business air travel with the purchase of internationally-recognised carbon credits.

- To encourage the use of electric vehicles which helps to reduce roadside pollution caused by staff commuting, we installed two electric vehicle charging stations in our TKO Data Centre to help reduce roadside pollution.

## Turning Unwanted into Wanted



The operation of our data centres results in large numbers of waste lead-acid batteries (WLAB) as they are the most common type of back-up power for IT equipment. In 2019, HKEX pledged to recycle our WLAB through the Hong Kong Battery Recycling Centre, the first facility in Hong Kong that is licensed to recycle WLAB locally. By the end of the year, two tonnes of used lead-acid batteries were sent for proper dismantling and/or recycling. With the transparency and traceability of the recycling process, we are confident that our environmental responsibility is further upheld.



- In the UK, the LME formed a Green Taskforce to oversee efforts to make the office more environmentally friendly, whilst also offering tips to help our team become “greener individuals”. During the year, the LME replaced two dishwashers with more efficient and environmentally friendly models, helping to reduce water and energy consumption. The LME also launched a number of corporate initiatives targeting paper reduction and waste management, including the elimination of disposable cups and plastic cutlery at the LME Café.
- Harnessing the wave of digital and technological transformation, we have designed the Future Workspace programme to build a more modern, vibrant and innovative workspace that helps to reduce paper consumption and business travel.

In recognition of our waste recycling achievement, we are proud to again receive the Excellence Level WastewiŞe Certificate from the Hong Kong Green Organisation. In the future we will continue to responsibly manage the environmental impact of our operations and explore opportunities to manage our carbon footprint in a more sustainable way.

## Environmental stewardship is just a starting point for sustainability

## Supply Chain Sustainability

We aim to maintain a responsible and ethical supply chain and promote responsible practices among our key suppliers by continuously reviewing our Supplier CSR Code of Conduct and relevant operational procedures. As a

routine practice, potential key suppliers must acknowledge our Supplier CSR Code of Conduct and complete a CSR performance evaluation questionnaire when submitting tenders to HKEX.

Further details about our approach to supply chain sustainability and our procurement practices can be found on the [HKEX Group Website](#).

## Sustainability should be a goal for all

### Sustainable Corporate Gifting

We continue to find new ways to promote the skills and talents of those within our local communities. Recently, we refreshed our portfolio of corporate gifts in order to ensure sustainability factors such as recyclability and reusability were taken into consideration. In June, we engaged with a local artisan from Kung Tong Methodist Social Service – a Hong Kong based NGO which supports young adults with special educational needs – to help us design some of our new corporate gifts, including a beautiful new HKEX tote bag and glasses holder. The range is respectful to our heritage as well as being a pleasure to give and receive.





## Communications and Transparency

Communicating our CSR commitments and achievements through our annual CSR Report is just one of the channels through which HKEX shares ESG-related information. In 2019, we also:

- Created a dedicated section “HKEX in the Community” in our internal newsletter and enhanced the CSR section of the [HKEX Group website](#), providing a more focused and structured demonstration on our refreshed CSR framework.
- Participated in a variety of sustainability-related disclosure initiatives such as Dow Jones Sustainability Asia Pacific Index, Bloomberg Gender Equality Index, FTSE4Good Index Series and the Hang Seng Sustainability Index. HKEX continued to remain a constituent company in these sustainability indices, further details of the CSR recognitions and achievements can be found on the [HKEX Group website](#).
- Became a supporting organisation of Task Force on Climate-related Financial Disclosures, aligning our strategy with international standards and practices of considering climate-related issues in four areas: Governance, Strategy, Risk Management, and Metrics and Targets.
- In support of the promotion of carbon audits and carbon reduction, HKEX continued to disclose its carbon footprint and carbon management practices for the CDP’s climate change programme and the Carbon Footprint Repository for Listed Companies in Hong Kong.
- Enhanced our website with features for people with disabilities to navigate more easily. As a result, we won a Silver award from the Web Accessibility Recognition Scheme.

# Performance Summary

The data measurement techniques and calculation methods used for this Report are stated where appropriate. Past data and information for certain indicators have been restated with effects and reasons reflected and explained where appropriate. Unless otherwise stated, figures provided in this section are reported for the corresponding year(s) specified below or as at 31 December of the corresponding year(s).

