

Advancing

in a Changing World





As a market regulator, operator and corporate, we see ourselves as a change agent in the drive to more sustainable financial markets and communities. The role we play in our communities, and our commitment to being a responsible leader, are critical to our business strategy and future.

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2022 at a Glance



Facilitating the Transition to a Low-Carbon Economy

- Established the Hong Kong International Carbon Market Council
- Expanded the breadth of products and data available on STAGE
- Hosted the annual “Strike the Gong for Financial Literacy” event
- Launched Core Climate – HKEX’s new carbon marketplace
- Organised a series of climate disclosures training
- Signed an MOU with China Emissions Exchange

Supporting People in Our Workplaces and Communities

- Announced the LME’s new charity partnership with Inspire
- Enhanced the HKEX Charity Partnership Programme
- Held our inaugural HKEX Impact Summit
- Introduced the HKEX Research Funding Scheme
- Ran our first HKEX Global Wellness Challenge
- Scaled up the HKEX Impact Funding Scheme

Progressing Sustainability and ESG in Our Markets

- Banned single-gender boards for all new IPO applicants
- Enhanced LMEpassport with new emission-related certifications and metrics
- Expanded our ESG Academy platform with an “ESG in Practice” section
- Hosted the annual “Strike the Gong for Gender Equality” campaign
- Implemented the first compliance deadline for the LME responsible sourcing requirements
- Launched a new “Board Diversity and Inclusion in Focus” repository
- Rolled out a new consultation on expanding our paperless listing regime

Pursuing Operational Excellence across Our Operations

- Announced the LME’s net-zero target by 2040
- Introduced new printing management solutions
- Launched a new Third Party Risk Management Policy and Framework
- Ran the “HKEX Goes Green” campaign
- Released our new Group Code of Conduct

Message from Our Chairman



We will remember 2022 as an important year in our company's history, and a year in which HKEX has acted as a positive and impactful agent of change – a year in which we made progress that we hope will have far-reaching benefits for our communities and markets.



Throughout our more than two-decade journey as a company, HKEX has had a role at the heart of our communities, locally and internationally, front and centre. We have always known that our responsibilities go beyond our duties as a market operator, a regulator and a corporate and we believe that how we lead, engage and respond is central to our own success and the many constituents and stakeholders that make up our vibrant, connected ecosystem. This belief is articulated in our corporate purpose – to connect, promote and progress our markets and the communities they support for the prosperity of all. It is foundational to all that we do.

That is why I am pleased to report that we will remember 2022 as an important year in our company's history, and a year in which HKEX has acted as a positive and impactful agent of change – a year in which we made progress that we hope will have far-reaching benefits for our communities and markets. In many ways, this year has signalled the next chapter of our purpose-led journey, and I am excited about what the future will bring.

New Milestones

In 2022, we have looked to leverage both our own role as a globally connected regulator and market operator, alongside Hong Kong's position as one of the world's premier international financial centres, so that we can advance the sustainability agenda, not just locally but globally too. Much of our advantage and opportunity in this regard lies in our unique position at the confluence of East and West, and in our ability to skilfully connect China with the world.

As a regulator, we have again, throughout the year, promoted ESG best practices and standards through updated listing rules and regulations, market education and policy setting. We continue to promote some of the best international practices in everything from board tenure and independence to diversity in the deeply held belief that in doing so, our more than 2,500 listed companies will continue to build and maintain their own resilience and sustainability.

In 2022, we celebrated a significant milestone when an update to our Corporate Governance Code banning single-gender boards came into effect for new Hong Kong listings. And by 2024, we will have no single-gender boards on our markets at all, when the rules come into effect for all listed companies. We were one of the first exchange groups in the world to mandate this. It will have far-reaching implications in the boardrooms of Hong Kong and beyond and reflects our continued steadfast commitment to diversity.

As a market operator, the year was characterised by good progress in advancing the development of a strong sustainable finance ecosystem in Asia with, for example, solid progress in developing HKEX STAGE, which added new data and product information to its transparent and accessible repository. And as a world-leading capital-raising platform, we have continued to fuel and underpin the growth of the green and renewable sectors with a range of new listings this year, including new green, social and sustainability bond issuance raising \$228 billion in 2022.

The launch of Core Climate, however, was the highlight of 2022. This new Hong Kong-based carbon marketplace will help companies on their transition to a low-carbon economy, supporting the global drive to a more sustainable business model; and at the same time it also accelerates our commitment to connecting capital and resources with climate-related opportunities in Hong Kong, Mainland China, Asia and beyond. We are optimistic that this marks the beginning of a significant new chapter in Hong Kong's sustainability leadership. At the LME, we were this year delighted to have more than 375 disclosures on LMEpassport – LME's digital sustainability credentials register – a ten-fold increase since its launch in 2021.

As a listed company ourselves, we remained committed to bringing about positive change to the communities in which we operate. Building on two decades of philanthropy, during which more than \$1 billion was raised, in 2022, the HKEX Foundation had a very positive and impactful year. On top of channelling \$142 million to various charities and initiatives that support financial literacy, diversity and inclusion, poverty relief, and environmental sustainability across our communities, we were also proud to enhance our Hong Kong scholarship and research funding scheme. Furthermore, we launched the first ever HKEX Impact Summit, giving us a platform through which we can connect stakeholders and continue to explore how to apply the most innovative collaboration models, bringing about the change and impact that we need to advance the world in which we live.

\$142 million

donated to our communities in 2022

Looking Ahead

These are just some highlights of how we met the responsibilities of our roles as a regulator, a market operator, and a corporate, in 2022. I invite you to read more details of our activities and achievements in this report.

Of course, none of those achievements would have been possible without the support of my fellow Board members, our market participants, our hard-working colleagues and our partners across government, business and finance – and our communities in Hong Kong, Mainland China and beyond. We are proud to count you as fellow travellers on our shared sustainability journey.

While there still is much to be done, every day we play witness to the global efforts being made to advance towards a better society and a better planet. With your continued support, we look to the year ahead with strong determination and commitment.

Laura M CHA

Chairman

Hong Kong, 23 February 2023

Message from Our CEO



Throughout 2022, we sought to hone our strengths and lay the foundations of a more connected and sustainable financial ecosystem, taking the lead in ESG stewardship and the transition to net zero and in championing philanthropic efforts within and outside HKEX.



For HKEX, sustainability isn't an add-on – it is embedded in everything we do. And in 2022, as we made progress in propelling our markets forward and supporting the success of our people and our communities, we did so, at all times, with sustainability in mind.

Our purpose, 'to connect, promote and progress our markets and the communities they support for the prosperity of all', and our vision, 'to build the Marketplace of the Future', set the framework for our strategy and reflect our central belief that sustainability is about building for the long term. That belief is central to all that we do, and this year that has been particularly evident as we set about navigating a complex macro backdrop and turbulent markets.

Throughout 2022 we sought to hone our strengths and lay the foundations of a more connected and sustainable financial ecosystem, taking the lead in ESG stewardship and the transition to net zero and in championing philanthropic efforts within and outside HKEX.

I am delighted here to present our CSR Report for 2022, which outlines the progress we made in our sustainability initiatives and community involvement under our three core CSR pillars of Markets, People and Operations – the highlights of which are outlined below.

Our Markets

We believe that capital markets have a crucial role to play in advancing the global sustainability and ESG agenda and we are committed to playing a key role in that journey.

2022 saw us launch both the Hong Kong International Carbon Market Council (ICMC) and Core Climate – two high-profile initiatives that will help to re-shape Asia's carbon market landscape for years to come. Bringing corporates and financial institutions from across Hong Kong, Mainland China and Europe together, the ICMC is a focused consortium of like-minded institutions committed to furthering the development of carbon markets.

Their guidance and insight helped inform the development of Core Climate – our new carbon marketplace that connects capital with climate-related products and opportunities in Hong Kong and beyond. Together, these initiatives have laid important building blocks for Asia's growing presence in the international carbon trading industry, supporting the global efforts to address climate change.

Alongside these new initiatives, we also continued to expand the scope and coverage of our existing platforms. HKEX's Sustainable and Green Exchange, STAGE, welcomed more sustainable and green finance products this year and now features data and information on 100+ green, social and sustainability (GSS) bonds, as well as ESG ratings for 720+ companies. Furthermore, 75 new GSS bonds, with a combined total value of \$228 billion, listed on HKEX platforms in 2022. At the LME, new certifications on its digital sustainability credentials register, LMEpassport, were introduced, enabling greater comparability in carbon emissions data.

\$228 billion
raised through new GSS bond listings in 2022

As a regulator of the more than 2,500 listed companies in Hong Kong, we continuously look to enhance our rules and regulations to support the quality and vibrancy of our markets. In July 2022, the ban on single-gender boards for new IPO applications came into effect, ahead of requirements for all existing issuers to follow suit by 2024. We supported this important development with the launch of a new board diversity repository detailing the age, gender and tenure profile of listed issuers' board of directors, further promoting data transparency and investor understanding of the companies listed on HKEX markets.



This has had an immediate impact, with the proportion of Hong Kong-listed companies with at least one female board director having risen to 74% as at the end of 2022, up from 69% in 2020. This is still not enough but, with an end to single-gender boards in our markets coming in 2024, we will continue to make progress.

In addition to enhancing our rules and frameworks, during the year we continued to provide ongoing training to the listed issuer community, through the HKEX ESG Academy, hosting a range of webinars covering topics such as corporate culture, board diversity, climate disclosures and decarbonisation, helping issuers better measure and manage their ESG risks.

Our People

As a purpose-driven organisation with a commitment to supporting the overall well-being, progression and success of our people, as well as the communities in which we operate, we have placed diversity and inclusion, physical and mental well-being, financial literacy and continuous learning at the centre of our people strategy this year.

Across our organisation, we continued to invest in talent, employee wellness and engagement programmes and the development of our culture and Values. For example, we supported our employees' continuous learning through a range of ongoing leadership programmes; our AI-powered learning platform – iLearn; and HIVE – our employee forum focused on bottom-up leadership. Through these programmes and channels we have garnered deeper insight into our organisations and our marketplace, allowing us to refine and enhance our policies and activities to make HKEX a community in which we all thrive.

We also rolled out new initiatives to support employees' physical and mental well-being – a highlight of which was our new Group-wide Global Wellness Challenge, where we challenged employees to run, swim, cycle and walk over the summer. Cumulatively, our efforts added up to 300,000 km of distance covered, which equates to going around the world nearly four times. And in doing so, we raised over \$400,000 for charity.

Leveraging our employee-led diversity networks, we also continued to shine a light on important issues such as gender equality, family responsibilities, LGBT+ rights and people with different abilities and from different cultural backgrounds, advocating in both external and internal platforms for better workplace diversity and inclusion.

Reinforcing our commitment to the community, we hosted the inaugural HKEX Impact Summit in Hong Kong, bringing more than 300 participants from the business and social sectors together to foster stronger bonds and promote corporate philanthropy. With inspirational work, ideas and collaborations shared throughout the Summit, the event laid the foundations for how we hope to make a long-lasting impact on the way corporates and the social sector work together, better supporting those in need.

The HKEX Foundation, now in its third year, had a positive and impactful twelve months. We strengthened our engagement with Hong Kong charities and social enterprises supporting a range of meaningful projects in a year when many felt the ongoing effects of the Covid-19 pandemic. We were also proud to upgrade the Foundation's reach by expanding our Impact Funding Scheme to cover social enterprises, and launching a new Research Funding Scheme supporting local universities. Since its establishment in 2020, the Foundation has supported over 60 projects, directly benefitting more than 430,000 individuals in Hong Kong.

Meanwhile in the UK, the LME embarked on a new partnership with a charity and education business that focused on empowering young people. These are the direct actions of our dedicated team of Foundation professionals and a whole swathe of HKEX volunteers, committed to the sustainable development of our business and community.

Our Operations

“Excellence” and “Integrity” are two of our core Values. And these two in particular play out in the efficiency and support of our operations. They help us to protect our business from external risks, deploy the best environmental protection practices and underpin and optimise thinking and actions across our operational portfolio.

We took several steps in this area in 2022, a highlight of which was the enhancements we made to our HKEX Code of Conduct. By outlining what we expect from every colleague across HKEX Group, as well as from our business partners, contractors and suppliers, the Code has reinforced and strengthened our corporate and risk culture and risk management, as well as having a positive effect on our reputation and our broader ecosystem.

In 2022, we sought to further reduce our environmental footprint, rolling out new programmes and continuing existing ones. Externally, we launched a market consultation on expanding our paperless listing regime, seeking public feedback on our proposals to further digitise our listing application procedures and documentation. We expect this to significantly reduce the market's use of paper while also improving operational efficiency.

