

HKEX
香港交易所

Supporting the Prosperity of All

Corporate Social Responsibility
Report 2020

Stock code: 388





At HKEX, we understand that our responsibilities go beyond our duties as a market operator and regulator. Our role in the community, and our commitment to being a responsible leader, is a critical part of our business strategy and of our future.

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Message from Our Chairman

Our role in global financial markets and within our community is one that comes with great responsibility and it is a role that is central to our business strategy. We see ourselves as a change agent, and seek to lead by example, promoting sustainability across our business, operations, and markets, encouraging others to join us in securing a future in which we can all thrive.



Across the globe, 2020 was unquestionably one of the most challenging years in recent history. The Covid-19 global pandemic, geopolitical tensions, economic fragility, and escalating urgency around climate change have presented many challenges, causing disruptions to our economy and society.

However, 2020 has also served as a wake-up call, sharpening investors' and companies' focus on long-term sustainability, and elevating the importance of building ESG risk management into business strategies.

HKEX, sitting at the heart of Asia's global capital markets, continued to be a major force in driving and facilitating this sustainability journey in the region. Our responsibilities go beyond our core functions as an exchange group. Our role in global financial markets and within our community is one that comes with great responsibility and it is a role that is central to our business strategy. We see ourselves as a change agent, and seek to lead by example, promoting sustainability across our business, operations and markets, encouraging others to join us in securing a future in which we can all thrive.

Our CSR Strategy, launched in 2019, provides the framework to guide our actions in fulfilling our responsibilities to our markets, people, and operations, supporting our overriding mission to promote our financial markets and our community for the prosperity of all. Progress has been significant and multi-faceted over the past twelve months.

We see ourselves as a change agent, and seek to lead by example

Markets

Throughout 2020, HKEX demonstrated its resilience and strength, providing fully functioning, well-regulated markets, deftly adapting to change, innovating and reinforcing its relevance at the heart of global financial community. We proactively worked to support Exchange Participants and issuers during these most challenging times, providing guidance, timely communications and introducing a range of market microstructure improvements that promoted market integrity, efficiency, and attractiveness.

As a market regulator, we also continued to enhance our market quality and governance structures through rule upgrades and market education. In particular, against the backdrop of the global pandemic, I was especially proud that HKEX became one of the few exchanges in the world to elevate ESG considerations to a mandatory board consideration, reflecting our belief that sustainability is an integral part of long-term business success.

The pandemic has highlighted the pivotal role that global financial markets must play in financing the transition to a low-carbon economy and in promoting corporate and societal sustainability. In December, we launched HKEX's Sustainable and Green Exchange (STAGE), Asia's first multi-asset sustainable investment product platform, providing a one-stop portal for information on green and sustainable investment products that has been very well received by the market. The LME also announced a pioneering new approach to sustainability, which is expected to be a catalyst for the whole metal industry, shaping how metals around the world are sourced and supplied. We remain resolutely committed to creating a sustainable finance ecosystem that supports businesses' sustainability transition in Asia and globally.

People

Our people are the greatest asset at HKEX and during the past twelve months, we celebrated the role they play in our success while also supporting our communities through these difficult times.

Nurturing a healthy, diverse and inclusive culture where everyone can fulfil their potential is a cornerstone of working life at HKEX. During the year, to support colleagues working from

home, or those managing through the complexities created by the pandemic, HKEX rolled out an extensive staff engagement and communications programme, which included wellness workshops, enhanced technology and timely informative communications. Our Purpose, Vision, and Values were brought to life through these internal campaigns and initiatives.

As well as being one of our core values, diversity is a focus of both our philanthropic activities and our talent development. This year, we renewed our efforts to grow a more diverse talent pool through initiatives such as our workplace diversity internship programme and the launch of our first university scholarship programme to help develop home-grown talent in business and finance, biotech, and innovation. The LME also continued to promote diversity and inclusion across the markets and communities, through a wide range of advocacy and training programmes.

In June, we were proud to launch the HKEX Foundation, which successfully raised more than \$100 million in its first six months of operation. The Foundation deepens our commitment and connectivity with our communities and anchors our Purpose as an organisation. HKEX Foundation's inaugural \$20 million Charity Partnership Programme is expected to support more than 40,000 people in need across 10 community projects. Its Covid emergency relief donations of \$10 million to communities in Hong Kong, Mainland China and London has also helped people in need during the pandemic. The Foundation will offer a powerful platform to scale up the impact of our philanthropic effort and employee volunteering in a structured manner.

Nurturing a healthy, diverse and inclusive culture where everyone can fulfil their potential is a cornerstone of working life at HKEX

Operations

HKEX continued to invest in making our operations more efficient and resilient, with even more positive impact on the environment and society.

We are focused on “doing right”, and this year this included taking a holistic approach to reinforcing business ethics and integrity with an updated Group Anti-Bribery and Anti-Corruption Policy, and revamped websites which allow us to better communicate with our key stakeholders. We also conducted internal evaluations of the performance of the boards of HKEX and its subsidiaries, OTC Clear, the LME and LME Clear. The evaluations concluded that all four boards operate effectively, and identified areas of enhancement for building the long-term success of the business.

This year we made great pioneering strides in the digitalisation of various listing and regulatory functions. This not only makes HKEX more efficient, transparent, and prepared for future innovation, but it also greatly reduces paper and ink use, for a greener environment.

HKEX celebrated its 20th anniversary as a listed company in June 2020. This event gave us an opportunity to reflect on how our role has evolved, and how stakeholder capitalism has matured in Asia over the past two decades. HKEX remains committed to its role as the global markets leader in the

Asian time zone, Connecting China and Connecting the World, and we believe that our role has never been more relevant and vital as the new world order takes shape. We are a steward of good corporate behaviour, a change agent enabling the financing for a sustainable future, and a sustainability leader that sets an example for listed companies. We know that we are critical to the fabric of the communities we serve.

We made clear and measurable progress in our own sustainability journey, and in our advocacy in 2020, but our journey is far from complete. Our Values of Integrity, Diversity, Excellence, Collaboration, and Engagement are at the heart of everything that we do, and I am confident that in the next 20 years we will continue to put these Values into practice as the preeminent exchange group in the Asian time zone.

I would like to thank everyone at HKEX for their hard work, dedication and resourcefulness during this challenging year. We will encounter more mountains that we must climb in our sustainability journey, but 2020 has shown that HKEX is central to building a more sustainable future that will be for the benefit of all.

Laura M CHA
Chairman

Hong Kong, 24 February 2021

HKEX in the Community

Our Roles

As one of the world’s largest listed exchange operators and a 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 networks touching on economics, business and the wider community.