## Economic Performance

In 2019, the Group did not receive any financial assistance from any government. Due to a typhoon in Hong Kong, trading in the securities markets, including Stock Connect trading, and derivatives markets on 31 July 2019 were suspended in the early afternoon, resulting in an estimated loss in revenue equivalent to less than one per cent of the Group's total revenue for 2019.

Indicators	2019	2018	2017
Direct economic value (\$m)			
Generated <sup>1</sup>	16,311	15,867	13,180
Distributed <sup>2</sup>	14,142	14,118	11,616
Retained <sup>3</sup>	2,169	1,749	1,564
Current tax (\$m)			
Hong Kong	1,314	1,421	1,043
Mainland China	2	1	1
UK	197	129	224
Stamp duty generated for the Government <sup>4</sup> (\$m)	27,510	33,845	28,792

1 Direct economic value generated means the Group's revenue and other income as disclosed in the Consolidated Financial Statements of HKEX's Annual Report.

2 Direct economic value distributed covers the Group's operating expenses, interest expenses, dividends and total current tax as disclosed in the Consolidated Financial Statements of HKEX's Annual Report, and the corporate charitable donations as set out in the Philanthropy and Volunteering table.

3 Direct economic value retained means the direct economic value generated less the direct economic value distributed.

4 Stamp duty is generated for the Government in respect of all securities transactions which are subject to stamp duty and recognised by SEHK.

## Business Ethics and Integrity

### Anti-corruption

In 2019, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees. As announced by HKEX on 26 June 2019, however, there was an investigation by the Independent Commission Against Corruption into allegations of corruption concerning one former employee of HKEX which allegedly took place during his employment with HKEX. There were no confirmed incidents where contracts with business partners were terminated or not renewed due to violations relating to corruption during the year. In 2019, three Directors, accounting for 23 per cent of the Board members, received training on anti-corruption.

### System Stability and Reliability

In 2019, all major trading, clearing, settlement, and market data dissemination systems for the Cash and Derivatives Markets in Hong Kong performed reliably, except a trading suspension in the afternoon and After-hours sessions of HKEX's derivatives market on 5 September 2019. The incident was caused by software issues in the vendor supplied trading system. The issue was identified and isolated and a resolution was put in place.

LME platforms also performed well with minor incidents on 15 May 2019 and 19 July 2019, both having limited market impact. The root cause of the incidents were identified and corrective measures were put in place.

## Product Responsibility

HKEX continues to strengthen its information security controls to protect its stakeholders' data privacy in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). HKEX continues to promote and improve information security in line with industry standards and best practices. In 2019, HKEX maintained its ISO 27001 certification for the information security management system of its enterprise data centre. The Group employees were required to attend training on information security under a mandatory risk management e-learning course. There were no incidents and substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group in 2019.

In 2019, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, which cover product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that would have a significant impact on the Group.

Indicators	2019	2018	2017
Number of enquiries and complaints handled	14,754	11,471	9,579

## Anti-competitive Behaviour

In 2019, the Group was not aware of any legal actions against it for anti-competitive behaviour, anti-trust or monopoly practices.

## Public Policy

The Group keeps track of key changes in public policy which may have significant impact on the Group's sustainability development and strategies and the financial industry, and takes a neutral stance in political matters. It did not make donations to any political parties in 2019.

## Supply Chain Sustainability

In 2019, 88 per cent of HKEX's key suppliers and 95 per cent of the LME's and LME Clear's key suppliers were local suppliers. 12 key suppliers providing professional consultancy, employee benefits, information technology or property management services to HKEX completed questionnaires regarding their CSR performance. There was no significant change in the Group's supply chain in 2019.

During the year, the Group was not aware that any key suppliers had any significant actual or potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of these areas.

Indicators	2019	2018	2017
Number of key suppliers <sup>1</sup>	115	107	91
By region			
Asia excluding Hong Kong and Mainland China	2	1	2
Australia	1	-	-
Europe	5	8	4
Hong Kong	63	52	41
Mainland China	-	-	1
UK	44	46	42
US	-	-	1
Total payments to key suppliers (\$bn)	1.7	1.5	1.2

<sup>1</sup> The definition of "key suppliers" refers to suppliers of products and/or services to the Group whose contract sum exceeded \$3 million (or £240,000).