Across HKEX, we also introduced a number of new digital tools and services to automate workflows and enhance our ability to collaborate virtually, allowing us to improve our efficiency, reduce our paper consumption and lessen our carbon footprint. In 2022, the Group recorded a 60% decrease in the volume of paper consumed compared with 2021.

We also ran our annual “HKEX Goes Green” campaign to raise awareness of the environment, sharing tips on how we can 'think and act green'. And we continued to support a number of community projects that promote environmental protection through the work of the HKEX Foundation.

Sustainability at Our Core

2022 was a year that saw us make real progress in sustainability on a number of fronts – from the creation of a new Asian carbon marketplace, to advancing the corporate philanthropy ecosystem in Hong Kong, to the LME's public commitment on net zero: in all of these we sought to progress, support and advocate for what we know to be right.

“Sustainability” has become, at times, an over-used buzzword – but for HKEX it has always been central to our values and our strategy. Looking forward we will continue to remain resolutely focused on building for the long term, on creating shared success for our communities and our stakeholders and on creating a planet and world we all want to be part of.

Nicolas AGUZIN

Director and Chief Executive Officer

Hong Kong, 23 February 2023

HKEX in the Community

Our Roles

As a world-leading exchange operator and market regulator, we regard ourselves as an important catalyst, facilitator, and enabler for the sustainable development of financial markets and society as a whole. We are unique in our multiple roles and responsibilities with our networks touching on businesses, communities, markets and economies.

HKEX regulates listed issuers; administers listing, trading and clearing rules in the stock market in Hong Kong and regulates the operation of LME's metal and metal derivatives markets.

As one of the world's largest exchange groups, we provide world-class facilities for the trading and clearing of securities and derivatives in equities, commodities, fixed income and currency.



As a publicly listed company, we are fully committed to operational excellence and creating long-term value for our shareholders and other stakeholders.

Deeply connected to the communities in which we operate, we are an active and engaged corporate citizen, committed to giving back to society.

With our corporate Values front and centre, we are a responsible and caring employer of more than 2,300 employees across Hong Kong, Mainland China, London, Singapore and New York.

Our Presence

We are one of the world's major exchange groups, and operate a range of equity, commodity, fixed income and currency markets. We have a presence in Hong Kong, Mainland China, London, Singapore and New York, and are publicly listed on the Main Board of The Stock Exchange of Hong Kong Limited. A list of our principal subsidiaries, as of 31 December 2022, can be found on p.167 of the [HKEX 2022 Annual Report](#). Additional information about the Group is available on both the [HKEX Group website](#) and the [HKEX Market website](#). Investors can find our latest financial information, business analysis, regulatory disclosure, and shareholder information in the Annual Report and the Investor Relations section of the [HKEX Group website](#).

Our Approach to CSR

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

We hold a unique place in society with our networks touching on businesses, communities, markets and economies. We are at the centre of Hong Kong's financial markets and an active driver of corporate best practices. Our approach to CSR aligns with our overall business strategy and helps us fulfil our Purpose – to connect, promote and progress our markets and the communities they support for the prosperity of all. We are committed to maintaining high standards of corporate governance, acting strategically and managing risks effectively, while also proactively engaging with our stakeholders and communicating our progress and plans to address these important goals.

Governance

Our Board and senior management are accountable for ensuring the relevance and effectiveness of our CSR strategy and CSR-related activities, including climate-related issues. The Board has delegated the day-to-day responsibility for all CSR-related matters to the CSR Committee which comprises the HKEX Chairman, the HKEX Chief Executive Officer and three other Board members. Reporting to the Board, the CSR Committee is responsible for providing direction on and overseeing the development and implementation of HKEX's CSR strategy, policies and initiatives. The CSR Committee's Terms of Reference are available on the [HKEX Group website](#).

Our CSR-related policies – including our CSR Policy, which guides our business and operational decision-making – take into account our responsibilities to our markets, people, communities and the environment. They provide guidance on integrating sustainability principles into everything that we do and are available on the [HKEX Group website](#).

On the management front, a CSR Working Group – comprising senior managers of relevant business functions – has been established to provide guidance, advice, and support for the implementation of CSR initiatives related to employee well-being, and philanthropic and community engagement. Regular updates on various CSR initiatives are provided to the CSR Committee.

A CSR team has also been set up to act as a coordinator and central hub for execution, communications and reporting of Group-wide CSR initiatives. CSR coordinators across divisions and departments add another layer of support, helping with day-to-day operations, and promoting CSR awareness among employees.

The Group offers remuneration incentives for its employees based on achievements of the corporate scorecard, which covers performance in supporting the Group's sustainability performance and upholding its CSR commitments. Further information is available in the Remuneration Committee Report in the [HKEX 2022 Annual Report](#).

Strategy

Fulfilling Our Purpose

Our Purpose “to connect, promote and progress our markets and the communities they support for the prosperity of all” drives everything we do. To ensure that our Purpose continues to be at our core, our CSR Strategy steers our ambitions and efforts across three pillars: Our Markets, Our People, and Our Operations.

Aligning 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. As part of our global and long-term outlook, we aim to address global sustainability issues and hence 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](#). The UN SDGs 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 formulate our approach towards addressing different CSR focus areas, we seek to embed relevant SDG-oriented targets into the process. A document on how we progress our contribution to different SDGs is available on the [HKEX Group website](#).

In recognition of stock exchanges' unique role in leading the sustainable development of the financial system, the WFE published a set of core principles for stock exchanges as they take on a leadership role in promoting the sustainable finance agenda. As a member of the WFE, we adopt the WFE Sustainability Principles as the underlying foundation of our CSR Strategy and activities. These include our ongoing efforts to promote and advocate enhanced ESG management and disclosure among our listed issuers; facilitate the ecosystem development for sustainable finance; and review and enhance our governance structures and policies that enable the achievement of our sustainability goals.

Managing Our Risks

Strong risk management capabilities are central to building our operational excellence, resilience and therefore our reputation. As part of the Group's Risk Management Framework, ESG-related risks are identified, assessed, treated, and monitored under a robust governance structure and process.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including, among others, material risks relating to ESG) it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems, and reviewing their effectiveness to safeguard shareholders' investment and the Group's assets. Under our Risk Management Framework, the HKEX Board Risk Committee is responsible for overseeing the Enterprise Risk Management (ERM) framework to identify and deal with physical (acute and chronic), financial, operational, legal, regulatory (current and emerging), technology, business, and strategic risks faced by the Group. Under our ERM framework, a structured, consistent, and continuous process is adopted to identify, assess, respond to and report on opportunities and threats that affect the achievement of the Group's objectives. Details of these processes are set out in the Risk Committee Report in the [HKEX 2022 Annual Report](#).



Engaging Our Stakeholders

Our multi-dimensional role shapes our approach to our various groups of stakeholders, ensuring that we connect, promote and progress our markets and the communities they support. We have an ongoing dialogue with our stakeholders to ensure that we continue to meet their expectations and that our approach to sustainability remains relevant and consistent across our operations. This two-way and transparent engagement with stakeholders aims to enhance their trust in HKEX and helps us gauge their expectations on the direction of our business. Therefore, we continue to proactively reach out to our stakeholders to further understand their interests and to build a culture that takes their needs into account. Based on our engagement objectives and stakeholders' level of interest and influence, we engage with our stakeholders in a number of formal and informal ways as listed in the table on the following page.

As part of our stakeholder engagement, we subscribe to and endorse a number of external economic, environmental and social charters, principles, and other initiatives. We also collaborate with 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
Shareholders/institutional and individual investors	<ul style="list-style-type: none"> • Annual general meeting, notices, circulars and announcements • Regular corporate publications, including financial reports • Enquiries or feedback to the Board via the Group Company Secretary • Analyst workshops, non-deal roadshows, investor meetings and conferences • Analyst briefings on HKEX's quarterly financial results
Market regulators	<ul style="list-style-type: none"> • Regular liaison meetings and ad hoc work meetings • Daily, monthly, and annual reporting • Attending to requests for documents or witness statements on an ad hoc basis
Government bodies	<ul style="list-style-type: none"> • Regular communications regarding the Group's key initiatives and new developments • Responding to enquiries for various government meetings, including the HKSAR Legislative Council meetings • Other work meetings on a regular and ad hoc basis
Listed/potential issuers and market intermediaries	<ul style="list-style-type: none"> • Market consultations on proposed changes to the Listing Rules • Publication of guidance materials, including guidance letters, listing decisions and frequently asked questions whenever necessary • Regular publications including reports on the review of listed issuers' annual report disclosures, corporate governance disclosures and ESG disclosures, a Listing Newsletter, a Listed Issuer Regulation Newsletter and an Enforcement Bulletin • Investigation into listing compliance via written enquiries
Market participants, members and information vendors	<ul style="list-style-type: none"> • Regular consultative panel meetings, briefings, seminars and discussions • Market consultations on new proposals • Market rehearsals, connectivity, and user acceptance tests before and upon the launch of new/enhancement services
Mainland and overseas exchanges	<ul style="list-style-type: none"> • Regular meetings to discuss market developments and areas of collaboration • Delegations for courtesy and training purposes • Annual board meeting of the World Federation of Exchanges • Participation in annual market surveys and trading information updates • Regular dialogue with other exchanges • Participation in industry associations and initiatives, including the UN Sustainable Stock Exchanges Initiative and the World Federation of Exchanges
Public and media	<ul style="list-style-type: none"> • Regular media interviews, events and briefings on HKEX's financial results • News releases on major business updates • HKEX websites and social media channels
NGOs, industry associations, professional bodies, and market users	<ul style="list-style-type: none"> • Market consultations on new proposals • Regular meetings and correspondence with market practitioners and related associations regarding listing/trading matters • Response to periodic assessments on HKEX's sustainability performance
Employees	<ul style="list-style-type: none"> • Regular all-staff communications • Chief Executive Officer presentations • Learning and development seminars and workshops • Biennial employee engagement survey • Townhall and focus group meetings whenever needed • Wellness sessions and social activities
Suppliers/business partners	<ul style="list-style-type: none"> • Tender notices for procurement of products/services • Policy governance and implementation as well as process monitoring • Supplier CSR Code of Conduct and CSR questionnaire

Focusing on What Matters

Understanding how various CSR topics may affect our business and stakeholders is a critical part of our approach to sustainability. Through a systematic process illustrated below, we identify and evaluate CSR topics that are material or relevant to our business, as well as our stakeholders, and then develop our CSR objectives and programmes to strategically address these concerns.

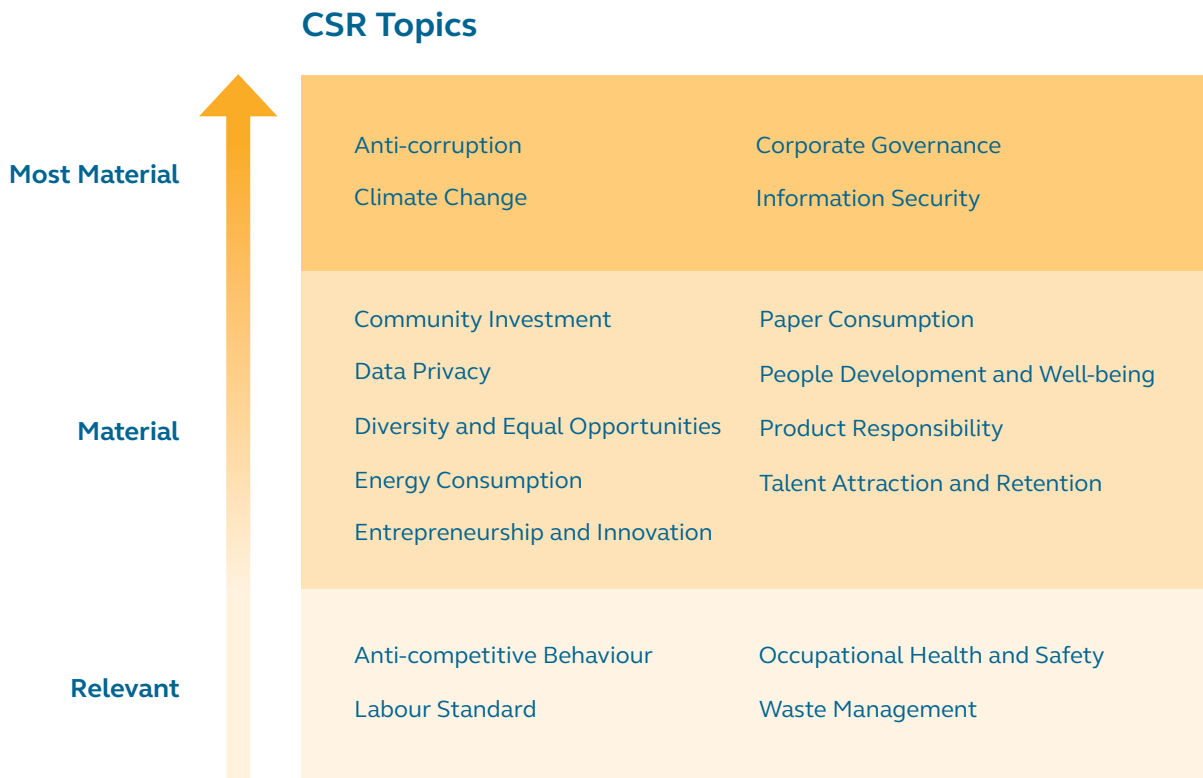
1. Identifying CSR topics

CSR topics are identified based on:



2. Evaluating materiality of identified CSR topics

These topics are evaluated and assessed based on their areas of impact, i.e. within or outside the organisation, and their impact on our business and the decision making of our stakeholders. The results of the materiality assessment are illustrated below.