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

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



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

Deeply connected to the communities where we operate, we are an active and engaging corporate citizen and committed to giving back to the 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 and Singapore.

Our Purpose, Vision and Values

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

Our Purpose

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

Our Vision

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

Our Values

- Integrity** We always do the right thing.
- Diversity** We recognise that great ideas come from anywhere.
- Excellence** We promote best-in-class in all that we do.
- Collaboration** We are always better together.
- Engagement** We are engaged in the markets and communities in which we operate.

2020 at a Glance

2020 marked the 20th anniversary of HKEX and a milestone for Hong Kong, our markets, partners, customers, employees, and communities. Across so many dimensions, the last two decades have truly been extraordinary and shaped by significant changes in technology, economics, politics, climate, and global demographics. Witnessing these changes, we are proud to see our achievement and progress towards sustainability.



Mar Published guidance materials on ESG reporting

Hosted the Ring the Bell for Gender Equality

Apr Organised the Go Green with HKEX

Jun Officially launched the HKEX Foundation, its Charity Partnership Programme and University Scholarship Programme

Sep Organised the HKEX Volunteer Month

Oct Hosted the Ring the Bell for Financial Literacy

Dec Launched the HKEX Sustainable and Green Exchange – STAGE

LME moved ahead on sustainability strategy and LMEpassport roll-out

Published the consultation conclusion on paperless listing and subscription regime, online display of documents and reduction of the types of documents on display





Our Market Presence

We are one of the world's largest exchange groups, operating world-class trading and clearing securities and derivatives in equities, commodities, fixed income and currency. We have a presence in Hong Kong, London, Beijing, Shanghai, Shenzhen, and Singapore, and we have evolved into a truly international business with global ambitions.

We 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 2020, can be found on p.162 of the HKEX Annual Report 2020. Additional corporate information about the Group is available on both the [HKEX Group website](#) and the [HKEX Market website](#).

Our Financial Portfolio

Investors can find 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](#).

Recognition and Ratings

We have received high ratings from local and overseas rating agencies and professional institutions for our ESG performance. In 2020, we remained a constituent company in various sustainability indices, including the Dow Jones Sustainability Asia Pacific Index, the FTSE4Good Index Series and the Hang Seng Corporate Sustainability Index Series. We were recognised with the Partner in Corporate Giving Award by The Community Chest of Hong Kong for our continuous contribution over the last 20 years and also received awards in recognition of our strong corporate citizenship. Additional information is available on the [HKEX Group website](#).

Our Approach to CSR

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

We hold a unique place in society with our networks touching on economics, business, and the wider community. We are at the centre of Hong Kong's financial markets and as an active driver of corporate best practices, our approach to CSR aligns with our overall business strategy and helps us fulfil our Purpose. Motivated by the global sustainability agenda, we maintain high standards of corporate governance, act strategically, and manage risks effectively while maintaining ongoing communication with our major stakeholders and report our progress and plans to address these important goals.

Governance

Our Board and senior management are accountable for ensuring the relevance and effectiveness of the 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 Interim Chief Executive 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. Details of the CSR Committee's Terms of Reference are available on the [HKEX Group website](#).

Our CSR-related policies, including the CSR Policy, are set out to guide our business and operational decision-making, taking 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 management of key business functions has been established and is responsible for providing guidance, advice, and support for the implementation of CSR initiatives concerning employee well-being, as well as philanthropic and community engagement. Regular updates on CSR initiatives are submitted to the CSR Committee.

In addition, there is a CSR team 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 and are responsible for the day-to-day operation, as well as promoting CSR awareness among employees.

The Group offers incentive schemes for its employees which are determined based on overall achievements with respect to criteria on the corporate performance scorecard. These cover performance in various CSR-related aspects under our organisation development measures. Further information is available in the Remuneration Committee Report contained in the [HKEX Annual Report 2020](#).

Strategy

Fulfilling Our Purpose

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

Aligning 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 at local level 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 linkage document which explains 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 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. This includes our ongoing efforts to promote and advocate enhanced ESG management and disclosure among our listed issuers, to facilitate the ecosystem development for sustainable finance, as well as to review and enhance our governance structures and policies that enable the achievement of our corporate sustainability goals.



Managing Our Risks

Strong risk management capabilities have been 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. Our CSR Strategy reflects our approach to ESG-related risks that have material impacts to our business or reputation.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including ESG-related risks) it is willing to take in achieving the Group's strategic objectives; maintaining sound and effective risk management, and internal control systems; 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 contained in the [HKEX Annual Report 2020](#).



“ Risk management has played a central role in shaping and supporting the resilience of financial markets. By considering a broad set of risks and opportunities, board directors can also better perform their fiduciary duty in promoting the value of their company. ”

Richard Wise

Group Chief Risk Officer, HKEX



Climate-related Risks and Opportunities

At HKEX, we believe that climate change is materially affecting societies and economies around the world and therefore it also impacts upon our business. Well-defined risks and opportunities in relation to climate change can already be seen today, and will increase over the mid- and long-term. Risks and opportunities are also resulting from the industry-wide structural changes that are being driven by the transition towards a low-carbon economy. These include changes in climate policy, technology and market sentiment, and their impact on the market value of financial assets, as well as impact resulting from climate change litigation.

Climate-related risks and opportunities that the Group has identified as having the potential to have a substantive financial or strategic impact on our business are set out below.

Transition Risks

Policy and Legal Risk¹

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 the Central Government to fulfil its pledge to be carbon neutral by 2060, the HKSAR Government's goal to become carbon neutral by 2050, and the Financial Conduct Authority and the Bank of England, given their increasing focus on climate change in recent years. 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 in long-term. From a listed company's perspective, we acknowledge the increasing demands and requirements of climate-related information disclosures. One example is the recent update of the Exchange's ESG Guide in respect to significant climate-related impact disclosures of an issuer. As a provider of financial and information products and services, we are not aware of any current specific regulatory requirements related to carbon emissions that present immediate or significant risk to the Group's operations.

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. HKEX products such as ESG-themed ETFs and responsible metals and minerals are shaping the new landscape. As an exchange operator, 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.

Reputation Risk²

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 of our society. For example, failure by HKEX to engage listed issuers on the requirements to make good ESG or climate disclosure could have a long-lasting adverse reputational impact on our business. Similarly, if the LME and the wider metal market do not take proactive steps to address climate change, there is a risk that the industry will lose its social licence to operate.

1 Under HKEX's Risk Management System, legal and compliance risk is considered and defined as the risk of loss resulting from breach of or non-compliance with law, regulation, or regulatory requirement or standard, breach of contract or inadequate compliance protection for the Group.