## Employment

As at 31 December 2019, the Group had a total of 2,117 employees<sup>1</sup>, six per cent increase from 2018 mainly due to organic growth and increased headcounts for strategic initiatives. Apart from this, there was no significant variation in employment numbers.

In 2019, there were no confirmed non-compliance incidents or grievances in relation to human rights and labour practices standards and regulations that would have a significant impact on the Group.

Indicators	2019	2018	2017
Number of employees <sup>2</sup>	<b>2,117</b>	1,990	1,777
By gender			
Female	<b>914</b>	851	768
Male	<b>1,203</b>	1,139	1,009
By age group			
Below 30	<b>375</b>	330	292
30 to 50	<b>1,457</b>	1,393	1,242
Over 50	<b>285</b>	267	243
By region			
Hong Kong	<b>1,624</b>	1,535	1,350
Mainland China <sup>3</sup>	<b>157</b>	N/A	N/A
UK	<b>326</b>	310	285
Others <sup>4</sup>	<b>10</b>	145	142
By employment contract and gender			
Permanent (female)	<b>847</b>	807	736
Permanent (male)	<b>1,080</b>	1,047	962
Temporary/fixed term (female)	<b>67</b>	44	32
Temporary/fixed term (male)	<b>123</b>	92	47
By employment contract and region			
Permanent (Hong Kong)	<b>1,440</b>	1,411	1,278
Permanent (Mainland China <sup>3</sup> )	<b>156</b>	N/A	N/A
Permanent (UK)	<b>321</b>	298	278
Permanent (others <sup>4</sup> )	<b>10</b>	145	142
Temporary/fixed term (Hong Kong)	<b>186</b>	124	72
Temporary/fixed term (Mainland China <sup>3</sup> )	<b>-</b>	N/A	N/A
Temporary/fixed term (UK)	<b>4</b>	12	7
Temporary/fixed term (others <sup>4</sup> )	<b>-</b>	-	-
By employment type and gender			
Full-time (female)	<b>896</b>	839	756
Full-time (male)	<b>1,197</b>	1,136	1,009
Part-time (female)	<b>18</b>	12	12
Part-time (male)	<b>6</b>	3	-

1 Excluding the number of employees of BayConnect Technology Company Limited, ie, 255 employees, as at 31 December 2019.

2 Number of employees is expressed in headcount. In each of 2017, 2018 and 2019, no significant portion of the Group's activity was performed by workers who were not employees of the Group.

3 Relevant figures have been disclosed from 2019 onwards.

4 Figure disclosed for 2019 represents the number of employees stationed in Singapore. Figures disclosed for 2018 and 2017 represent the number of employees stationed in the Mainland and Singapore.



## Diversity

Indicators	2019			2018			2017		
	Female	Male		Female	Male		Female	Male	
Percentage of employees by gender per employee category									
Senior	33	67		31	69		34	66	
Middle-level	41	59		41	59		41	59	
Supervisory-level	41	59		40	60		41	59	
General	57	43		55	45		55	45	
Percentage of employees by age group per employee category	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior	-	69	31	-	70	30	-	69	31
Middle-level	3	85	12	4	83	13	5	82	13
Supervisory-level	28	63	9	26	66	8	25	66	9
General	43	42	15	38	48	14	34	53	13

## New Hires and Employee Turnover

Indicators	2019	2018	2017
Number and rate (%) of new hires	268 (13)	400 (20)	331 (19)
By gender			
Female	128 (14)	168 (20)	144 (19)
Male	140 (12)	232 (20)	187 (19)
By age group			
Below 30	90 (24)	127 (38)	131 (45)
30 to 50	166 (11)	261 (19)	193 (16)
Over 50	12 (4)	12 (4)	7 (3)
By region			
Hong Kong	166 (10)	275 (18)	171 (13)
Mainland China <sup>1</sup>	38 (24)	N/A	N/A
UK	63 (19)	89 (29)	50 (18)
Others <sup>2</sup>	1 (10)	36 (25)	110 (77)
Number and rate (%) of employee turnover	232 (11)	268 (13)	252 (14)
By gender			
Female	108 (12)	112 (13)	104 (14)
Male	124 (10)	156 (14)	148 (15)
By age group			
Below 30	51 (14)	68 (21)	64 (22)
30 to 50	147 (10)	159 (11)	167 (13)
Over 50	34 (12)	41 (15)	21 (9)
By region			
Hong Kong	173 (11)	176 (11)	155 (11)
Mainland China <sup>1</sup>	18 (11)	N/A	N/A
UK	40 (12)	59 (19)	39 (14)
Others <sup>2</sup>	1 (10)	33 (23)	58 (41)
Average year of services	7	7	8
Number of employees eligible to retire within the next five years	158	91	72