3. Formulating the CSR Strategy

Taking the result of the materiality assessment into account, our CSR focus is categorised under three pillars – Our Markets, Our People and Our Operations.

Our Markets

As an international exchange operator and a market regulator, we play a critical role in building an orderly, transparent and fair financial market while shaping effective regulation and bringing together many pieces and players to create a sustainable financial ecosystem.

- To promote a high standard of corporate governance among our listed issuers to improve the overall quality of our markets
 - To enhance the availability and transparency of ESG information of our listed issuers for investors to make informed decisions
 - To promote a sustainable and green finance ecosystem to facilitate the low-carbon transition in our markets
 - To position our markets that support business, in particular fintech and biotech sectors, throughout their full life-cycle of growth
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Our People

As a caring employer and a responsible corporate citizen, we are fully aware of our responsibilities to both our employees and our communities. With our Values front and centre, we are focused on building a culture that is healthy, diverse and inclusive. We seek to create a place where everyone can be their true self and fulfil their own potential.

- To invest in personal development and create an engaging workplace to ensure the physical, mental and financial wellness of our employees and their families
 - To embrace diversity and equality and to foster an inclusive culture in our workplace and communities
 - To utilise our own expertise and resources to champion financial literacy in the communities in which we operate
 - To give back to our communities and help address social and environmental challenges
-

Our Operations

Responsible corporate practices are key to business resilience. At HKEX, we are committed to pursuing operational excellence in our business and setting an example to the wider business community – so that our business, our partners and our communities can prosper.

- To uphold the highest standard of ethics and integrity when doing our business and to reinforce our Values in all that we do
- To responsibly manage the environmental impact of our operations and decouple our carbon footprint from our business growth
- To maintain a responsible and ethical supply chain and to promote strong ethical supply chain management within the wider business community
- To maintain proactive and two-way communications through effective engagement and transparent disclosure



Our Path to Net Zero

Tackling climate change is probably the most pressing task of our time. Mounting scientific evidence shows that growing physical risks from climate change are caused by human activities. While a growing number of government leaders and corporates have announced net-zero targets, these will only be achieved with the business and finance sectors, and individual citizens, all playing their part in driving this low-carbon transition. As an international exchange operator, market regulator and a public company, we see ourselves as a change agent and seek to lead by example, promoting sustainability across our business, operations and markets.

Governance

Our Board and senior management oversee climate-related issues, which includes maintaining sound and effective risk management and internal control systems and reviewing their effectiveness over time.

The Board has delegated the CSR Committee, which comprises the HKEX Chairman, the HKEX Chief Executive Officer and three other Board members, who are responsible for providing direction on and overseeing the development and implementation of HKEX's CSR strategy, policies and initiatives, including climate-related issues. The Board has also delegated the Risk Committee to oversee the Group's overall Risk Management Framework for the identification, assessment, reporting and management of risks, including climate-related risks, and advise the Board on its related matters.

The Group offers remuneration incentives for its employees which are based on the achievement of the corporate scorecard, which covers performance in supporting the Group's sustainability performance and upholding its CSR commitments. Further information is available in the Remuneration Committee Report in the HKEX 2022 Annual Report.

Our CSR Policy defines our long-term approach to specific issues in our markets, people and operations and outlines our climate-related commitments. These include:

- Advancing low-carbon and responsible investing by facilitating the provision and adoption of socially and/or environmentally responsible products in the market;
- Giving back to the community to help address social and environmental challenges it faces, with a focus on addressing climate change and sustainability, among other focus areas; and
- Responsibly managing the environmental impact of our operations, with a focus on reducing carbon emissions, saving energy and paper consumption, and recycling wastes.



The Carbon Offset Policy for Business Air Travel has also been put in place since 2020. The Group offsets the indirect GHG emissions arising from our business air travel by purchasing internationally-recognised carbon credits. Apart from carbon offsetting, we encourage our employees to utilise our company-wide communication and collaboration solutions to reduce travel. Details of the policy are available on the HKEX Group website.

Climate-related Risks and Opportunities

HKEX is fully aware of the various socioeconomic impacts brought by climate change and we have prudently considered climate risks and opportunities in our business approach. To enable a holistic review of these climate risks and opportunities, we have conducted a climate scenario analysis by setting up a Turquoise Scenario and a Brown Scenario with reference to IPCC Representative Concentration Pathway and Network for Greening the Financial System. The climate-related risks and opportunities that are likely to have an impact on HKEX are set out in the following tables.

Risks	Description	Time Horizon
Transition Risks		
Policy and legal risk	From the perspective of a market regulator and exchange operator, we are actively involved in and affected by the latest developments in climate-related policies and regulations, such as the potential introduction of policy measures by governments and regulators given their increasing focus on climate change in recent years. For example, the UK government's latest requirement for certain companies with more than 500 employees, with effect from April 2022, mandates the disclosure of climate-related financial information. The potential legal and regulatory changes that these policy measures will present will offer up both risks and opportunities to HKEX and its listed issuers, the LME and its members, and their underlying clients. From a listed company's perspective, we also acknowledge the increasing demands and requirements for climate-related information disclosures and therefore their compliance implication.	Short to medium term

Risks	Description	Time Horizon
Market risk	Investor and client appetite for sustainable finance products has increased significantly and continues to grow. This demand will lead to an increase in the range of ESG goods and services available. As an exchange operator, failure to provide an effective, orderly and informed market for sustainable finance products may hinder our own overall market effectiveness, relevance and competitiveness.	Short to medium term
Reputational risk	At the heart of a leading international financial centre, HKEX considers it critical to our, and Hong Kong's, reputation to champion sustainable and green finance, establishing our markets as a regional hub facilitating the low-carbon transition in the region. Failure by HKEX to engage listed issuers to make good ESG or climate-related disclosure could have a long lasting adverse reputational impact on our business. Similarly, if the LME and the wider metal markets do not take proactive steps to address climate change and wider sustainability issues, there is a risk that the industry will lose its social license to operate.	Short to medium term
Physical Risks		
Acute risk	Most of the acute risks which the Group is exposed to are tied to the potential impact that climate change may have on the risks of extreme events (e.g. typhoons, floods, storms, pandemics) and the availability of climate-sensitive energy and water inputs. If these physical risks materialise, some may pose risks to the Group's assets and affect the operational ability of the organisation resulting in both reputational damage and direct loss of revenue. For the LME, these risks equally apply to its physical warehouse network. While the LME does not own or operate these warehouses, it does approve them for use in the storage of LME-listed metals, and as such they play a vital role in the operation of the LME.	Long term
Chronic risk	Gradual changes in climate (e.g. changes in mean temperatures, water availability, and rising sea-levels) have the potential to impact HKEX's and the LME's real estate and infrastructure, business continuity, people, and food systems. For example, rising mean temperatures would lead to higher demand for cooling in our data centres. Failure to meet such operating requirements would adversely impact the Group's services provision.	Long term



While climate change imposes different risks, both physical and transitional, towards our operations and presence, there are also opportunities for our operations and our markets if we can take the right approach in addressing the issue.

Opportunities	Description	Time Horizon
Access to new markets	<p>Against the backdrop of increasing investor demand for sustainable finance products, HKEX considers the potential market appetite for green bond listings, carbon credits and other sustainable finance products in Hong Kong and Mainland China as a significant business opportunity. This potentially can have both direct revenue implications and broader ecosystem-enhancing reputational benefits.</p> <p>The LME also sees commercial opportunities in providing the metal industry with the option of gaining greater transparency and access to sustainably produced metals. We are committed to encouraging the acceleration of research and development of sustainable finance products, and introducing them to our markets to enhance our overall market attractiveness, relevance and competitiveness.</p>	Short to medium term
Climate leadership	Committed to net zero and leading by example in facilitating the low-carbon transition via our climate strategy and actions would enhance HKEX's and the LME's profile as sustainability and climate champions.	Short to medium term

Our Climate Strategy

In 2021, the Group joined GFANZ and its Net Zero Financial Service Providers Alliance (NZFSPA) as part of the global financial community's commitment to accelerating the transition to net zero, supporting global efforts to meet the goals of the Paris Agreement on climate change. HKEX seeks to be a key agent for change in contributing to restricting global temperature rises to 1.5°C above pre-industrial levels. Therefore, we have developed a holistic strategy and approach to address climate change through four key areas:

1. Leading by Example

As part of our commitment towards GFANZ, we have begun a detailed study targeting the full decarbonisation of our operations ahead of what we have committed, which is to become net zero by 2050. As part of this exercise, we are in the process of reviewing our indirect emissions and developing a reduction strategy as we believe managing our carbon emissions along our value chain is also key to achieving our net-zero commitment.

The Group continues to adopt enhanced measures to reduce energy and other resource utilisation through minimising waste and increasing recycling, and encouraging its employees to adopt environmentally responsible behaviours whilst also promoting environmental protection in its supply chain and the marketplace. To reduce absolute carbon emissions arising from our operations, we seek to adopt new measures to identify reduction areas where possible. We also actively explore opportunities to improve the energy efficiency of the operation of our data centres and office premises through energy audits, systems controls and administrative measures. We will also seek to adopt renewable energy where it is available and market viable. For all selected indirect emissions, they will be offset through quality carbon credits.

In London, the LME has committed to achieve net-zero emissions by 2040 and is now developing its full emissions reduction target and roadmap, which will be submitted to the SBTi for official validation by October 2024.

2. Standards Setting

With climate change being a global concern and focus, investors are demanding more information on how climate issues and related policy change could impact an issuer's assets, business operations and financials.

At HKEX, we are committed to advocating and setting standards for ESG disclosure and governance in our markets. We review our ESG framework from time to time to ensure it remains fit for purpose, continues to promote good ESG governance, aligns with international developments and is adequate for maintaining investors' confidence in the market.

As a member of the Hong Kong Green and Sustainable Finance Cross-Agency Steering Group, we are committed to mandating TCFD-aligned climate-related disclosures by 2025, and support the ISSB climate-related standards which is built upon the TCFD framework.

The ISSB has indicated that it would publish the final ISSB standards in 2023, we will closely monitor such development with a view to consult the market in 2023 on proposals to align our ESG reporting framework with the ISSB climate standard.

3. Market Development

In support of the global realisation of carbon neutrality goals and facilitate the energy transition, HKEX formed the Hong Kong International Carbon Market Council (ICMC) in July 2022, which comprises leading corporates and financial institutions focused on supporting the development of an international carbon marketplace. The ICMC actively gathers insights from members on the development of Hong Kong's international carbon market. And following that, we launched Core Climate in October, HKEX's new international carbon marketplace that connects capital with climate-related products and opportunities in Hong Kong, Mainland China, Asia and beyond, supporting the global transition to a low-carbon economy. More market structure developments and products are expected to be launched, such as including more international voluntary carbon standards and other climate-themed products, to further develop Hong Kong as a premier carbon trading hub.



Launched in 2020, HKEX's Sustainable and Green Exchange (STAGE) has become a cornerstone of our strategy to facilitate and develop the sustainable finance ecosystem across our region. Our sustainable and green finance offerings continued to grow and we are committed to promoting and enhancing the transparency of information of these products traded on our platform.

In London, the LME first launched LMEpassport, a digital sustainability credentials register which stores Certificates of Analysis, in August 2021. Following the first sustainability disclosure added on the platform in October 2021, a growing number of registered metal producers have been enhancing the visibility of their sustainability credential. Enhancements were made in 2022 to enable greater comparability in carbon emissions data, provide increased transparency on brands using scrap material, and broaden disclosure opportunities to non-LME brands. LMEpassport's first artisanal mining (ASM) standard has also been integrated into the platform, supporting the formalisation of ASM in the supply chains of LME brands.