2 Under HKEX's Risk Management System, reputational loss, or inability to deliver services and products to customers resulting from inadequate or failed internal process or from external events is considered as part of operational/process risk.

Physical Risks³

Acute Risk

Most of the acute physical risks which the Group is exposed to are tied to the potential impact that climate change may have on the risks of extreme events (eg, 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.

Chronic Risk

Gradual changes in climate (eg, changes in mean temperature, 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 a higher demand for cooling in our data centres. Failure to meet such operating requirement would adversely impact the Group's services provision.

Opportunities

New Market and Products Opportunity

Against the backdrop of increasing investor demand for sustainable finance products, HKEX considers the potential market appetite for green bond listings as well as other sustainable finance products in Hong Kong and Mainland China as a significant business opportunity. This potentially can have both immediate direct revenue implications and broader reputation ecosystem-enhancing benefits. The LME also sees commercial opportunities by providing the metal industry with the option of gaining greater transparency and access to sustainably produced metals.

While the quantification of these risks and opportunities, and their timing remains challenging, the Group is of the view that these risks and opportunities have already impacted its business decision-making process and have led to a number of new initiatives and mitigations. Those include promoting ESG and climate-related information disclosure among its listed companies; the launch of STAGE, our sustainable finance information hub; the rollout of the LMEpassport, a digital register for metals that can store sustainability credentials of specific batches of metal; and the adoption of rigorous ESG disclosures and best practices by the organisation itself. More details about these initiatives and their update for the year are available in Our Markets section of this Report.

³ Under HKEX's Risk Management System, physical risks are considered as part of our operational risks, which we define as the risk of financial or reputational loss or inability to deliver services and products to customers resulting from inadequate or failed internal process or from external events.










Engaging Our Stakeholders

We have an identity in capital markets and in the community. This multi-dimensional role shapes our approach to our various groups of stakeholders, ensuring that we 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 contributes to enhancing their trust in HKEX while helping 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, environment 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 are 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 verbal and written communications regarding the Group's key initiatives and new developments • Responding to enquiries for the purpose of various government meetings, including the HKSAR Legislative Council meetings • Other work meetings on 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 disclosure, corporate governance disclosures and ESG disclosures, Listing Newsletter, Listed Issuer Regulation Newsletter and 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 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 and staff exchange with other exchanges
 Public and media	<ul style="list-style-type: none"> • Regular media interviews and events, and media 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 correspondences 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 • Quarterly Chief Executive presentations • Quarterly Manager Roundtable • Semi-annual Leadership Forum • Biennial employee engagement surveys • Town hall 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 • Work inspection and supervision as scheduled • Supplier CSR Code of Conduct and CSR questionnaire for engaging key suppliers

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 set out 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 address these concerns in a strategic way.

Identifying CSR topics

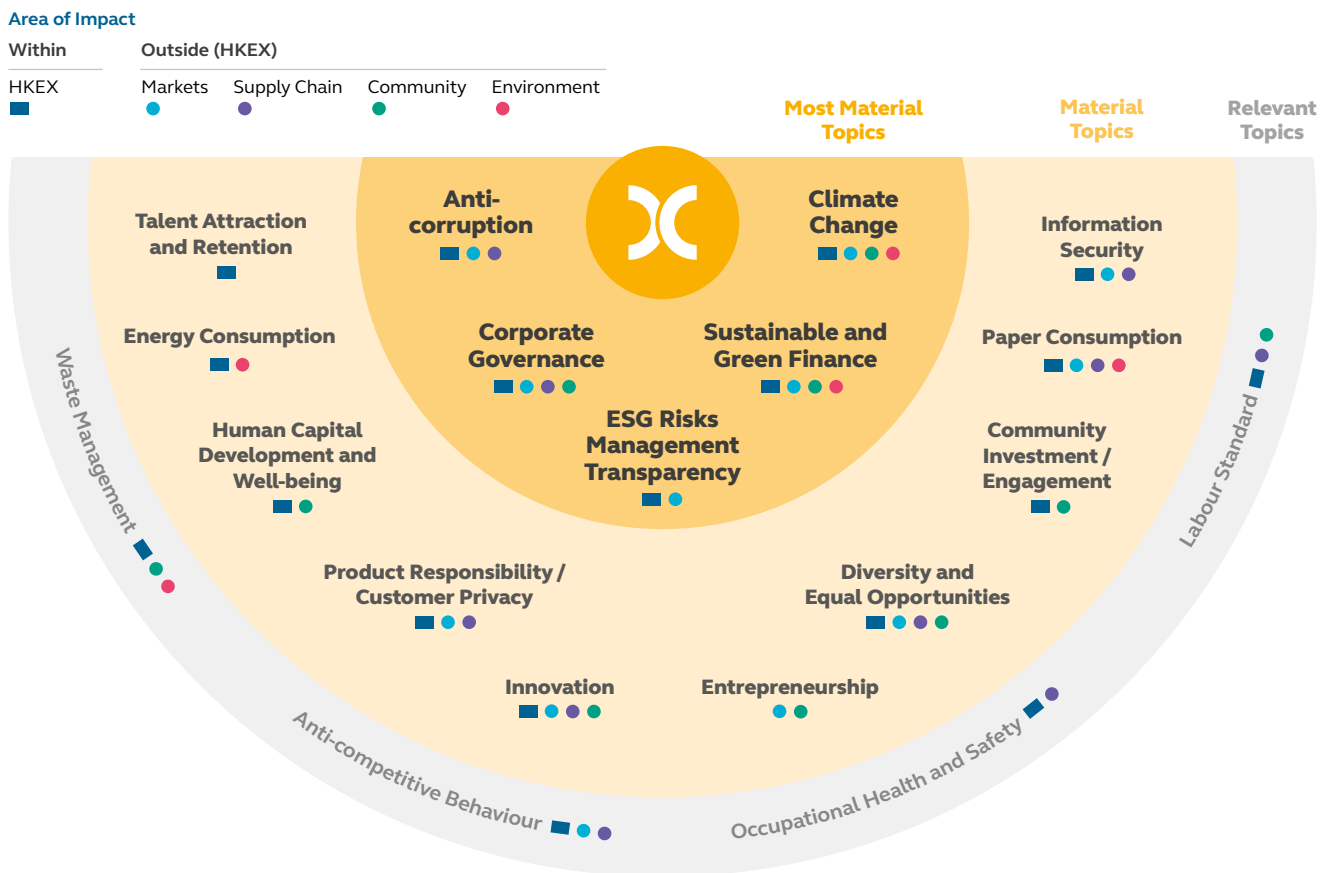
CSR topics are identified based on (i) global sustainability agenda and international best practices; (ii) HKEX's risk and strategy; and (iii) continuous stakeholder engagement.