1 Relevant figures have been disclosed from 2019 onwards.

2 Figure disclosed for 2019 represent the number of employees stationed in Singapore. Figures disclosed for 2018 and 2017 represent the number of employees stationed in the Mainland and Singapore.

## Return to Work and Retention after Parental Leave

Indicators	2019	2018	2017
Number of employees who took parental leave <sup>1</sup>			
Female	31	26	36
Male	45	44	44
Number and rate (%) of employees who returned to work after parental leave ended <sup>2</sup>			
Female	24 (100)	24 (92)	31 (100)
Male	44 (100)	44 (100)	44 (100)
Number and rate (%) of employees who remained employed 12 months after the end of parental leave			
Female	23 (96)	25 (81)	26 (90)
Male	41 (93)	34 (77)	25 (93)

1 All employees are entitled to parental leave upon fulfilling certain criteria set out in the relevant policies.

2 Employees who were still on parental leave at the end of corresponding year were excluded from the calculation.

## Training and Development

Indicators	2019	2018	2017
Total cost of training (\$m)	11.4	11.4	12.3
Total number of hours of training received by employees	33,950	29,327	29,527
Average hours of training per employee and percentage (%) of employees who received training	16 (97)	15 (98)	17 (87)
By gender			
Female	15 (96)	14 (98)	16 (88)
Male	17 (97)	16 (98)	17 (87)
By employee category			
Senior	12 (99)	13 (96)	13 (78)
Middle-level	22 (99)	18 (97)	20 (87)
Supervisory-level	14 (97)	15 (99)	17 (89)
General	9 (91)	8 (99)	12 (90)
Number of employees who received training by training type			
External training	247	298	368
Internal training	1,633	1,285	1,210
E-learning	2,070	1,802	1,685
Academic sponsorship	4	4	3
Number of employees who received training on the following topics			
Anti-corruption <sup>1</sup>	2,050	1,847	1,569
Anti-financial crime	2,050	1,887	294
Anti-competitive behaviour	393	325	101
Human rights	1,046	321	105
Occupational health and safety	239	483	625
Percentage of permanent employees who received formal performance appraisals <sup>2</sup>	100	100	100
Percentage of permanent employees who received multi-rater performance evaluation <sup>2</sup>	23	22	20

1 Excludes employees in the Mainland and other regions for disclosures in 2018 and 2017.

2 Excludes employees who were not subject to the performance appraisal process as they joined the Group on or after 1 September of the reporting year.

## Remuneration

Indicators	2019		2018		2017	
	Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Ratio of basic salary <sup>1</sup> and remuneration <sup>2</sup> of female employees to male employees						
Hong Kong						
Senior	0.9	0.9	0.9	0.9	0.9	0.9
Middle-level	1.0	1.0	1.0	1.0	1.0	1.0
Supervisory-level	1.0	1.0	1.0	1.0	1.0	1.0
General	1.1	1.1	1.1	1.1	1.1	1.1
Mainland China <sup>3</sup>						
Senior	1.3	2.1	N/A	N/A	N/A	N/A
Middle-level	0.9	1.0	N/A	N/A	N/A	N/A
Supervisory-level	0.8	0.8	N/A	N/A	N/A	N/A
General	0.8	0.8	N/A	N/A	N/A	N/A
UK						
Senior	0.8	1.0	0.8	1.0	0.8	1.0
Middle-level	0.9	1.0	0.9	1.0	0.9	0.8
Supervisory-level	0.9	0.9	0.8	0.9	0.8	0.8
General	1.0	1.0	1.0	1.0	1.0	1.0