4. Stakeholder Engagement

At HKEX, we are committed to promoting strong ESG stewardship and transparency across our financial markets. Market education is particularly important to deepen the understanding of ESG, including climate change, among issuers and the wider business community. Therefore, we launched the ESG Academy, a one-stop education platform hosting our latest reporting requirements, training

and guidance materials, to guide issuers and the broader business community in their sustainability journey. For example, on climate change, there are two training modules to help companies better understand how they can incorporate TCFD recommendations into their business strategy and disclosures. In 2021, we also published our Guidance on Climate Disclosures and a Practical Net-Zero Guide for Business, to provide practical tips in preparing TCFD-aligned disclosures and developing a pathway to net zero.

We review our issuers' ESG disclosures periodically to gauge their understanding and compliance with our ESG reporting requirements, and offer targeted training and guidance to support their sustainability journey.

As one of the NZFSPA members, HKEX is working closely with other stock exchanges to develop target setting frameworks aligned with the goals of the Paris Agreement, as well as implementing the alliance governance.

The LME continues to work closely with all segments of its market to progress the sustainability agenda. It recently co-hosted an Auditor Forum with the OECD to address issues and support understanding in responsible sourcing audits. It continues to work with third party standards to increase understanding of responsible sourcing compliance, LMEpassport disclosures and emissions guidance. It also works closely with producers of listed-brands as they address sustainability issue in their supply chains.

Our Markets







Our Markets

Our Approach

We believe that capital markets have a crucial role to play in advancing the global sustainability and ESG agenda, and at HKEX, we are committed to playing a key role in that journey. Our multi-dimensional role in the marketplace – as a regulator, operator and corporate – allows us to advance sustainability and ESG in various ways and on multiple fronts.

As a regulator of over 2,500 companies listed in Hong Kong, we are committed to supporting our issuers and the wider business community on their ESG journey. We do this through setting rules, regulations and disclosure standards, which we continuously improve to ensure our frameworks are aligned with the latest market developments. We also provide ongoing training and guidance to promote sound corporate governance and ESG management, helping issuers better understand, measure and implement ESG.

As a market operator, we help facilitate the growth of the sustainable and green finance ecosystem, supporting our markets' net-zero transition, locally and internationally. We do this through our own offerings and initiatives as well as via partnerships with key industry bodies and other institutions for knowledge sharing, talent nurturing and market development.

Our Objectives

To promote a high standard of corporate governance among our listed issuers to improve the overall quality of our markets

To enhance the availability and transparency of ESG information of our listed issuers for investors to make informed decisions

To promote a sustainable and green finance ecosystem to facilitate the low-carbon transition in our markets

To position our markets that support business, in particular fintech and biotech sectors, throughout their full life-cycle of growth



Our Progress in 2022

\$228 billion

raised by new green, social and sustainability bonds listed on our markets

Banned single-gender boards

for all new IPO applicants

375+

sustainability disclosures on LMEpassport

Created the **Hong Kong International Carbon Market Council**

Launched **Core Climate**, a new international carbon marketplace

Published a consultation paper on new listing rules for **specialist technology companies**

Facilitating the Transition to Net Zero

The climate crisis is one of the biggest challenges of our time – it requires a whole-of-society effort to overcome it, with every individual, community, industry and economy doing their part to reduce greenhouse gas emissions and halt rising temperatures. Within the finance community specifically, the industry needs to develop new financial tools and instruments that support corporates and governments’ realisation of carbon neutrality goals, and work towards reducing the industry’s carbon footprint.

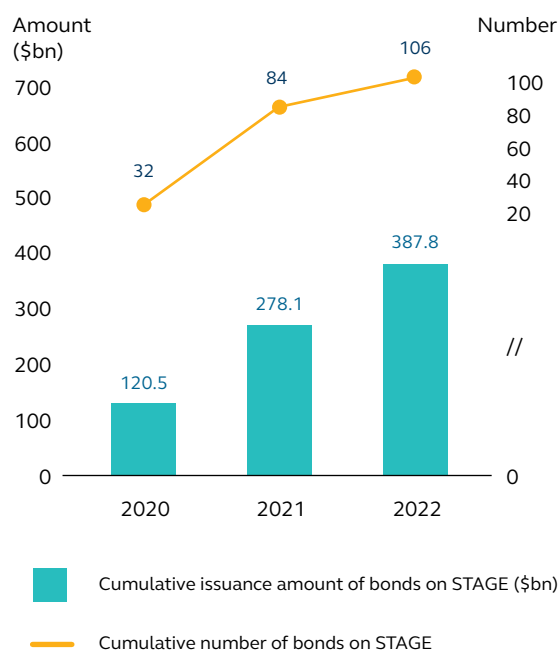
As a leading exchange group and market operator, HKEX is uniquely positioned to facilitate the transition to a low-carbon and climate-resilient economy through steps such as enhancing market transparency and developing carbon markets.

We have been working with other industry leaders on carbon-related initiatives for several years, but in 2022, we took it a step further and announced new offerings and partnerships that elevated our markets’ carbon credentials to a new level.

In March, we signed an MOU with Guangdong-based China Emissions Exchange to explore how we can tackle climate change through carbon finance. In July, we launched the Hong Kong International Carbon Market Council (ICMC), announcing our partnership with 12 leading corporates and financial institutions to explore carbon market development opportunities in the region. With support and guidance from ICMC members, in October we launched **Core Climate** – a new carbon marketplace that connects capital with climate-related products and opportunities in Hong Kong, Mainland China and beyond.

Furthermore, throughout the year, we continued to expand our existing platforms to facilitate the sustainable development of our financial and commodities markets. In 2022, 75 new green, social and sustainability bonds listed on our markets, raising \$228 billion. In addition, **HKEX’s Sustainable and Green Exchange (STAGE)** remained a central hub for data and information on sustainable and green finance products, featuring ESG ratings for more than 720 companies and more than 100 sustainability-related bonds.

Green, Social and Sustainability-related bonds on STAGE



Source: HKEX, 2022

As a member of the Hong Kong Green and Sustainable Finance Cross-Agency Steering Group (CASG), we continued working to advance Hong Kong’s green and sustainable finance market development alongside the Hong Kong Monetary Authority and the Securities and Futures Commission. Throughout the year, we contributed to CASG’s assessment of carbon opportunities in Hong Kong and supported its launch of a new centre for green and sustainable finance and the related data source repository.

All of these initiatives help underpin the industry-wide effort and investment needed to fund and drive new climate projects, technologies and business models, accelerating the net-zero transition. With our unique role as both a market operator and regulator and commitment to facilitating the growth of sustainable markets, we will continue to devote our efforts and resources to this space and move the dialogue on all matters related to carbon markets.



Core Climate – Launching a New Carbon Marketplace

In October, we were delighted to announce the launch of Core Climate – our new international carbon marketplace that seeks to connect capital with climate-related products and opportunities in Hong Kong, Mainland China, Asia and beyond.

Core Climate will facilitate effective, transparent and standardised trading of carbon credits and instruments to support the global transition to net zero, allowing market participants to source, purchase, settle and retire voluntary carbon credits generated by respected quality, internationally-certified carbon projects.

The new carbon marketplace is currently the only platform offering HKD and RMB settlement for the trading of international voluntary carbon credits, driving market accessibility and further enhancing Hong Kong's role as a world-class offshore RMB hub and premier green and sustainable finance centre.

Early momentum for Core Climate was strong, with more than 40 trades taking place in its first four weeks – representing around 400,000 tonnes of carbon credits. To mark its launch, we hosted a celebratory gong-strike event in Connect Hall in November, bringing together over 100 participants, including government figures, ICMC partners, and representatives from corporates completing their first batch of trades on Core Climate.

The launch of Core Climate demonstrates HKEX's commitment to building an integrated ecosystem and international carbon market in Hong Kong, with the aim of providing a one-stop solution for trading, custody and settlement. Over time, we will develop it into a more integrated marketplace that addresses the needs of participants and project owners across the climate value chain.



The world needs transformational change to fight climate change and capital markets have a key role to play in driving the pressing global climate agenda. The launch of Core Climate is a significant milestone in our journey to develop Hong Kong into Asia's premier carbon trading hub.



Nicolas AGUZIN
Chief Executive Officer

Driving ESG in our Markets

As a market regulator for more than 2,500 companies listed in Hong Kong, we know that what we do has an impact on the quality and vibrancy of our markets. Therefore a critical part of our role is to promote good corporate governance and ESG management among all our issuers by setting robust disclosure standards, rules and regulations and continuously improving them.

We continued to enhance our regulatory framework with an important rule coming into effect on 1 July 2022 – our amendment to the Corporate Governance Code in which we banned single-gender boards for all new IPO applicants with all existing issuers set to follow suit by 2024. This rule is significant because it will help improve boardroom gender diversity and unlock the potential of senior female leaders in Hong Kong. As the first exchange to ban single-gender boards, we also set an example for other exchanges to follow that underlines the important role that regulation can play in driving change. Even though we are in the early days of the implementation of the new rule, we have already seen improvement in our markets.

74%

of listed companies had one or more female board directors at the end of 2022

To support this new policy, we introduced a new "Board Diversity & Inclusion in Focus" repository. As a publicly available online platform covering our listed issuers in Hong Kong, the repository provides information on the age, gender and tenure profile of listed issuers' board of directors, helping improve transparency around board diversity and enabling investors and other stakeholders to assess a company's performance against its peers.

In addition to the above, we continued our regular work on reviewing issuers' disclosures to assess their compliance with the listing rules and identify areas of improvement, including those relating to corporate governance and climate. We published our [Review of Issuers' Annual Reports 2021](#) which showed a high rate of compliance with the Listing Rules among Hong Kong issuers. It made recommendations in the areas of auditors' modified opinions and material lending transactions, including advising on the establishment of proper internal controls for lending transactions that are outside of ordinary course of business.

We also published the findings of our [latest review of issuers' ESG disclosures](#), which focused on the requirements that came into effect in July 2020 as set out in the ESG Guide. The findings showed that good progress had been made in ensuring that the boards of Hong Kong listed companies are giving the necessary focus to ESG considerations and that the Listing Rules are achieving the intended effects. This fully supports our goal of aligning with the TCFD framework and the new climate disclosure standards of the ISSB.

At the LME, one of our major framework enhancements in 2022 was around responsible sourcing. Back in 2019, the LME set out new requirements that all brand producers listed on the LME were required to meet. This applied to all metals that were able to be delivered into the LME warehouses. There are three requirements for responsible sourcing – human rights due diligence and governance in the supply chain, environmental risk management practices at mining sites, and occupational health and safety standards at mining sites. We were pleased to see that 96% of the LME-listed brands met the first reporting deadline on 30 June 2022 and complied with the LME's responsible sourcing policy as underpinned by guidelines set by the OECD.



Another key component of the LME’s sustainability strategy is LMEpassport, a digital sustainability credentials register. In 2022, a range of new emission-related certifications and metrics were added to LMEpassport, enabling more producers to report on a wider range of sustainability metrics. Along with a new, easy-to-navigate interface and search functionality, LMEpassport has incorporated a single approved emissions methodology for nickel, zinc, and aluminium, allowing the overall ESG credentials of the metals industry to become clearer, better showcased and more comparable. By the end of 2022, 220 LME-listed brands added over 375 disclosures under the LME’s sustainability taxonomy, a ten-fold increase since its launch in 2021. This increased level of transparency will enable the LME to better understand and address industry-level sustainability challenges, helping drive more progress and mitigation.

While regulation and policy enhancement are crucial to the smooth running of markets and the progression of good corporate governance and ESG, we recognise that educating and upskilling market participants is just as important. Therefore in 2022, we continued to provide market education through guides, webinars and training.

1,400+

participants attended the ESG Academy webinar series since its launch in 2021

Launched in 2021, the [HKEX ESG Academy](#) is an educational platform for companies to keep up-to-date on the latest ESG rules and guidance materials. In 2022, we introduced a new “ESG in Practice” section on the ESG Academy, dedicated to highlighting our latest ESG regulatory developments, with examples of exemplary ESG practices for issuers and the wider business community to take guidance from. In addition, the ESG Academy continued to host a number of webinars and training open to the public where leading industry practitioners were invited to share their insight and expertise on a wide range of ESG topics including corporate culture, board diversity and decarbonisation along the value chain. It also partnered with the UN Sustainable Stock Exchanges Initiative to deliver climate disclosures training, helping companies get prepared for the increasing demand for clear, accessible, transparent information on climate data.