Evaluating materiality of identified CSR topics

These topics are evaluated and assessed based on their area of impact, ie, within or outside the organisation, and their impact towards our business and decision making of our stakeholders.

The result of materiality assessment is illustrated below.



Formulating the CSR Strategy which sets out the following focus areas categorised under three pillars

Markets

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

People

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

Operations

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

Our Markets

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Our Markets

As an international exchange operator and market regulator, we regard ourselves as an important catalyst, facilitator, and enabler in shaping effective markets and regulation, bringing together many pieces and players to create a sustainable market ecosystem.

Key Areas	Objectives
Corporate governance	To promote a high standard of corporate governance among our listed issuers to improve the overall quality of our market
Environmental, social and governance	To enhance the availability and transparency of ESG information of our listed issuers for investors to make informed decisions
Sustainable finance	To advance low-carbon and responsible investment by promoting the issuance of sustainable and green finance products in our markets
Innovation and entrepreneurship	To position Hong Kong as a market that supports business, in particular the fintech and biotech sectors, throughout the full life-cycle of growth

Our Approach

As a market regulator, exchange operator, and listed company, our multi-dimensional role shapes our approach to markets, ensuring that we promote and progress our markets and the communities they support. We are playing an active role in the promotion of sustainability, particularly in relation to ESG stewardship, and the development of sustainable finance ecosystem.

We continue to promote the culture of good corporate governance and ESG management through the upgrade of Listing Rules, ongoing review of corporate governance and ESG disclosure practices of listed issuers, and provision of guidance and training to our listed issuers. In order to support the transition towards a sustainable future, we create a platform providing access and transparency on sustainable investment products and sustainable finance-related resources. To encourage innovation and entrepreneurship, we help to build a culture of creativity and technological growth.



Progress Update

In 2020 we made steady progress towards our CSR commitments via the following actions and initiatives, and will continue to progress on these initiatives in 2021:

Progress in 2019	Progress in 2020
<ul style="list-style-type: none"> • Championed a culture of good corporate governance and ESG management with the enhanced CG Code 	<ul style="list-style-type: none"> • Launched a new Listing Rules e-learning programme for directors
<ul style="list-style-type: none"> • Upgraded the ESG Guide, with a focus on the board’s leadership role and accountability in ESG 	<ul style="list-style-type: none"> • Launched a new e-training course “Exchange’s New ESG Requirements”, and published guidance materials “Leadership role and accountability in ESG” and “How to prepare an ESG report”
<ul style="list-style-type: none"> • Established partnership and collaboration on sustainable finance • Announced the LME’s responsible sourcing requirements 	<ul style="list-style-type: none"> • Launched the HKEX Sustainable and Green Exchange • Announced the LME’s sustainability plan
<ul style="list-style-type: none"> • Organised the HKEX Biotech Week 	<ul style="list-style-type: none"> • Organised the HKEX Biotech Summit and webinar series • Established the HKEX University Scholarship Programme for biotech and innovation • Sponsored Hong Kong Fintech Week 2020



Promoting Corporate Governance Standards

At HKEX, we believe that effective and sustainable corporate governance comes from having a strong commitment and a clear strategic direction from the board. A strong independent element, the availability and time commitment of INEDs, and board diversity, among others, are all crucial to effective corporate governance. HKEX has been reinforcing strong corporate governance among listed issuers by setting an example with our own board, as well as through good communications, training, and support.

In December, we published market practitioners' insights titled "[Making inroads into good Corporate Governance and ESG management – Perspectives from industry practitioners](#)". It presented a collection of experiences shared by market practitioners to help directors of listing applicants and newly listed companies think holistically about building and integrating corporate governance and ESG considerations

into their business strategy to achieve long-term value for their organisations.

As a market regulator, review of issuers' corporate governance practice disclosures is a part of our continuing effort to maintain high corporate governance standards amongst issuers. In 2020, we published the findings and recommendations of the latest review of [issuers' corporate governance practices](#) and [issuers' annual report disclosure](#) to improve their corporate governance practices and enhance transparency for shareholders. In the review of issuers' corporate practices, the Exchange analysed corporate governance reports for the financial year ended 31 December 2019 of 400 issuers and provided guidance for issuers to improve the corporate governance reporting. Meanwhile, the review of issuers' annual report disclosure examined issuers' annual reports with a focus on Listing Rule compliance, issuers' corporate conduct and their disclosure of material events and developments.

New e-Learning Programme for Board Directors

Over the years the Exchange has provided directors' webcasts, e-training, and guidance materials with the aim of instilling positive attitudes towards corporate governance and ESG within its issuers and their boards.

Building on the success of the e-learning series on corporate governance and ESG, we launched a new Listing Rules e-learning programme on the ongoing compliance requirements under the Listing Rules. This offers listed issuers, their directors and management, market practitioners, and compliance professionals a new and interactive way to refresh their knowledge on different aspects of continuing obligations.

The first two modules of the new programme look at Listing Rules for connected transactions and notifiable transactions:

- **Connected Transaction Rules** introduces the definition of connected persons and connected transactions, and the specific requirements applicable to the connected transactions by a listed issuer.
- **Notifiable Transaction Rules** introduces the compliance obligations of an issuer in undertaking different types of transactions, such as acquisition, disposal, financial assistance, operating and finance leases, and formation of joint venture.



Leading ESG Transformation

ESG performance has become the proxy of a corporate's resilience as well as its risk management capability, while demand for investments that meet recognised ESG standards is growing rapidly. As the global markets leader in the Asian time zone, we have a responsibility to lead issuers on this ESG journey. This happens through regulation, creating a market environment that strengthens ESG disclosures, and by example as a public company and a cornerstone of the Hong Kong business community.

We champion global and local dialogue on ESG management and standardisation by working closely with a number of organisations such as the

World Economic Forum, the World Federation of Exchanges and the UN Sustainable Stock Exchanges on ESG management and standardisation. This proactive industry leadership ensures that the Asian market has a prominent voice in this global discussion and that the needs of HKEX stakeholders are represented at the highest levels. Our senior leaders also spoke at numerous industry events throughout the year, sharing ESG reporting best practices. Our focus on collaboration, education, and dialogue also extended to the communities in which we do business, with initiatives such as our support for The University of Hong Kong to promote ESG stewardship among small and medium enterprises.

“ We are confident that the enhancements of the ESG Guide emphasise the importance of board leadership and accountability in ESG matters, and reflect our commitment to enhance Hong Kong's ESG regulatory framework to better meet investor and stakeholder expectations in accordance with international best practice. ”

Bonnie Y Chan

Head of Listing, HKEX



Upgrading Hong Kong's ESG Reporting

We introduced our first ESG Guide in 2013, and over the past years, we have continued to refine our requirements to advance the aims of ESG reporting in Hong Kong.