1 Basic salary is a fixed, minimum amount paid to an employee for his/her performance of duties.

2 Remuneration includes basic salary, performance bonus and share award if any.

3 Relevant figures have been disclosed from 2019 onwards.

Indicators	2019	2018	2017
Ratio of the annual total compensation <sup>1</sup> for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)			
Hong Kong	45	54	53
Mainland China <sup>2</sup>	14	N/A	N/A
UK	17	14	15
Ratio of the percentage increase in annual total compensation for the highest-paid individual to the percentage increase in median annual total compensation for all employees (excluding the highest-paid individual)			
Hong Kong <sup>3</sup>	N/A	1	12
Mainland China <sup>2</sup>	1	N/A	N/A
UK <sup>4</sup>	N/A	1	N/A

1 Annual total compensation includes basic salary, performance bonus and share award if any.

2 Relevant figures have been disclosed from 2019 onwards.

3 There was a decrease in the annual total compensation for the highest-paid individual in Hong Kong in 2019.

4 There was a decrease in the median annual total compensation for all employees (excluding the highest-paid individual) in the UK in 2017 and 2019.

## Occupational Health and Safety

In 2019, the Group did not receive any prosecutions in relation to occupational health and safety. No work-related fatalities occurred between 2017 and 2019.

Indicators	2019	2018	2017
Number of reportable injuries <sup>1</sup>	2	2	1
Injury rate <sup>2</sup>	0.1	0.1	0.1
Number of reportable occupational diseases	-	-	-
Occupational disease rate <sup>3</sup>	-	-	-
Number of lost days <sup>4</sup>	2.5	47	20
Lost day rate <sup>5</sup>	0.1	2.4	1.1
Number of absentee days	7,912	5,183	5,095
Absentee rate <sup>6</sup>	1.5	1.0	1.1

1 Reportable injuries refer to work-related accidents to employees that resulted in incapacity for a period exceeding three days in Hong Kong and the Mainland, or as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the UK where appropriate.

2 The injury rate is calculated based on the number of injuries per 200,000 hours worked (100 employees working 40 hours per week for 50 weeks).

3 The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.

4 In 2019, there were additional 16.5 lost days incurred by an injury case occurred in 2017 for further medical treatment.

5 The lost day rate is calculated based on the number of lost days per 200,000 hours worked.

6 The absentee rate indicates the number of absentee days (as a result of occupational injuries and other illnesses) as a percentage of the total number of work days scheduled for the workforce.

## Philanthropy and Volunteering

Indicators	2019	2018	2017
Corporate charitable donations (\$m)	4.2	3.3	3.1
Corporate in-kind giving (\$m) <sup>1</sup>	1.4	N/A	N/A
Employee charitable donations (\$m)	0.1	0.1	0.1
Corporate sponsorships (\$m)	0.9	0.7	0.8
Number of employee volunteering hours <sup>2</sup>	3,161	4,354	4,342
Number of employee volunteering leave days taken <sup>3</sup>	103	105	100

1 Refers to the rental fee of HKEX Connect Hall discounted for eligible charitable organisations. Relevant figure has been disclosed from 2019 onwards.

2 Includes volunteering hours from guests of HKEX employees.

3 Employees are given additional paid day leave (a maximum of one day for HKEX employees and a maximum of one and a half day for the LME and LME Clear employees) in recognition of their efforts in serving the community.

## Environmental Stewardship

Unless otherwise specified, environmental data disclosed covers the Group's operations in Hong Kong and London only. The Group's operations in relation to its offices in the Mainland and Singapore are excluded from this Report due to either relatively small environmental footprint or preliminary stage of operation. The Group will continue to monitor the environmental impact of the relevant operations and will include the relevant environmental data in future reports when appropriate.

In 2019, there were no confirmed non-compliance incidents or grievances in relation to environmental protection that would have a significant impact on the Group.