During LME Week, we hosted our first sustainability-focused session, outlining the LME's progress on sustainability and bringing industry experts together to discuss how to collectively drive sustainability in the metals industry. The LME also ran webinars and engagements throughout the year to help market participants get ready for responsible sourcing requirements and encourage higher ESG transparency in the commodities market via LMEpassport. To facilitate the sustainable development of the commodities market, the LME also published sustainability newsletters, providing market participants updates on the LME's sustainability initiatives, and insights on ESG market trends from industry leaders.

Supporting Innovative Markets

At HKEX, we seek to provide a dynamic marketplace that brings buyers and sellers together, facilitating the exchange of ideas and capital, and the growth of new markets and opportunities. In 2022, we continued our work in supporting the companies of tomorrow by issuing regular newsletters to keep market participants updated and informed and by participating in industry-wide conferences and initiatives to share our insights and connect opportunities. We also hosted our own events and summits to bring various stakeholders together and facilitate connections, and introduced new regulation and rules to enhance the attractiveness of our markets for IPOs.

We believe innovation and entrepreneurship will facilitate the growth of Hong Kong's business ecosystem, and the wider global markets that we are participating in. At HKEX, we seek to cultivate an environment for innovation and are committed to supporting the growing biotech and life sciences sectors. Since our listing reforms of 2018 – which made it possible for pre-revenue biotech and new economy companies with weighted voting rights structures to list on our market, we are committed to diversifying opportunities for investors and supporting the growth of innovative sectors and the companies of tomorrow. One sector in particular has come to the forefront – healthcare – with our efforts helping make Hong Kong one of the world's leading fundraising hubs.

The healthcare and information technology industries combined make up more than one-third of the Hong Kong market capitalisation. To further facilitate the development of the biotech community, we hosted our annual Biotech Summit for the fifth year in a row in 2022, bringing together industry leaders, government officials, investors and world-class scientists to connect capital with opportunities and fuel ideas and innovation. With over 45 experts taking part in the full-day virtual event, the Summit attracted around 1,400 participants who explored the opportunities and challenges of Hong Kong's growth as a healthcare hub.





We also published a consultation paper on proposed listing rules that will provide a new channel for specialist technology companies to raise capital in Hong Kong, reflecting our commitment to supporting the companies of tomorrow. Under the proposed regime, specialist technology companies will be categorised into commercial companies and pre-commercial companies, with more stringent requirements for pre-commercial companies given their risk profile. It seeks to expand the range of companies that can access Hong Kong's deep, liquid and international markets and will offer investors even greater choice. This is significant because it potentially represents our biggest listing reform since those that were introduced in 2018, and we expect it to elevate Hong Kong's position as a listing venue of choice for innovative companies from around the world, helping to drive growth in talent and investment across frontier industries, such as greentech.

In the second half of the year, as Hong Kong reopened its borders and put on a number of large-scale conferences, we participated in several high-profile events to share our insights and shape industry-wide conversations. Specifically, we took part in Hong Kong FinTech Week 2022 in October and the Global Financial Leaders' Investment Summit in November.

As part of our sponsorship of Hong Kong FinTech Week, our HKEX executives took part in panels and presentations to discuss innovation and connectivity, and promote the work we do in creating new opportunities for our markets. Meanwhile at the Global Financial Leaders' Investment Summit – the foremost gathering of the global finance industry's top executives in Hong Kong – our executives took part in discussions on East-West opportunities and sustainable finance. We also supported Jumpstarter 2022 and the Banking, Financial Services and Insurance Accelerator 2022 to support the work being put into building an ecosystem for all entrepreneurs and young people.

Our People





Our People



Our Approach

As a purpose-driven organisation, we are committed to supporting the overall well-being, progression and success of our people and the communities in which we operate. We actively invest in professional development and wellness to create a culture of growth and development, enabling our people to thrive both personally and professionally. And we are proud that our people go above and beyond every day, which we celebrate and encourage through company-wide recognition and career development programmes.

Recognising the uniqueness of every individual, we also endeavour to create an inclusive culture with diversity and inclusion at the heart of it. We celebrate our differences in gender, cultural backgrounds, abilities, sexual orientation and much more through various initiatives and our employee-led networks to ensure that our people can bring their best selves to work.

As a listed company with an influence that goes beyond our walls, we are also committed to bringing positive change to the communities in which we operate, supporting their long-term prosperity, resilience and sustainability. We are therefore passionate about supporting our communities and we do this through promoting financial literacy, corporate philanthropy, employee volunteering and community partnerships – all of which enable us to bring the business and social sectors together to create real impact and build a prosperous society.

Our Objectives

To invest in personal development and create an engaging workplace to ensure the physical, mental and financial wellness of our employees and their families

To embrace diversity and equality and to foster an inclusive culture in our workplace and communities

To utilise our own expertise and resources to champion financial literacy in the communities in which we operate

To give back to our communities and help address social and environmental challenges



Our Progress in 2022

40,000+

training hours delivered to HKEX employees

Launched the
HKEX Global Wellness Challenge

330,000

HKEXVoice podcast views

\$142 million

donated to the communities

Hosted our inaugural
HKEX Impact Summit

1,100+

volunteering hours contributed to our communities

Investing in Talent Development

At HKEX, we recognise that when our employees grow, we grow. We continuously invest in professional development to promote a culture of excellence and growth across all levels, equipping our people with the right skills to ensure they are prepared for the future. In 2022, we launched our new vision of building the Marketplace of the Future, which meant that investing in continuous learning and upskilling became increasingly important.

Our ongoing training programmes, such as our leadership programmes and orientation programmes for newly promoted colleagues, help us in this endeavour. Throughout 2022, we organised more than 50 training sessions for high-potential employees on these programmes. We also extended our AI-powered learning and development platform, iLearn, to the LME, offering educational resources tailored to the interests and needs of all employees across the Group. Furthermore, we launched two new training programmes: “Be the CEO of Your Career” and “Conversations that Connect”. The first one targeted employees at junior levels, giving them the tools to drive their career paths, while the second one was for people managers, empowering them with team management skills.

Furthermore, we once again ran our annual Summer Internship Programme, which recruited 61 young professionals to HKEX, providing hands-on work experience over the course of a structured eight-week programme. Alongside the Summer Internship Programme, we also partnered with the Hong Kong University of Science and Technology to roll out a new apprenticeship programme, providing on-the-job practical experience to 23 part-time interns for five months.

Recognising and Engaging Our People

While investing in professional development is important, recognising our people’s success and hard work is also crucial to cultivating a culture of excellence and high standards. In 2022, we launched the HKEX Extraordinary Awards, recognising individuals and teams that lived our Values of Integrity, Diversity, Excellence, Collaboration and

Engagement throughout the year. We deployed a bottom-up approach to the awards and invited employees to nominate high-performing individuals and teams, which were then shortlisted for employees to vote on. We also launched a new human resources information system across the Group to enhance employee experience and allow employees to solicit and receive feedback from their managers and peers.

During the year, we ran regular departmental events and town halls, providing business and strategic updates to our employees. In addition, our Diversity Networks continued to create connections for our passionate volunteer colleagues to help foster a diverse and inclusive working culture. We also refreshed HKEX HIVE, our employee forum, which seeks to share the views and feedback of junior employees with senior management. Its unique structure allows the forum to act as a mini-incubation group within the organisation, with its members suggesting new technologies for adoption and taking on the role of brand ambassadors inside and outside HKEX.

Supporting Our Physical and Mental Wellness

Our people is the greatest asset at HKEX and during the year, we reviewed our policies on an ongoing basis and run various employee programmes to ensure that we keep up with our changing environment and do our best to support our people’s physical and mental health. With the pandemic continuing to impact our operations and people, we introduced a new Remote Working Policy to give employees more flexibility to work from home; and ran a number of Wellness at Work webinars with external professionals, focusing on the challenges brought on by Covid-19 pandemic.

We also continued to run other wellness programmes such as health seminars, fitness classes and social events, to further safeguard the physical and mental wellness of our employees. Notably, we introduced the HKEX Global Wellness Challenge in the summer – encouraging employees across the Group to do more physical activity.



HKEX Global Wellness Challenge – HKEX Goes Around the World Nearly Four Times in Two Months

In Summer 2022, our Global Wellness Challenge asked our employees to run, swim, cycle and walk in the name of physical and mental well-being wherever they were. Our collective goal was to go around the world two times in two months – approximately 80,000 kilometres – and support our charity partners in the process.

As part of the Challenge, we organised a series of Wellness in Action events such as health seminars and fitness classes to promote the importance of physical and mental well-being. Beyond the workplace, we also hosted the Get to Know Your Charity Partners webinar series where local charities were invited to give our employees an oversight into their experience on promoting mental wellness and resilience across Hong Kong, and share their work with HKEX Foundation.

Throughout the campaign, we shared health tips and inspiring stories from our colleagues on what the challenge meant to them to drive some healthy competition and motivate the participants.

The uptake and the results of the Challenge far surpassed our expectations. Collectively, we exceeded our original target and circumnavigated the globe nearly four times, with approximately 1,000 colleagues taking part. We also donated more than \$400,000 to charities in Hong Kong and London to support their work in promoting mental health.

BB

I'm feeling refreshed, grateful and delighted to be able to play my part in contributing to a good cause, improving my fitness and at the same time being the top indoor cyclist!

DD

An employee's reflection on the Global Wellness Challenge

Promoting Diversity and Inclusion

Beyond investing in the professional growth and well-being of our employees, we seek to foster a diverse and inclusive culture in both our workplace and across our communities. Alongside our ongoing initiatives and partnerships, our employee-led networks and resources hubs help drive this commitment, putting a spotlight on gender equality, people with different abilities and from different cultural backgrounds, individuals with family responsibilities and the LGBT+ community in particular.

Gender Equality

In our efforts to promote gender equality and inclusion, we took part in a number of engagements throughout the year. In March, we once again hosted our annual Strike the Gong for Gender Equality campaign, joining over 90 exchanges across the world to celebrate International Women's Day. To mark the event, we created a video in which HKEX leaders shared their views on the importance of gender diversity. Separately, throughout the year we also ran employee events focused on female leadership, such as sharing how to balance career responsibilities with planning for the future, and our reverse mentoring event where more experienced colleagues became the mentees and the next generation acted as the mentors to discuss diversity and the role of gender in the workplace.

People with Different Abilities

We promote the value of each person in society, advocating for understanding and acceptance and focusing on the unique contributions we all make. In Hong Kong, we ran events throughout the year to drive this commitment, including a webinar featuring inspiring stories from Hong Kong Paralympic athletes and a special interactive event giving employees the opportunity to experience how people with different abilities navigate life's challenges. Furthermore, we continued our collaboration with CareER – a charity focused on the career development of persons with special educational needs – hosting an interview skills workshop and offering internships. To cultivate an inclusive workplace, we also conducted office-accessibility assessments of our offices in Hong Kong, identifying physical, hearing and visual-related barriers for us to work on.

In London, the LME hosted the Neurodiversity Celebration Week where it shared educational online resources and books to help its employees to learn and be able to challenge stereotypes and misconceptions about autism and other learning disabilities.

Individuals with Family Responsibilities

Through the HKEX Family, we put a spotlight on elderly care, child care and self-care, supporting our colleagues in the different roles they play within their families. For example, we organised events sharing practical information on how we move through different stages of life and exploring ways of looking after aging parents. In London, the LME launched a new buddies programme for new parents and parents-to-be.

LGBT+

Being an LGBT+ inclusive employer is an important part of fostering a culture of inclusion, and in 2022 we ran several activities to drive this commitment. In June, we celebrated the International Pride Month across the Group through information sharing and awareness building activities. For instance, in Hong Kong, we announced that we joined the Hong Kong Interbank LGBTQ+ Network, and later in year, we joined over 50 businesses across Hong Kong to celebrate the annual Pink Friday, demonstrating our support for LGBT+ people. In London, the LME hosted a Pride Party with a rainbow-themed bake sale. The LME was proud to achieve a Stonewall UK Bronze Award in 2022, recognising its commitment to being an LGBT+ inclusive employer.

People from Different Cultural Backgrounds

To help raise awareness about different cultures within our workforce, we spoke at the Racial Diversity and Inclusion Charter for Employers event in Hong Kong, sharing our best practices and advocating for workplace diversity. In London, through its race and ethnicity network, the LME hosted networking events and educational sessions on different cultural backgrounds. Specifically in October, in celebration of Black History Month, the LME supported the UK's Show Racism the Red Card campaign by wearing red into the office.