Our new mandatory disclosure requirements took effect in July¹, which include the requirements to disclose a board statement setting out the board's consideration of ESG matters, and significant climate-related issues which have impacted and may impact the issuer. These changes raise ESG reporting to the next level of corporate transparency and encourage companies to build ESG-related considerations into their long-term business strategies.

As part of our robust industry education, we launched an e-training course titled "Exchange's New ESG Requirements" in March to help issuers meet the new ESG reporting requirements within our Listing Rules. The training course was well received and demonstrated the importance of offering support and education in tandem with regulatory measures. Information on ESG reporting processes and best practices, as well as a focus



on the accountability that is inherent in ESG reporting, ensure that issuers are doing more than simply "box ticking". To further support and improve the board's leadership role and accountability in ESG and the governance structure for ESG matters, the Exchange also updated its "How to prepare an ESG report" guide and related appendices and published a new guide for board and directors titled "Leadership role and accountability in ESG". It is tailored to aid directors in understanding and carrying out their roles in ESG reporting under the new ESG requirements.

¹ The new ESG reporting requirements took effect for reporting year commencing 1 July 2020.

Rethinking the Future of Sustainable Finance

Covid-19 has had a far-reaching impact on societies and economies. It has also acted as an affirmative wake-up call to individuals, businesses, and the financial markets on the importance of the long-term sustainability of what we do. Investor appetite for sustainable investment opportunities is on the rise, and the role of ESG in investment strategies is progressing faster than ever.

We actively drive the sustainability agenda by collaborating with various regulatory bodies, in Hong Kong and beyond, to promote and advance the sustainable and green finance ecosystem. In May, the Hong Kong Monetary Authority and the Securities and Futures Commission established the Green and Sustainable Finance Cross-Agency Steering Group, with HKEX as one of the founding members. The Steering Group aims to provide strategic direction, with a focus on regulatory policy and market development, and to bolster Hong Kong's position as a leading sustainable finance centre in Asia and globally. In December, the Steering Group launched its [Strategic Plan](#), which sets out six key focus areas for strengthening Hong Kong's financial

ecosystem to support a greener and more sustainable future in the longer term. The Steering Group has also agreed to implement five near-term action points, in which we will have a key role to play.

We continued to engage stakeholders to play an active role in accelerating the growth of sustainable finance in Hong Kong and across the region. During the year, we supported a range of green finance events such as hosting an affiliated session of the World Economic Forum Sustainable Development Impact Summit to discuss the development of sustainable investment products in Asia. We also continued to support the Hong Kong Quality Assurance Agency Sustainable Finance Symposium 2020 to promote the development of sustainable finance across the region. As of 31 December 2020, \$222 billion has been raised by sustainability-related bonds listed on our markets. Recently, we have acquired a minority stake in the Guangzhou Futures Exchange, a newly established futures exchange in the Greater Bay Area, which will focus on serving the real economy and green development initiatives.



“ The opportunities in sustainable finance in Asia are growing rapidly. We will connect market participants, issuers, and investors to drive growth potential, transparency, and access to Asia's exciting sustainable and green financial market. ”

Wilfred Yiu
Head of Markets, HKEX

Setting the STAGE for Sustainable Finance

Sustainable finance is a cornerstone of future global sustainability and a powerful engine of economic and social growth as we shape our post-Covid world, and HKEX plays a critical role in the development of Asia's sustainable finance product ecosystem.

As a market operator, we are dedicated to creating an ecosystem of sustainable and green investment products and providing both investor and issuer education. We are focused on offering a growing range of sustainable investment products across our markets to meet the rising investor demand.

In December, we launched **STAGE**, Asia's first multi-asset sustainable investment product platform. It acts as a central hub for data and information on sustainable and green finance products and has become a cornerstone of our outreach to both investors and issuers.

At the heart of **STAGE** is an online product repository which provides access and transparency on sustainable finance products including sustainability,

green, and transition instruments from issuers across a variety of sectors. Over time, the scope of the product repository will increase across asset class and industry in Hong Kong and beyond.

STAGE is also an online source of sustainable and green finance educational resources, promoting knowledge sharing and stakeholder engagement. This extensive and growing resource library includes case studies, webinars, guidance materials, research papers, and other publications that help market participants enrich their understanding of sustainable finance, green products, and ESG integration.



Watch the video for
STAGE



Passport to Sustainability in the Metal World

Metals remain an essential material across industries, and therefore a key component in building our sustainable future. As global demand for metals increases, so will the expectations on sustainability standards for metal mining and processing.

We believe we have a collective responsibility as an industry to drive meaningful change in the metal and mining industries. Our work in embedding responsible sourcing requirements into our standards for “good delivery” metal has demonstrated our capacity to drive forward key sustainability initiatives. The LME continued to expand its focus towards broader sustainability challenges facing the metal and mining industries. In August, the LME issued a discussion paper on sustainability, which sets out the vision, approach and specific plans to drive forward its sustainability agenda. It outlined the LME’s broad-ranging sustainability plans to help make metals the cornerstone of a sustainable future, based on three core principles – (i) maintaining a broad scope; (ii) supporting voluntary disclosure of data and (iii) providing necessary tools for change.

These principles reflect the LME’s view that the market has not yet fully coalesced around a centralised set of demands or priorities concerning sustainability. As a result, the LME aims to build consensus through market-led and voluntary transparency, providing tools and services to facilitate solutions related to sustainability in its most expansive sense.

Following the supportive feedback from its discussion paper, the LME in December announced plans to move forward with its sustainability strategy focusing on three areas, namely electric vehicles, circular economy, and sustainable production. As part of the LME Sustainability Series, webinars featuring insights from experts are made available online.



Watch the video for
LME Sustainability Vision

Making metals the cornerstone of a sustainable future

Maintaining a
broad scope

Supporting voluntary
disclosure of data

Providing necessary
tools for change

Existing Access

Electric Vehicles (EV)

- EV battery materials (LME Cobalt, LME Copper, LME Nickel)

Circular Economy

- Recycled metals (specific alloys + lead brands)
- Scrap contracts (LME Steel Scrap)

Sustainable Production

- Responsibly sourced metals (specific tin, cobalt + aluminium brands)
- Other sustainable production concerns, including low carbon (certain aluminium brands)

Future Access

Transparency

Access

New contracts

Starting with lithium, to promote access to core components of EV batteries

New contracts

Additional scrap contracts available on the LME for reliable pricing and trading of recycled and scrap metal, such as aluminium and steel

LME responsible sourcing rules

Embedding of OECD Guidance on responsible supply chains across all LME-listed brands, as well as ISO 14001 (environmental management systems) and ISO 45001 (health and safety management)

LMEpassport

Transparency of sustainable criteria of specific metal

Spot trading platform

Price discovery and trading of sustainable metal

“ There is power in coalition and by working together, the metal industry can - and must - embody global expectations on sustainability. ”

Matthew Chamberlain

Chief Executive, LME



Fostering Innovation and Entrepreneurship

We believe innovation and entrepreneurship will facilitate the growth of Hong Kong's business ecosystem, as well as the wider global markets that we participate in. We seek to cultivate an environment for innovation through partnerships and knowledge sharing, with a specific focus on fintech and biotech.