### Emissions <sup>1</sup>

Indicators	2019	2018	2017
Total GHG emissions <sup>2</sup> (Scope 1 and 2) (tonnes)	<b>19,667</b>	18,327	18,522
Total GHG emissions (Scope 1 and 2) per floor area (tonnes/m <sup>2</sup> )	<b>0.35</b>	0.33	0.36
Total GHG emissions (Scope 1 and 2) per employee (tonnes/employee)	<b>9.29</b>	9.21	10.42
Total GHG emissions (Scope 1, 2 and 3) (tonnes)	<b>22,155</b>	20,189	20,419
Total GHG emissions (Scope 1, 2 and 3) per floor area (tonnes/m <sup>2</sup> )	<b>0.39</b>	0.36	0.40
Total GHG emissions (Scope 1, 2 and 3) per employee (tonnes/employee)	<b>10.47</b>	10.15	11.49
Direct GHG emissions <sup>3</sup> (Scope 1) (tonnes)	<b>33</b>	38	85
Corporate fleet	<b>15</b>	20	26
Backup generators	<b>18</b>	18	34
Refrigerants	<b>-</b>	-	25
Indirect GHG emissions <sup>4</sup> (Scope 2) (tonnes)	<b>19,634</b>	18,289	18,437
Purchased electricity	<b>19,634</b>	18,289	18,437
Indirect GHG emissions (Scope 3) (tonnes)	<b>2,488</b>	1,862	1,897
Business travel <sup>5</sup>	<b>1,487</b>	870	918
Paper consumption	<b>103</b>	98	84
Staff commuting	<b>888</b>	886	887
Waste to landfill	<b>10</b>	8	8
GHG emissions avoided by recycling of paper (tonnes)	<b>849</b>	863	487

1 Given that the Group operates essentially as an information technology-based enterprise, its air emissions are primarily GHG emissions arising mainly from the use of purchased electricity and fuels derived from fossil fuels.

2 The Group's GHG inventory includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Its GHG emissions data is presented in carbon dioxide equivalent and was based on the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" (GHG Protocol) issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices" issued by the Environmental Protection Department in Hong Kong, and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by the Department for Environment, Food & Rural Affairs in the UK. The Group has adopted the "operational control" approach for defining its organisational boundary for the purpose of GHG accounting and reporting.

3 The breakdown of the Group's 2019 Scope 1 GHG emissions is as follows: carbon dioxide (31 tonnes CO<sub>2</sub>e), methane (0.03 tonnes CO<sub>2</sub>e) and nitrous oxide (2 tonnes CO<sub>2</sub>e). There was no emission of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride in 2019.

4 Scope 2 GHG emissions data was calculated according to the location-based method set out in the GHG Protocol.

5 Disclosure for 2019 covers emissions data relating to air travel only. Emissions data relating to air travel by HKEX's directors and employees was based on the International Civil Aviation Organization Carbon Emissions Calculator. Emissions data relating to land and sea travel was based on the estimated distance travelled and the relevant emission factors.

## Energy Consumption <sup>1</sup>

Indicators	2019	2018	2017
Total energy consumption (MWh)	<b>34,212</b>	32,132	30,778
Total energy consumption per floor area (MWh/m <sup>2</sup> )	<b>0.61</b>	0.58	0.60
Total energy consumption per employee (MWh/employee)	<b>16.16</b>	16.15	17.32
Direct energy consumption (MWh)	<b>120</b>	139	221
Unleaded petrol	<b>36</b>	53	69
Diesel	<b>84</b>	86	152
Indirect energy consumption (MWh)	<b>34,092</b>	31,993	30,557
Purchased electricity	<b>34,092</b>	31,993	30,557
Expense on energy consumption <sup>2</sup> (\$m)	<b>40</b>	39	34

1 Energy consumption data was based on the amount of purchased electricity and fuels consumed and the relevant conversion factors provided by the International Energy Agency.

2 Includes air-conditioning cost, electricity tariffs and fuel costs (for vehicles and backup generators). Air-conditioning cost incurred did not reflect the actual amount of electricity consumption for air-conditioning since it was charged at a rate proportional to the floor area of leased offices.

## Paper Consumption

To promote environmentally friendly practices in our markets, the Exchange encourages investors to use electric IPO (eIPO) services when applying for shares relating to new listings in primary market. In 2019, 88 per cent of issuers arranged eIPO services during their new listing.