Furthering Financial Literacy

As an integral part of capital markets, we recognise that we have an important role to play in furthering financial literacy – both in our organisation and across our wider community. We believe that financial literacy is one of the most important skills that one could have, touching on every aspect of our lives and contributing to the overall stability of our society. We are committed to building financial literacy programmes, making our employees and community as capable as they can be.

Throughout the year, we continued to encourage employees to plan for their future, through organising webinars on financial management topics such as retirement planning and pension fund performance review. To our wider community, we provided seminars, events, educational videos and research reports, helping a wide variety of stakeholders, such as investors, market participants and the wider financial community, to make more informed financial decisions.

Our 2022 educational initiatives included:

- Strike the Gong for Financial Literacy**
 We hosted our annual gong-strike event to celebrate World Investor Week – a global campaign highlighting the importance of investor education and financial literacy. 2022's theme was sustainable finance and we invited leading practitioners to share their insights on the regulatory landscape, ESG capacity building and recent market developments.
- HKEX Insight**
 We published 30 pieces of educational materials in the form of newsletters, research reports and thought leadership articles on our website and social channels, covering a wide range of topics such as connectivity with China and the World, ESG and the derivatives market.
- HKEXVoice**
 We published podcasts on our website and social channels, offering bite-sized, interactive discussions with financial experts on new products and market trends. Throughout the year, around 330,000 podcast views were recorded.
- LME Education**
 In the commodities market, the LME delivered educational courses and resources on various topics, such as hedging, cash-settled futures and options, helping market participants understand how to manage metal price risks.

Investing in Our Communities

At HKEX, we recognise that the role we play in our communities is critical to our future and the future of our markets. We are therefore committed to giving back, helping address the social and environmental challenges that our communities face through lasting and inspiring change.

Throughout 2022, we continued to support our local community through volunteering activities. In July, we were delighted to launch HKEX ACT – a self-managed volunteering platform that allows employees to explore the latest volunteering opportunities. With the help of this new platform, more than 150 HKEX volunteers took part in volunteering activities over the course of the year. In August, we hosted a volunteer recognition event to recognise the passion, dedication and hard work of our outstanding volunteers.

Through [HKEX Foundation](#), our dedicated charitable channel, we support various worthy causes to strengthen our engagement and connectivity with the communities in which we operate. Our involvement aims to progress four key areas of Financial Literacy, Diversity and Inclusion, Poverty Relief, and Environmental Sustainability. In 2022, the Group donated \$142 million to support community projects and charities, and took a number of new steps to expand the Foundation's reach and impact:

- **Enhancing the scope of our charity programme**
We enhanced the funding for the HKEX Charity Partnership Programme to \$50 million, up from \$20 million in 2021. This allowed us to support more community groups that are facing pressing challenges, including underprivileged individuals and families, people with physical and mental challenges, and to promote sustainable and low-carbon living.

- **Expanding our coverage to social enterprises**
We expanded the HKEX Impact Funding Scheme to local social enterprises, helping them build and grow their enterprises and undertake innovative projects to address social and environmental challenges. For example, we supported the development of an all-in-one mobile app that houses educational materials and important documents such as wills and advance directives, helping the elderly to make financial planning.
- **Launching a new funding scheme**
Alongside our existing HKEX University Scholarship Programme, we launched the HKEX Research Funding Scheme, a new programme aimed at nurturing local talent and supporting the research and development capabilities of Hong Kong's universities. The new scheme will fund innovative university-backed research projects that help to provide valuable insight into financial markets, ESG and broader sustainability.

In London, underscoring its commitment to responsible supply chains, the LME continued its funding partnership with the charities Pact and The Impact Facility, supporting their multi-year projects to tackle child labour and children's rights issues in African mining communities. Furthermore, the LME announced a new partnership with Inspire, a charity and an education business that seeks to empower young people to reach their full potential and realise their ambitions.



HKEX Impact Summit – Connecting Corporate Change-makers and Social Innovators

Businesses with a strong focus on sustainability are placing more emphasis on how they can have a positive social impact on the communities in which they operate, including through philanthropic work and other social engagements. Corporates and social sector organisations are both taking on new roles, applying their strengths in new ways and forming new types of partnerships.

In December, we hosted our inaugural HKEX Impact Summit, providing a unique platform for corporate change-makers and social innovators to connect and share their insights on promoting corporate philanthropy, as well as fostering stronger bonds between businesses and society.

The Summit gathered more than 300 participants at the HKEX Connect Hall and online, including government representatives, business leaders, social enterprises and NGO pioneers in Hong Kong. The panel discussions explored a broad range of topics on philanthropy trends, new models of NGO governance and projects that exemplify the creation of shared value. During the event, social enterprises demonstrated their innovative solutions to solving social and environmental issues.



Developing and enhancing the corporate philanthropy culture in Hong Kong – opening it to new concepts, models and best practices from around the world – requires greater connectivity between stakeholders. We want to do all that we can to support that.



Laura M CHA
Chairman

Our Operations







Our Operations

Our Approach

As a responsible corporate with an influence that goes beyond our walls, we are committed to pursuing operational excellence in our business and setting an example to our wider community – so that our business, our partners and our communities can all prosper.

We seek to uphold the highest standards of integrity in everything we do, protect our business from external risks, and fulfil our responsibilities as a listed company ourselves. We do this through our robust governance structure and risk management controls, ongoing policy enhancements and a company-wide focus on doing the right thing for our employees and business partners.

We also seek to drive environmental stewardship across our business and continuously improve our operations with sustainability practices in mind. While doing so, we solicit views from various external stakeholders to build into our activities, promoting an environment of open communication, transparency and proactive engagement.

Our Objectives

To uphold the highest standard of ethics and integrity when doing our business and to reinforce our Values in all that we do

To responsibly manage the environmental impact of our operations and decouple our carbon footprint from our business growth

To maintain a responsible and ethical supply chain and to promote strong ethical supply chain management within the wider business community

To maintain proactive and two-way communications through effective engagement and transparent disclosure



Our Progress in 2022

Introduced the new
**Group Code of
Conduct**

Set up the
**Third Party Risk
Management
Policy and
Framework**

Initiated proposals
to expand the
**paperless
listing regime**

Launched new
digital tools
to reduce carbon
footprint

Reduced paper
consumption by
60%

Strengthening Our Integrity and Risk Management

As one of the world's leading exchange groups, we strengthen confidence in our markets and the services we provide by taking governance and risk management very seriously. We regularly strengthen our policies and processes to ensure that we continue to hold ourselves to the highest standards of integrity and risk management. In 2022, we rolled out and enhanced a number of company-wide policies and initiatives to help us in this endeavour. These included:

- **A new Group Code of Conduct**
By outlining what we expect from every individual across HKEX Group, as well as from our business partners, contractors and suppliers, the Code allows us to promote a healthy and safe workplace and build a business that aligns with our core Values and one that is trusted by internal and external stakeholders. In the new Code, we cover policies relating to anti-bribery and anti-corruption, conflict of interests, whistleblowing, prevention of financial crimes, data privacy, equal opportunities and anti-discrimination.
- **A new Conflict of Interest Policy**
By setting out the arrangements for identification, disclosure, escalation and management of conflicts of interest, the new Policy provides guidance on a number of areas, including the types of conflicts of interest, how these may arise and the ways in which conflicts of interest are to be disclosed and managed to protect the Group and its stakeholders.

In addition to the above, we continue to reinforce a culture of integrity, compliance and risk awareness via regular company-wide efforts and communications. Throughout the year, we reviewed and updated our existing policies, strengthening our approach to whistleblowing, grievance, personal account dealing and anti-discrimination. Via iLearn, online training sessions on anti-corruption, cyber security, risk management, occupational health and human rights are available for all employees. In particular, to protect our business and operations

from rising cyber-security risks, we shared guidance on various topics such as how to stay alert to fraudulent emails, manage social media-related risks, and safeguard our information and intellectual property.

We also continue to strengthen our information security controls to meet privacy and data protection obligations under applicable laws and regulations. To address information security risks in a timely and effective manner, the HKEX Board, Risk Committee and senior management are kept updated on information security matters on a regular and as-needed basis. To ensure our information security is in line with industry standards and best practice, we align with the NIST Cyber Security Framework; maintain an ISO 27001 certification for the information security management system of our enterprise data centre and engage external specialists to conduct independent reviews.

We also seek to support the integrity of our financial markets, making sure that our markets are not used to facilitate financial crime, including money laundering and terrorist financing. To achieve this, we have a dedicated policy on financial crime and a risk-based anti-money laundering (AML) programme in place that requires compliance with all applicable AML laws and regulations in the jurisdictions that we operate in. This policy covers areas such as conducting risk-based due diligence, monitoring and reporting suspicious activities. Further, we comply with all economic sanctions regimes in the jurisdictions in which we operate. We also screen all participants, suppliers/vendors and other business partners against applicable sanctions lists, such as those published by the UN.



Driving Supply Chain Sustainability

While looking at our own operations is important in ensuring that we act responsibly and manage our risks well, operational excellence also requires us to take a prudent approach to suppliers and third-party vendors.

We seek to purchase socially and environmentally-considerate goods and services, and protect our business from third-party risks. Our Supplier CSR Code of Conduct and our Guidelines on Supply Chain Sustainability help ensure we collaborate with suppliers who embed sustainability in what they do. Reflecting this, in 2022 we continued to contract social enterprises to be our vendors in several company-wide projects. This included partnering with a social enterprise supporting people with different abilities through skills training, employment and integration – to produce the gifts supplied for the celebration marking the LME’s 10-year anniversary of joining the HKEX family. For our Christmas celebration at Connect Hall, we also invited a number of NGOs and social enterprises, dedicated to supporting people with special educational needs, underprivileged women and people in recovery from mental illness, respectively – giving them the opportunity to showcase their goods to our employees.

Besides maintaining a responsible and ethical supply chain, we also take the risks stemming from our suppliers and third-party vendors very seriously. To that effect, in 2022 we elevated our efforts in this space by incorporating ESG risks in the new Group Third Party Risk Management Policy and Framework. The Policy sets out standards and risk management principles to implement and drive a robust, coherent and consistent approach to the identification and management of third party risk, ensuring our employees comprehensively analyse and understand the risks involved in engaging a third party; understand their responsibilities in implementing appropriate controls or remediation actions to mitigate and reduce risks and exercise ongoing due diligence responsibly throughout the third party engagement lifecycle. Under the Framework, risks in relation to ESG, cyber security and data, among other risks, have been added to assess the inherent risk of a third-party service.

Going Green in Our Operations

We aspire to champion sustainability in all that we do, managing our environmental impact in a responsible way, driving meaningful changes and leading our community by example. We are always looking for ways to be more environmentally friendly, and one of the biggest changes we initiated on this front in 2022 was developing new proposals to further reduce the use of paper in listing documentation.

Following the paperless listing regime in 2021, we introduced other paperless initiatives such as publishing an online-only listing rule book and digitalising Hong Kong IPO's settlement process through FINI. In 2022, we published a consultation paper on our proposals to further advance our paperless initiatives and simplify other administrative procedures, including through reducing the number of documents required for submission, mandating electronic submissions for the majority of submission documents and requiring all listed issuers to electronically disseminate corporate communications to the extent permitted by the laws and regulations applicable to them. We expect this to significantly reduce our impact on the environment while also improving operational efficiency, if adopted.

To create a more modern, agile and resilient platform within HKEX, we rolled out a number of new tools and services in 2022 to build a work environment that is truly digitally empowered, and

one that lessens our impact on the environment with a set of new digital tools, enhancing the video conferencing system and introducing new printing management solutions. These efforts allowed us to enhance virtual collaboration across the organisation and reduce our carbon footprint. In 2022, we reduced our paper consumption by 60% compared with 2021.

To raise awareness of environmental issues and drive change among our employees, in April we supported Earth Hour and held our annual "HKEX Goes Green" campaign to coincide it with Earth Day. In the "HKEX Goes Green" campaign, we focused on promoting our sustainability initiatives and sharing best practices and inspiring stories from a young climate advocate to motivate everyone to do their part. We also invited employees to share their thoughts on what we can do to address climate change as a corporate and as individuals. Later in the year, we hosted a tour of O-PARK1, an organic resources recovery centre, where our colleagues learned about the problem of food waste and the process of turning waste-to-energy in Hong Kong.

Through the HKEX Foundation, we continued to support community projects that promote environmental protection and enhance the climate resilience of our society. The Foundation is a Platinum sponsor of Friends of the Earth (HK)'s Tree Planting Challenge. In addition, nearly 40 HKEX volunteers took part in the Climate Tree Care Programme to weed and fertilise young tree saplings and reduce the chance of pest outbreak.