Following changes to our listing regime in 2018, the HKEX biotech sector has enjoyed strong growth with an increasingly diversified community of issuers. Hong Kong has become the world's second-largest funding hub for biotech industry and we are keen to bring attention to the many creative, new technologies and applications that are being developed. In 2020, we welcomed 14 biotech listings to our market, which raised a total of \$40 billion. To support the continued development of the biotech ecosystem, we published new guidance materials for pre-revenue biotech companies, providing prospective issuers and

the market with more clarity on the requirements for listing. Building on our commitment of cultivating the local ecosystem for new economy and biotech, we launched our first HKEX Foundation Scholarship for Biotech and Innovation in June to nurture the next generation of leaders.

The rapid acceleration in financial and technological innovation in Mainland China and Southeast Asia, in addition to the policy and financial support from the Government, makes Hong Kong an ideal international capital market venue for supporting the funding and business development of fintech in the region. In 2020, we hosted and participated in a number of events that promote fintech innovation. One highlight of that participation was Hong Kong Fintech Week in November. Themed "Humanising Fintech", the week-long event explored how fintech could unlock the power of financial services to drive positive change for society and business. It focused on the resilience and development of Hong Kong and the Greater Bay Area, future fintech trends and finance sector growth opportunities. As one of the event sponsors, HKEX hosted a capital markets programme with a series of virtual fireside chats, panels, and workshops on HKEX's digital transformation journey, our thought leadership around innovation and technology, and our attractiveness as the go-to fintech listing venue.



Building Hong Kong's Biotech Ecosystem

The biotech and biomedical industry is one of the world's most dynamic and rapidly growing sectors.

HKEX introduced new Listing Rules for biotech companies in 2018, and Hong Kong has since become the world's second largest public fundraising biotech market. The Covid-19 pandemic has strengthened the fundraising momentum among biotech companies, and created a new context for the global sector.

To facilitate further development of the biotech community in Hong Kong and the region, we hosted the HKEX Biotech Summit, where healthcare companies' leaders and investors joined us online for in-depth dialogues on the changing global biotech landscape, opportunities and challenges emerging from the Covid-19 pandemic, and Hong Kong's potential to be the global biotech IPO fundraising hub. The Summit attracted strong interest and engagement via our own webinars and Bloomberg platforms.



In May, we also launched the HKEX Biotech 2020 Webinar Series focusing on biotech trends in Asia, opportunities for biotech companies, and the latest biotech regulations. The series featured presentations covering regulatory perspectives, as well as panel discussions with market participants. We believe that by educating and empowering participants on critical new biotech regulations, we are cultivating an environment and facilitating growth in the biotech ecosystem.

對市場起伏
穩步向前

Our People





旺角中心第一座

WING LOK CENTRE TRADE 1

匯豐理財基金
全球首創
My Smart Card
免費各
種服務

一卡萬用

凡匯豐
客戶均可
申請

Pr
Terr

戶外展覽與洽商

Pr
Terr

Our People

As a caring employer and a responsible corporate citizen, we are fully aware of our responsibilities towards our employees across the Group, and to the wider community in which we operate. With our Values front and centre, we cultivate a culture that is healthy, diverse, and inclusive, where everyone can be their true self and fulfil their own potential.

Key Areas	Objectives
Talent development and wellness	To invest in personal development and offer comprehensive benefits to ensure the physical, mental and financial wellness of our employees and their families
Diversity and inclusion	To embrace diversity and equality and foster an inclusive culture in our workplace and the wider community
Financial literacy	To utilise our own expertise and resources to champion financial literacy in the community in which we operate
Philanthropy and volunteering	To give back to the community and help address its social and environmental challenges

Our Approach

The people in our workplace and communities are of paramount importance to everything we do at HKEX. We foster a corporate culture and work environment that values our employee development and well-being. We aim to address global sustainability and social issues at a local level leveraging our own resources and expertise.

We achieve this by building a strong talent pipeline and continuously reviewing our approach to ensure the physical, mental, and financial wellness of our employees and their families. We address social challenges such as diversity, inclusion, and financial literacy through community engagement and philanthropic contribution. With the establishment of the HKEX Foundation, we have adopted a more structured approach to expanding the impact of our philanthropic efforts and volunteering.



Progress Update

We have made steady progress towards our CSR commitments via the following actions and initiatives, and will continue to progress on these initiatives in 2021:

Progress in 2019

- Launched Leadership Forums
- Ensured employee wellness with a new employee assistance programme
- Launched an unconscious bias training under Better World Series
- Established the People and Culture Committee and Diversity Network
- Co-organised the Personal Finance Ambassador Programme, benefitting over 2,200 tertiary students
- Raised over \$100 million for The Community Chest of Hong Kong through the Stock Code Balloting for Charity Scheme

Progress in 2020

- **Launched the HKEX Connecting You to Wellness programme supporting our employees, particularly in the pandemic**
- **Launched the Living HKEX Values training series**
- **Established the LMETogether resources hubs**
- **Strengthened our partnership with local charities on promoting financial knowledge among domestic helpers**
- **Launched the HKEX Foundation and the flagship Charity Partnership Programme**
- **Donated \$10 million to our communities for emergency Covid-19 relief**

Supporting Talent Development and Wellness

At HKEX, we seek to create and maintain a workplace that values professional development and personal well-being of our employees.

HKEX employs a wide range of learning and development approaches to support our team. We hosted Leadership Forums to provide our senior team an opportunity to share their leadership insights on the themes and trends shaping our business and markets. In addition to ongoing training programmes and workshops for employees at all levels, we introduced targeted orientation programmes for newly promoted colleagues to acquire essential skills that will help them excel in their roles.

To deepen the understanding of our Purpose, Vision and Values, we launched the Living HKEX Values training series, guiding our employees on how they can bring to life the “HKEX way” in their everyday language, actions, and behaviours. Starting with Diversity and Collaboration, the series developed the essential skills needed for team members to embed HKEX Values into their work, as well as to support our business and performance.