Indicators	2019	2018	2017
Total paper consumption (tonnes)	<b>108</b>	102	90
Office paper	<b>65</b>	77	76
Paper for printing publications <sup>1</sup>	<b>43</b>	25	14
Forest Stewardship Council (FSC) certified or recycled paper used <sup>2</sup> (%)	<b>69</b>	83	98

1 Includes paper used for printing corporate financial statements and brochures and the Listing Rules.

2 All office paper used and almost all paper used for printing the Group's publications are FSC certified or recycled paper, except the paper used for printing the Listing Rules.

## Waste Management

Indicators	2019	2018	2017
Total waste disposed to landfill (tonnes)	<b>99</b>	79	71
Total waste disposed to landfill per floor area (tonnes/m <sup>2</sup> )	<b>0.002</b>	0.001	0.001
Total waste disposed to landfill per employee (tonnes/employee)	<b>0.05</b>	0.04	0.04
Waste disposed to landfill (tonnes)			
General office waste	<b>99</b>	79	70
Food waste	<b>0.1</b>	0.3	1
Waste collected for recycling			
Food waste (tonnes)	<b>1</b>	1	0.4
Mixed recycling (tonnes)	<b>25</b>	27	30
Paper <sup>1</sup> (tonnes)	<b>177</b>	180	102
Waste lead-acid batteries <sup>2</sup> (tonnes)	<b>2</b>	2	1
Metals (kg)	<b>674</b>	960	1,213
Plastics (kg)	<b>344</b>	303	576
Electronic equipment (pieces)	<b>731</b>	1,338	96

1 Includes confidential waste paper generated within the Group and paper documents submitted by external parties.

2 Waste lead-acid batteries are classified as hazardous waste.

# About this Report

## Overview

This Report gives an annual update of the Group's CSR performance for the 2019 calendar year. It is available on the HKEX Group website and should be read in conjunction with HKEX's 2019 Annual Report, in particular, the Corporate Governance Report and the CSR Committee Report contained therein, as well as the Corporate Governance and the CSR sections of the HKEX Group website. In February 2020, this Report was endorsed by the CSR Committee and approved by the Board.

## Reporting Boundary

This Report covers the operations of HKEX and its subsidiaries, except the BayConnect Technology Company Limited (formerly known as Shenzhen Ronghui Tongjin Technology Co., Ltd) of which 51 per cent equity interest was acquired by HKEX in July 2019 and its operation has not been fully integrated into the Group as at the date of this Report. While there is no significant change in the reporting boundary of this Report from that of the 2018 CSR Report published on 19 March 2019, the contents have been reorganised to better align with HKEX's new CSR Strategy and its three pillars: Our Markets, Our People and Our Operations.

## Data Collection

The non-financial information used for this Report is mainly collected annually from internal departments and is based on information available through internal reporting. The information is relevant to the 2019 calendar year and covers HKEX's activities unless specifically stated otherwise.

## Reporting Principles

This Report aims to provide a **balanced** representation of the Group's CSR performance under the three pillars of our 2019-2021 CSR Strategy and Plan – Our Markets, Our People, and Our Operations. In particular, the selected content aims to reflect the impacts of the identified material and relevant CSR topics on the Group as well as the Group's involvement in addressing these impacts.

The content of this Report is determined through a systematic **materiality** assessment process, which includes identifying CSR-related topics, assessing their materiality and relevance as well as topic boundaries, preparing and validating the information reported, and reviewing and addressing stakeholder feedback on the Group's CSR reporting. This Report covers key issues that are related to different stakeholders. Details of the materiality assessments and major stakeholder engagement channels are disclosed in the Our Approach to CSR section.

To ensure a comprehensive understanding of the Group's CSR performance over the years, a summary of the Group's 2019 CSR performance relative to various **quantitative** KPIs, with comparison to 2017 and 2018, are disclosed in the Performance Summary section. Information of the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used on these KPIs are stated wherever appropriate. As far as reasonably practicable, **consistent** methodologies are adopted when calculating these KPIs or any changes that affect a meaningful comparison would be stated.