In London, the LME committed to achieve net-zero emissions by 2040, supporting global efforts to meet the Paris Agreement goals. Having committed to using the SBTi, the LME is developing a full emissions reduction target and roadmap, which will be submitted to the SBTi for official validation by October 2024.

We were proud to once again be included in the S&P Global Sustainability Yearbook 2022, reflecting our strong global sustainability performance. We also received the Partner of Charity Giving Award from The Community Chest of Hong Kong for our continuous contribution to the community. Additional information on our recognition and ratings is available on the [HKEX Group website](#).

Maintaining Open Communications and Transparency

We recognise the importance of proactive, timely and open communications with our broad range of stakeholders. In 2022, we published our Annual Report and CSR Report in compliance with Web Content Accessibility Guidelines 2.1, allowing people with vision impairment to assess our strategic development and key initiatives. During the year, we were delighted to receive awards and accolades in recognition of our communications efforts. These included:

- Best Report Award and Best ESG Reporting Award from The Hong Kong Management Association
- Most Sustainable Companies/Organisations – Special Mention in the Hong Kong Institute of Certified Public Accountants’ Best Corporate Governance and ESG Awards
- Investor Relations Award from the Hong Kong Investor Relations Association

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

Indicators	Unit	2022	2021	2020
Direct economic value				
Generated ^{1,2}	\$m	18,456	20,950	19,190
Distributed ³	\$m	16,025	18,186	16,747
Retained ⁴	\$m	2,431	2,764	2,443
Current tax				
Hong Kong	\$m	1,479	1,969	1,535
Mainland China	\$m	3	2	2
UK	\$m	114	174	176
Stamp duty generated for the Government ⁵	\$m	51,987	66,169	45,547

- 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 Due to typhoons and rainstorms in Hong Kong, trading in Holiday After-Hours Trading was suspended on 1 July 2022; trading in After-Hours Trading was suspended on 24 August 2022; trading in the securities market, including Stock Connect trading, and derivatives markets was delayed on 25 August 2022; and trading in the securities market, including Stock Connect trading, and derivatives markets was suspended and After-Hours Trading was cancelled on 2 November 2022. The estimated loss in revenue due to typhoons and rainstorms was insignificant to the Group's revenue in 2022.
- 3 Direct economic value distributed covers the Group's operating expenses, interest expenses, dividends, total current tax, transaction-related expenses and charitable donations as disclosed in the Consolidated Financial Statements of HKEX's Annual Report.
- 4 Direct economic value retained means the direct economic value generated less the direct economic value distributed.
- 5 Stamp duty is generated for the Government in respect of all securities transactions which are subject to stamp duty and recognised by SEHK.

Business Integrity and Ethics

Anti-corruption

In 2022, there were no concluded legal cases regarding corruption brought against the Group or its employees. 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 2022, 13 Directors, which account for 100 per cent of the Board members, received training on anti-corruption.

System Stability and Reliability

During 2022, despite market volatility and challenges posed by the pandemic on work arrangements, all of HKEX's major trading, clearing, settlement and market data dissemination systems for the Cash and Derivatives Markets continued to perform robustly. In the Commodities Market, a power outage at the LME's third party data centre on 10 January 2022 resulted in a temporary market interruption to the LME's electronic trading platform (LMEselect). The root cause was subsequently identified and corrective measures have been duly implemented.

On 8 March 2022, the LME decided to suspend trading, and to ensure no trading activity that had taken place on the LME's nickel market after midnight on 7 March 2022 should result in a binding contract under the LME's rules. These decisions were taken by the LME having concluded that the market had become disorderly. An independent review was conducted and further details of this and the incident are disclosed on the [LME website](#).

Data Privacy

In 2022, there were no incidents and substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group.

Product Responsibility

In 2022, 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.

Indicator	Unit	2022	2021	2020
Enquiries and complaints handled	no.	7,722	9,784	11,119

Anti-competitive Behaviour

In 2022, the Group was not aware of any legal actions against it for anti-competitive behaviour, anti-trust or monopoly practices.

Supply Chain Sustainability

In 2022, the percentage of local key suppliers for the Group's operations in Hong Kong, Mainland China and the UK are 77 per cent, 100 per cent and 94 per cent, respectively. There was no significant change to the Group's supply chain in 2022.

In 2022, the Group introduced a new Third Party Risk Management Policy and Framework to help identify and manage risks in relation to ESG, cyber security and data, among other topics, involved in engaging a third party. 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 or labour practices, and no instances of non-compliance occurred in respect of these areas.

Indicators	Unit	2022	2021	2020
Total key suppliers ¹	no.	125	96	122
By region				
Asia (excluding Hong Kong and Mainland China)	no.	4	2	1
Australia	no.	1	1	1
Europe	no.	5	5	7
Hong Kong	no.	58	50	53
Mainland China	no.	3	3	9
UK	no.	50	33	45
US	no.	4	2	6
Total payment to key suppliers	\$bn	1.9	1.9	2.0

1 The definition of "key suppliers" refers to suppliers of products and/or services to the Group whose contract sum exceeded \$3 million, £270,000, RMB 2.6 million or equivalent.

Employment

As of 31 December 2022, the Group had a total of 2,380 employees, a three per cent increase from 2021.

In 2022, there was no reported incidents of non-compliance or grievances in relation to human rights or labour practices standards and regulations that would have a material or significant impact on the Group. As of the date of this Report, HKEX is party to one labour-related dispute that is the subject of ongoing proceedings in Hong Kong.

Indicators	Unit	2022	2021	2020
Total employees ¹	no.	2,380	2,307	2,392
By gender				
Female	no.	975	939	970
Male	no.	1,405	1,368	1,422
By age group				
Below 30	no.	422	400	440
30 to 50	no.	1,626	1,595	1,624
Over 50	no.	332	312	328
By region				
Hong Kong	no.	1,599	1,555	1,624
Mainland China	no.	399	366	388
UK	no.	373	378	370
Others ²	no.	9	8	10
By employment contract and gender				
Permanent (female)	no.	914	940	903
Permanent (male)	no.	1,323	1,206	1,301
Temporary/fixed term (female)	no.	61	66	67
Temporary/fixed term (male)	no.	82	95	121
By employment contract and region				
Permanent (Hong Kong)	no.	1,474	1,408	1,439
Permanent (Mainland China)	no.	399	366	388
Permanent (UK)	no.	355	364	367
Permanent (others ²)	no.	9	8	10
Temporary/fixed term (Hong Kong)	no.	125	147	185
Temporary/fixed term (Mainland China)	no.	-	-	-
Temporary/fixed term (UK)	no.	18	14	3
Temporary/fixed term (others ²)	no.	-	-	-
By employment type and gender				
Full-time (female)	no.	967	926	954
Full-time (male)	no.	1,402	1,366	1,417
Part-time (female)	no.	8	13	16
Part-time (male)	no.	3	2	5

¹ The number of employees is expressed as headcount. In 2020, 2021 and 2022, no significant portion of the Group's activity was performed by workers who were not employees of the Group.

² The figures refer to employees stationed in Singapore and New York.

New Hires and Turnover

Indicators	Unit	2022	2021	2020
Total new hires	no. (%)	452 (19)	378 (16)	293 (12)
By gender				
Female	no. (%)	173 (18)	141 (15)	115 (12)
Male	no. (%)	279 (20)	237 (17)	178 (13)
By age group				
Below 30	no. (%)	168 (40)	162 (41)	93 (21)
30 to 50	no. (%)	259 (16)	201 (13)	178 (11)
Over 50	no. (%)	25 (8)	15 (5)	22 (7)
By region				
Hong Kong	no. (%)	305 (19)	237 (15)	136 (8)
Mainland China	no. (%)	79 (20)	93 (25)	69 (18)
UK	no. (%)	65 (17)	48 (13)	88 (24)
Others ¹	no. (%)	3 (33)	-	-
Total employee turnover ²	no. (%)	328 (14)	346 (15)	289 (12)
By gender				
Female	no. (%)	114 (12)	141 (15)	95 (10)
Male	no. (%)	214 (15)	205 (15)	194 (14)
By age group				
Below 30	no. (%)	89 (21)	84 (21)	94 (21)
30 to 50	no. (%)	208 (13)	236 (15)	156 (10)
Over 50	no. (%)	31 (9)	26 (8)	39 (12)
By region				
Hong Kong	no. (%)	195 (12)	210 (14)	148 (9)
Mainland China	no. (%)	60 (15)	103 (28)	94 (24)
UK	no. (%)	71 (19)	33 (9)	47 (13)
Others ¹	no. (%)	2 (22)	-	-
Average years of service	no.	6	7	7
Employees eligible to retire within the next five years	no.	130	205	112

¹ The figures refer to employees stationed in Singapore and New York.

² The figures refer to voluntary turnover of employees.

Return to Work and Retention after Parental Leave

Indicators	Unit	2022	2021	2020
Employees who took parental leave ¹				
Female	no.	50	51	48
Male	no.	39	26	53
Employees who returned to work after parental leave ended ²				
Female	no. (%)	30 (94)	34 (100)	30 (94)
Male	no. (%)	39 (100)	26 (100)	52 (98)
Employees who remained employed 12 months after the end of parental leave ³				
Female	no. (%)	27 (79)	25 (83)	20 (83)
Male	no. (%)	23 (88)	46 (88)	36 (82)

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 the corresponding year were excluded from the calculation.

3 Relevant data of BayConnect Technology Company Limited was not included in the calculation for 2020.

Learning and Development

Indicators	Unit	2022	2021	2020
Total cost of training	\$m	11.8	7.9	10.0
Total hours of training received by employees	no.	42,292	26,957	20,896
Mandatory training	no.	10,307	7,331	8,193
Non-mandatory training	no.	31,985	19,626	12,703
Average hours of training per employee and percentage of employees who received training	no. (%)	18 (87)	12 (96)	9 (97)
By gender				
Female	no. (%)	17 (78)	11 (97)	8 (97)
Male	no. (%)	20 (92)	12 (96)	9 (98)
By employee category				
Senior	no. (%)	11 (91)	13 (97)	9 (96)
Middle-level	no. (%)	19 (91)	12 (99)	8 (96)
Supervisory-level	no. (%)	20 (83)	11 (98)	6 (98)
General	no. (%)	12 (76)	11 (88)	12 (98)
Permanent employees who received formal performance appraisals ¹	%	100	100	91
Permanent employees who received multi-rater performance evaluation ¹	%	90	23	22

1 Excludes employees who were not subject to a performance appraisal process

Diversity

Indicators	Unit	2022			2021			2020		
		Female	Male		Female	Male	Female	Male		
By gender per employee category										
Senior	%	39	61		36	64	35	65		
Middle-level	%	41	59		40	60	40	60		
Supervisory-level	%	40	60		42	58	41	59		
General	%	43	57		43	57	44	56		
By age group per employee category										
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior	%	-	67	33	-	66	34	-	65	35
Middle-level	%	3	84	13	3	85	12	3	84	13
Supervisory-level	%	28	62	10	24	64	12	27	63	10
General	%	51	38	11	45	46	9	44	45	11

Gender Pay Gap

Indicators	Unit	2022		2021	
		Female	Male	Female	Male
By region and pay quarter ^{1,2}					
Hong Kong					
Top quarter	%	42	58	40	60
Upper middle quarter	%	44	56	42	58
Lower middle quarter	%	46	54	48	52
Lower quarter	%	55	45	55	45
Mainland China ³					
Top quarter	%	33	67	36	64
Upper middle quarter	%	30	70	38	62
Lower middle quarter	%	19	81	38	62
Lower quarter	%	18	82	59	41
UK					
Top quarter	%	27	73	27	73
Upper middle quarter	%	27	73	23	77
Lower middle quarter	%	32	68	32	68
Lower quarter	%	56	44	55	45

1 Relevant figures have been disclosed from 2021 onwards.

2 Employees were ranked based on their annual salary.

3 Relevant data for BayConnect Technology Company Limited was not included in the calculation for 2021.

Remuneration

Indicators	Unit	2022		2021		2020	
		Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Basic salary ¹ and remuneration ² of female employees to male employees							
Hong Kong							
Senior	ratio	1.0	1.0	0.9	0.9	0.9	0.9
Middle-level	ratio	1.0	1.0	1.0	1.0	1.0	1.0
Supervisory-level	ratio	1.0	1.0	1.0	1.0	1.0	1.0
General	ratio	1.1	1.1	1.0	1.0	1.1	1.1
Mainland China							
Senior	ratio	1.0	1.5	1.2	2.0	0.9	1.4
Middle-level	ratio	1.0	1.2	1.0	1.1	1.0	1.1
Supervisory-level	ratio	1.0	1.1	0.8	0.9	0.8	0.8
General	ratio	1.0	1.1	0.9	1.0	0.9	0.9
UK							
Senior	ratio	0.9	0.7	0.9	0.8	1.0	0.8
Middle-level	ratio	0.9	0.9	0.9	0.9	0.9	0.9
Supervisory-level	ratio	0.9	0.9	0.8	0.9	0.8	0.9
General	ratio	1.0	0.9	1.0	1.0	1.3	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.