To nurture young talents and help them become future leaders in the financial industry, we continued our Management Trainee Programme and Summer Internship Programme for university students and graduates, helping them understand the operation of financial markets and our organisation.



Supporting Our Employees amid the Pandemic

We recognise that physical, mental, and financial wellbeing are critical to high performing individuals and teams.

Covid-19 and its impact on communities around the world made 2020 a challenging year for everyone. Throughout the year we made an effort to ensure that everyone on our team remained safe and healthy at work and home.

We conducted our HKEX Connecting You to Wellness programme from March to September, featuring more than 25 sessions ranging from health talks, yoga, fitness and Tai Chi training to mental wellbeing sessions to help our employees protect themselves and their families during the pandemic. Co-hosted by external speakers, enthusiastic members of our own leadership team, and colleagues from across different divisions, our virtual wellness sessions recorded attendance of more than 1,500.



The LME also ran Wellness Week in June and July. The two-week wellness programme featured 20 sessions to promote physical and mental well-being among its employees. Activities included employee wellness competitions, a stress management and awareness session, virtual pilates and yoga sessions, and nutrition advice from a certified nutritionist. Although we conducted these events virtually, engagement was still high, with more than 150 employees attending.

Throughout the year, we hosted financial wellness seminars in Hong Kong and London to help employees make more informed decisions concerning their financial futures. We invited financial professionals to explain the pension systems and the impact of Covid-19 on market volatility.

Setting up a Diverse and Inclusive Environment

Diversity is a core value at HKEX, and a critical component of business success and long-term sustainability. We promote diversity within our organisation by offering advocacy and training programmes to our employees and externally by demonstrating business cases for the workplace and beyond.

We continued to nurture women leadership within the organisation via different engagement programmes. In 2020, HKEX sponsored a cohort of its senior women leaders to participate in the Financial Times Women in Business Forum. The Forum provides a unique space for women executives to grow their own networks and gain insights from leaders from a variety of businesses and sectors.

We also offered a wide range of diversity training programmes to allow our team to embrace diversity and inclusion in their day-to-day work and everyday lives. Efforts in 2020 to promote diversity included internal training on unconscious bias in the workplace as part of the Living HKEX Values programme, which deepens employees' understanding of how they can reflect our inclusive Values. In the UK, the LME continued to organise seminars on various diversity and inclusion topics such as gender, LGBT, race, and ethnicity.

It also launched a series of educational resources hubs named LMETogether to facilitate discussion and resources sharing among employees.

At HKEX, we enable a diverse pool of talents from different backgrounds to have equal opportunities at HKEX. In the summer of 2020, we partnered with CareER, for the second consecutive year, to offer three internships to young people with different abilities.

Externally, we supported a wide range of activities on gender equality and diversity in the wider community. We once again hosted the Ring the Bell for Gender Equality in March, where senior executives “struck the gong” to raise awareness of gender equality. We showed our support for the Women's Foundation Gala Lunch as a gold sponsor in June and became one of the supporting organisations for the Diversity and Inclusion Roundtable hosted by the Equal Opportunities Commission.

The LME, as part of its commitment to driving gender equality across the markets, supported the Code First Girls programme, which provides essential coding skills for career development in the technology sector. To reinforce our ongoing commitment to gender diversity, the LME also signed the Women in Finance Charter, which aims to build a more balanced and fair financial industry.

Driving Diversity in the Workplace and Beyond

As a listed company, regulator and market operator, we seek to promote a diverse and inclusive culture in our markets, workplace, and wider community.

We embrace diversity through various advocacy and training programmes, and setting an example for more than 2,500 companies listed on our Exchange. Our goal is to help create a truly vibrant, innovative, and resilient environment for long-term, sustainable growth.

As a new initiative in 2020, we worked with The Hong Kong University of Science and Technology and sponsored the Managing Diversity in Business Organisations module of its Master of Business Administration programme to help educate future corporate leaders on how to embrace diversity within a business setting. Through

this course, students learned how to manage and embrace a diverse workforce, and acquired practical leadership skills on key topics covering gender, LGBT, disabilities, and minority groups, which helped them to embrace and foster an inclusive workplace.

This course widened the students' appreciation of diversity and helped them understand the challenges and the everyday realities of the modern international workforce.



Watch the video for **Workplace Diversity**

“ We promote diversity within our organisation by offering advocacy and training programmes to our employees, and are committed to embedding better diversity principles in financial markets, within our business and community. ”

Paul Choi

Group Head of Human Resources, HKEX



Promoting Financial Literacy for the Future

We are well-positioned to enhance financial literacy in our community because we sit at the heart of an international financial centre. Promoting financial literacy is not only a social responsibility for us, but it enables HKEX and our financial markets to sustain their growth and prosperity.

In the Market

We offered outreach programmes on financial literacy throughout 2020 to enhance market participants' knowledge of the financial products and development of our markets. For example, in partnership with retail brokerage firms, we launched the ETP Joint Promotion Programme, to increase awareness and understanding of ETPs among individual investors. In London, the LME hosted a series of educational webinars to offer the wider metal and financial communities the opportunity to enhance their understanding of the metal markets and discuss key industry trends and topics. These included a webinar series on responsible sourcing requirements and ferrous metals, and a collaboration with Euromoney Learning,

which covered topics from product introduction to risk management.

In the Community

We champion financial literacy by collaborating with various organisations to deliver tailored programmes and initiatives to support people from all walks of life in enhancing their ability to successfully manage their financial health with a holistic approach.

In 2020, we continued our HKEX University Training Programme, which provides opportunities for university students in Hong Kong and Mainland China to learn more about offshore financial markets and products. Since 2016, we have hosted the programme at 29 Mainland and Hong Kong universities, reaching more than 12,800 students and young professionals.

We have also strengthened our collaboration with NGOs to support the younger generation and ethnic minorities to achieve long-term personal financial stability. In collaboration with the Investor and Financial Education Council and St James' Settlement, we co-organised the Personal Finance Ambassador Programme, which promoted financial skills and knowledge to tertiary students, allowing them to make more informed and effective decisions. The Finance for Future programme, co-hosted with Junior Achievement Hong Kong, is expected to equip 1,200 secondary students during the 2020/21 academic year with the life skills and financial knowledge necessary to make wise decisions for their life goals. Strengthening our partnership with ENRICH, we supported a series of financial literacy workshops named Money Wise Migrant and Growing My Money, which empowered over 300 migrant domestic workers with the tools and knowledge required to make smart financial decisions.



Ring the Bell for Financial Literacy

We engage with our stakeholders, including market participants, investors, employees and the community, in order to promote financial literacy.

Our goal is to ensure our stakeholders are aware of the benefits and risks associated with financial markets, and aid them in their day-to-day financial management.