## Reporting Framework

This Report has complied with all "comply or explain" provisions and has reported on all recommended disclosures outlined in the ESG Guide, and has been prepared with reference to the revised disclosure requirements of the ESG Guide to be effective on 1 July 2020. This Report also references selected disclosures, or parts of their content, from the GRI Sustainability Reporting Standards in efforts to better align our non-financial reporting with global ESG indicators. Content indexes are available on the [HKEX Group website](#) as a tool to help readers easily locate relevant information within this Report, HKEX's Annual Report and across HKEX's web-based resources.

## Assurance

To ensure the quality of the information reported, the reporting process has been standardised and the data reporting structure is checked, this Report has been independently verified by the Hong Kong Quality Assurance Agency. The scope and basis of the verification are set out in the Verification Statement contained in this Report.

## Contact and Feedback

Your feedback is valuable to our continuous improvement and we welcome any comments and suggestions you may have on this Report, or our CSR reporting in general. If you wish to share any views regarding our CSR performance, please contact us at [csr@hkex.com.hk](mailto:csr@hkex.com.hk).



# Glossary

Board	HKEX's board of directors
CDP	An NGO formerly known as the Carbon Disclosure Project
CG Code	Appendix 14 to the Main Board Listing Rules
CO <sub>2</sub> e	Carbon dioxide equivalent
CSR	Corporate Social Responsibility
TKO Data Centre	HKEX's data centre at Tseung Kwan O, Hong Kong
Director(s)	HKEX's director(s)
ESG	Environmental, Social and Governance
ESG Guide	Appendix 27 to the Main Board Listing Rules
Exchange or SEHK	The Stock Exchange of Hong Kong Limited
FSTB	Financial Services and the Treasury Bureau
GHG	Greenhouse gas
Government	The Government of Hong Kong Special Administrative Region of the People's Republic of China
GRI	Global Reporting Initiative
Group	HKEX and its subsidiaries
HKEX	Hong Kong Exchanges and Clearing Limited
HKSAR	Hong Kong Special Administrative Region
INED(s)	Independent Non-executive Director(s)
IPO(s)	Initial Public Offering(s)
ISO	International Organization for Standardization
KPI(s)	Key performance indicator(s)
LGBT	Lesbian, Gay, Bisexual and Transgender
Listing Rules	Main Board Listing Rules and Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
LME	The London Metal Exchange
LME Clear	LME Clear Limited
Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MWh	Megawatt hour
NGO(s)	Non-governmental organisation(s)
SDGs	Sustainable Development Goals
SFC	Securities and Futures Commission
UK	United Kingdom
UN	United Nations
US	United States of America
WFE	World Federation of Exchanges
\$	Hong Kong dollar
\$bn	Hong Kong dollar in billion
\$m	Hong Kong dollar in million
£	Pound sterling

# Verification Statement

## Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by Hong Kong Exchanges and Clearing Limited (“HKEX”) to undertake an independent verification for its 2019 Corporate Social Responsibility Report (the Report).

The scope of HKQAA’s verification covers the data and information associating to HKEX’s sustainability performance, including quantitative data of direct (scope 1), indirect (scope 2), and other indirect (scope 3) greenhouse gas emissions for the period from 1st January 2019 to 31st December 2019, as disclosed in the Report.

The objective of this verification is to provide reasonable assurance of the data and information disclosed in the Report to confirm their accuracy, reliability and objectivity.

## Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance in accordance with the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken was provided for the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong Limited and the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

Our verification procedure performed covered discussion of the materiality analysis process, reviewing systems and processes for collecting, collating and reporting of the performance data, verifying relevant documentation, interviewing responsible personnel with accountability for preparing the Report. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process.

## Independence

HKEX is responsible for the collection and presentation of the information in the Report. HKQAA is not involved in the collection and calculation of data in the Report or the compilation of the Report. HKQAA’s verification activities are independent from HKEX. There is no relationship between HKQAA and HKEX that will affect the independence of HKQAA for providing this verification service.

## Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the ESG Guide and with reference to the GRI Standards;
- The Report illustrates HKEX’s sustainability performance, covering all material and relevant aspects and/or topics, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

In conclusion, the Report provides good level of transparency of HKEX’s commitments, performance and progress towards sustainability. The Report reflects appropriately the sustainability context and materiality of HKEX.

**Signed on behalf of Hong Kong Quality Assurance Agency**



**Connie Sham**  
Head of Audit  
February 2020