Indicators	Unit	2022	2021	2020
Annual total compensation ¹ for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)				
Hong Kong	ratio	49	72	67
Mainland China	ratio	31	27	23
UK	ratio	20	17	15
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 ²	ratio	N/A	N/A	11
Mainland China ³	ratio	N/A	N/A	N/A
UK ⁴	ratio	1.6	9	N/A

1 Annual total compensation includes the total sum of 12 months of basic salary as at year end, performance bonus and share award, if any.

2 There was a decrease in the annual total compensation for the highest-paid individual in Hong Kong in 2022. There was a decrease in the median annual total compensation for all employees (excluding the highest-paid individual) in Hong Kong in 2021.

3 There was a decrease in the median annual total compensation for all employees (excluding the highest-paid individual) in Mainland China in 2022, 2021 and 2020.

4 There was a decrease in the annual total compensation for the highest-paid individual in the UK in 2020.

Occupational Health and Safety

In 2022, the Group received no prosecutions related to occupational health and safety. No work-related fatalities occurred between 2020 and 2022.

Indicators	Unit	2022	2021	2020
Reportable injuries ¹	no.	-	-	1
Injury rate ²	rate	-	-	0.04
Reportable occupational diseases	no.	-	-	-
Occupational disease rate ³	rate	-	-	-
Lost days	no.	-	-	12
Lost day rate ⁴	rate	-	-	0.50
Absentee days	no.	6,002	4,856	4,849
Absentee rate ⁵	rate	1.02	0.84	0.81

- 1 Reportable injuries refer to work-related accidents to employees that resulted in incapacity for a period exceeding three days in Hong Kong and Mainland China, 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 The lost day rate is calculated based on the number of lost days per 200,000 hours worked.
- 5 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	Unit	2022	2021	2020
Charitable donations	\$m	141.6	105.5	112.9
Donation to The Community Chest of Hong Kong	\$m	50.0	69.0	78.8
Donations to other charity partners	\$m	91.6	36.5	34.1
Funds raised from the Stock Code Balloting for Charity Scheme for The Community Chest of Hong Kong ¹	\$m	N/A	N/A	50.0
Funds raised from the Stock Code for Charity Scheme for HKEX Foundation ²	\$m	129.0	138.0	105.0
Employee charitable donations	\$m	0.1	0.1	0.1
Employee volunteering hours ³	no.	1,118	850	973
Employee volunteering leave days taken ⁴	no.	33	37	32

- 1 Donations were made directly by listed issuers to The Community Chest of Hong Kong through the Stock Code Balloting for Charity Scheme which was ceased on 30 June 2020.
- 2 The [Stock Code for Charity Scheme](#) took effect on 1 July 2020.
- 3 Includes volunteering hours from guests of HKEX employees
- 4 Employees are given additional paid day leave (a maximum of one day for HKEX employees and a maximum of two days for the LME and LME Clear employees) in recognition of their efforts in serving the community.

Environmental Stewardship

Unless otherwise specified, data disclosed for 2022 and 2021 cover the Group's operations in Hong Kong, Mainland China and London. 2020 data cover the Group's operations in Hong Kong and London only. The Group's operations in relation to its certain offices in Mainland China, Singapore and New York are excluded from this Report due to their relatively small environmental footprint.

In 2022, there were no confirmed non-compliance incidents or grievances in relation to environmental protection that would have a significant impact on the Group.

Emissions¹

Indicators	Unit	2022	2021	2020
Total GHG emissions ² (Scope 1 and 2)	tonnes	14,446	15,041	19,118
Total GHG emissions (Scope 1 and 2) per floor area	tonnes/m ²	0.23	0.24	0.34
Total GHG emissions (Scope 1 and 2) per employee	tonnes/employee	6.07	6.52	7.99
Total GHG emissions (Scope 1, 2 and 3)	tonnes	15,277	15,990	20,096
Total GHG emissions (Scope 1, 2 and 3) per floor area	tonnes/m ²	0.25	0.25	0.36
Total GHG emissions (Scope 1, 2 and 3) per employee	tonnes/employee	6.42	6.93	8.40
Direct GHG emissions ³ (Scope 1)	tonnes	307	102	166
Corporate fleet	tonnes	12	15	14
Backup generators	tonnes	20	16	16
Refrigerants	tonnes	275	71	136
Indirect GHG emissions (Scope 2 – market-based)	tonnes	14,139	14,939	18,952
Purchased electricity	tonnes	14,139	14,939	18,952
Indirect GHG emissions (Scope 2 – location-based)	tonnes	15,236	15,973	19,122
Purchased electricity	tonnes	15,236	15,973	19,122
Indirect GHG emissions (Scope 3)	tonnes	831	949	978
Business air travel ^{4,5}	tonnes	N/A	N/A	N/A
Paper consumption	tonnes	17	35	56
Staff commuting	tonnes	789	884	880
Waste to landfill	tonnes	25	30	42

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

2 The Group's GHG inventory includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. GHG emissions data is presented in carbon dioxide equivalent and was calculated based on the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" 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 (DEFRA) 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 2022 Scope 1 GHG emissions is as follows: carbon dioxide (31 tonnes CO₂e), methane (0.02 tonnes CO₂e), nitrous oxide (1.3 tonnes CO₂e) and hydrofluorocarbons (275 tonnes CO₂e). There was no emission of perfluorocarbons and sulphur hexafluoride in 2022.

4 As set out in the Group's Carbon Offset Policy for Business Air Travel, all GHG emissions due to business air travel was offset and for 2022, 390 tonnes CO₂e of GHG was offset.

5 Emissions data relating to air travel by HKEX's directors and employees is based on the International Civil Aviation Organization Carbon Emissions Calculator and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by DEFRA in the UK.

Energy Consumption ¹

Indicators	Unit	2022	2021	2020
Total energy consumption	MWh	36,446	37,446	33,808
Total energy consumption per floor area	MWh/m ²	0.59	0.59	0.60
Total energy consumption per employee	MWh/employee	15.31	16.23	14.13
Direct energy consumption	MWh	127	115	110
Unleaded petrol	MWh	29	38	33
Diesel	MWh	98	77	77
Indirect energy consumption	MWh	36,319	37,331	33,698
Purchased electricity	MWh	32,305	33,559	33,698
Purchased renewable electricity ²	MWh	4,014	3,772	N/A
Expense on energy consumption ³	\$m	45	41	40

- 1 Energy consumption data was based on the amount of purchased electricity and fuels consumed and the relevant conversion factors provided by DEFRA.
- 2 Relevant figure was disclosed from 2021 onwards.
- 3 Includes air-conditioning costs, electricity tariffs and fuel costs (for vehicles and backup generators). Air-conditioning costs incurred do not reflect the actual amount of electricity consumption for air-conditioning since they were charged at a rate proportional to the floor area of leased offices.

Paper Consumption

Indicators	Unit	2022	2021	2020
Total paper consumption	tonnes	17	43	59
Office paper	tonnes	13	38	34
Paper for printing publications ¹	tonnes	4	5	25
FSC or PEFC-certified or recycled paper used ²	%	100	100	70

- 1 Includes paper used for printing corporate financial statements, brochures and the Listing Rules
- 2 All office paper used and paper used for printing the Group's publications are FSC or PEFC-certified or recycled paper, except paper used for printing the Listing Rules.

Waste Management ¹

Indicators	Unit	2022	2021	2020
Total waste produced and disposed to landfill	tonnes	54	64	91
Waste produced and disposed to landfill per floor area	tonnes/m ²	0.001	0.001	0.002
Waste produced and disposed to landfill per employee	tonnes/employee	0.02	0.03	0.04
Waste produced and disposed to landfill				
General office waste	tonnes	52	63	91
Food waste	tonnes	1.9	1.1	0.1
Waste produced and collected for recycling				
Food waste	tonnes	1	2	1
Mixed recycling	tonnes	29	25	27
Paper ²	tonnes	66	122	84
Waste lead-acid batteries ³	tonnes	-	13	10
Metals	kg	494	1,954	1,346
Plastics	kg	348	660	456
Polyfoam	kg	112	222	515
Wooden board	kg	128	1,990	622
Glass	kg	115	189	110
Electronic equipment	pieces	66	705	387

- 1 Figures disclosed represent data for the Group's operations in Hong Kong and London only.
- 2 Includes confidential waste paper generated within the Group and paper documents submitted by external parties
- 3 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 2022 calendar year. It is available on the HKEX Group website and should be read in conjunction with the HKEX 2022 Annual Report, 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.

Boundary and Scope

This Report covers the operations of HKEX and its subsidiaries. There is no significant change in the boundary and scope of this Report from that of the HKEX 2021 CSR Report, published on 14 March 2022.

Reporting Principles

This Report aims to provide a balanced representation of the Group's CSR performance under the three pillars of our CSR Strategy – 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 assessment and engagement channels with major stakeholders are disclosed in the Our Approach to CSR section.

To ensure a comprehensive understanding of the Group's CSR performance over time, a summary of the Group's 2022 CSR performance relative to various quantitative KPIs, with comparison to 2020 and 2021, is disclosed in the Performance Summary section. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for 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 mandatory disclosure requirements and “comply or explain” provisions outlined in the ESG Guide. This Report also references selected disclosures, or parts of their content, from the GRI Sustainability Reporting Standards. For climate-related disclosure, we adopted the disclosure recommendations developed by the TCFD. Content indexes are available on the [HKEX Group website](#) as a tool to help readers easily locate relevant information within the Report, HKEX's Annual Report and across HKEX's web-based resources.

Forward-looking Statements

This Report contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs and assumptions of HKEX about the businesses and the markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of HKEX. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this Report.

Assurance

To ensure the quality of the information reported, the reporting process is 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.

Endorsement and Approval

This Report was endorsed by the CSR Committee and approved by the Board in February 2023.

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. Please share any comments or suggestions regarding the Group's CSR performance to csr@hkex.com.hk.

Glossary

AI	Artificial intelligence
Board	HKEX's board of directors
Chief Executive Officer or CEO	HKEX's Chief Executive
CO₂e	Carbon dioxide equivalent
Corporate Governance Code	Appendix 14 to the Main Board Listing Rules
CSR	Corporate Social Responsibility
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
FSC	Forest Stewardship Council
GFANZ	Glasgow Financial Alliance for Net Zero
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
HKEX Foundation or Foundation	HKEX Foundation Limited
HKSAR	Hong Kong Special Administrative Region
INED(s)	Independent Non-executive Director(s)
IPCC	Intergovernmental Panel on Climate Change
IPO(s)	Initial Public Offering(s)
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
KPI(s)	Key performance indicator(s)
LGBT+	Lesbian, Gay, Bisexual and Transgender plus
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
MOU	Memorandum of understanding
MWh	Megawatt hour
NGO(s)	Non-governmental organisation(s)
NIST	National Institute of Standards and Technology
OECD	Organisation for Economic Co-operation and Development
PEFC	Programme for the Endorsement of Forest Certification
RMB	Renminbi
SBTi	The Science Based Targets initiative
STAGE	HKEX's Sustainable and Green Exchange
TCFD	Task Force on Climate-related Financial Disclosures
UK	United Kingdom
UN	United Nations
US	United States of America
\$ or HKD	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 2022 Corporate Social Responsibility Report (“the Report”). The scope of HKQAA’s verification covers the data and information associated to HKEX’s sustainability performance, including the quantitative data of direct (scope 1), indirect (scope 2), and other indirect (scope 3) greenhouse gas emissions for the period from 1st January 2022 to 31st December 2022, as disclosed in the Report.

The objective of this verification is to provide a 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 Reporting Guide”) of The Stock Exchange of Hong Kong Limited and the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

Our verification procedure performed including discussion on 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 does not involve in the collection and calculation of the data presented 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 with the criteria of reasonable assurance, it is the opinion of the verification team that:

- The Report has complied with all the mandatory disclosure requirements and “comply or explain” provisions outlined in the ESG Reporting Guide;
- The Report is prepared with reference to the selected disclosure requirements, or parts of their content, from 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 has maintained its extent of transparency to provide information for stakeholders regarding HKEX’s commitments, future planning, performance achievement and progress towards sustainability.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham

Head of Audit
February 2023

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