In October, we hosted our annual Ring the Bell for Financial Literacy in support of World Investor Week 2020, in partnership with the Investor and Financial Education Council. This celebration of the global campaign

led by the International Organization of Securities Commissions promotes the importance of financial knowledge for stakeholders. We invited leading practitioners to share their insights and experiences on how they have promoted the financial literacy of their different stakeholders, including customers, employees and the wider community.



Watch the video for **Financial Literacy**



Building Better Communities Together

At HKEX, we know that our corporate social responsibilities go well beyond the markets which we operate and regulate. The progress of our financial markets must be matched by the progress in our communities and we are fully committed to making our communities a better place to live. We do this by creating long-term partnerships and by encouraging colleagues to get involved through volunteering and community engagement.

Despite the Covid-19 restrictions, our volunteers provided more than 950 hours of voluntary service via online and other engagement channels, and raised more than \$75,000 through our employee-donation matching programme. Our team at the LME partnered with Charities Trust, one of

the UK's largest payroll giving agencies, to launch the Give as You Earn scheme to encourage its employees to make regular donation for good cause.

In September, we hosted our HKEX Volunteer Month where we encouraged employees to volunteer for local charities. Although we held the event virtually this year, we were once again immensely proud of the level of enthusiasm and involvement from our employees. They were invited to participate in our online activities, such as storytelling, art workshops, and financial literacy workshops. We also hosted a donation matching programme, HKEX Foundation beneficiaries webinar series, Step Challenge, and food donation drive. Employees demonstrated their genuine dedication to positively impact their communities.





The Step Challenge fundraising drive was an innovative way in which colleagues could participate, keep fit, and do good for the community. More than 450 colleagues participated and collectively we exceeded the Step Challenge goal of 38.8 million steps by 53 per cent. Together we raised \$300,000, which the HKEX Foundation donated to six charities to address various social and environmental challenges. We also invited these charities to share their mission and work through a webinar series to give our colleagues a better understanding of their work and how our support helped them overcome the challenges they were facing in the pandemic.

To reinforce our commitment to our markets, people, community, and the environment, we redesigned the Stock Code Balloting for Charity Scheme, renaming it the Stock Code for Charity Scheme, in July. It raised more than \$100 million for the HKEX Foundation's various community causes. During 2020, the Group donated \$112.9 million in total to various causes in communities where it operates; in particular, HKEX donated \$78.8 million to The Community Chest of Hong Kong and the LME donated £42,500 to its charity partner, The Connection at St. Martin-in-the-Fields.

Celebrating HKEX by Giving Back

We were proud to launch the HKEX Foundation to coincide with the 20th anniversary of HKEX as a listed company, further deepening our commitment to the communities in which we operate.

Funded by direct contributions from HKEX, private and corporate donations, and funds raised through HKEX's Stock Code for Charity Scheme, this new charitable foundation will drive and inspire change by supporting community projects that address social and environmental issues, whilst also helping to address global challenges at a local level.

To celebrate the launch of the HKEX Foundation, we introduced our flagship HKEX Charity Partnership Programme. Managed by The Community Chest of Hong Kong, the programme focused on financial literacy, diversity and inclusion, poverty relief, and environmental sustainability. We made an initial

\$20 million commitment to the programme to support ten long-term community projects, which are expected to benefit more than 40,000 individuals in Hong Kong.

For more than two decades, HKEX, as one of Hong Kong's major financial services employers, has nurtured young talents, by giving people the skills and tools they need to fulfil their dreams and ambitions. This year HKEX added to this commitment by launching the first HKEX University Scholarship Programme. Facilitated through the HKEX Foundation, this new programme will help develop home-grown talents in the fields of business and finance, biotech, and innovation.



“ Through the HKEX Foundation, we are committed to giving back by creating long-term partnerships, and by encouraging employees to get involved through volunteering and community engagement. ”

Tori Cowley
Group Chief Communications Officer, HKEX

Supporting Our Communities during the Pandemic

The spread of Covid-19 has been a disruptive event for our markets, communities, and families. HKEX, as a market regulator, exchange operator, listed entity, and corporate citizen has a responsibility to be a leader at times like these.

We recognise the impact that the volatile economic environment has had upon some of our Exchange Participants and the hardships they are facing. In order to acknowledge the Exchange Participants for their diligence during these challenging times, in safeguarding their operational efficiencies and managing their risk exposures, we offered a credit of \$10,000 to every trading Exchange Participant. Together we have maintained the high efficiency of our market, supporting Hong Kong's strength as a major international financial centre, despite the significant challenges of 2020.

On the community front, the Foundation offered critical support to people in need in their fight against the pandemic in Hong Kong, Mainland China and London. The HKEX Foundation donated \$10 million to fund various Covid-19 relief initiatives, which helped groups and individuals who were in urgent need of financial and mental health support, hygiene supplies, food, and other necessities.



\$5 million

donated to Hong Kong Council of Social Service which benefitted 50 non-government-funded charities

>26,000 face masks

donated to University College London Hospitals

70 low-income families

to receive deep cleaning services for their homes

Our Operations





銀行街
Bank Street
31E
港行
Kowloon

166

166

Our Operations

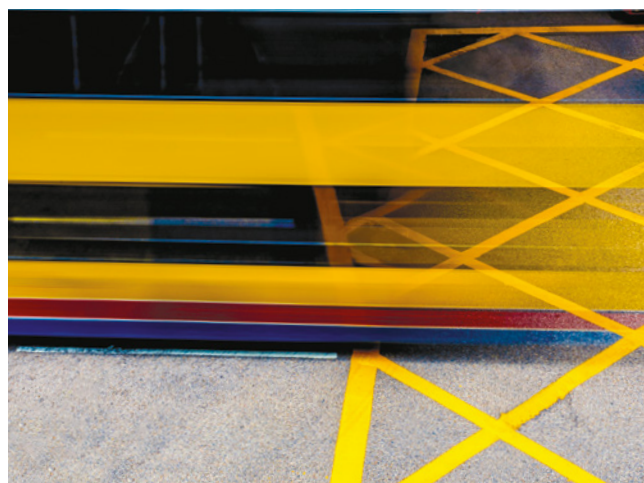
At HKEX, we know that responsible business practices are the key to our long-term success and resilience. We are committed to adopting the best practices in running our business and setting an example to the wider business community in pursuing operational excellence.

Key Areas	Objectives
Business ethics and integrity	To uphold the highest standard of ethics and integrity when doing our business and to reinforce our Values in all that we do
Environmental stewardship	To responsibly manage the environmental impact of our operations and aspire to decouple our carbon footprint from our business growth
Supply chain sustainability	To maintain a responsible and ethical supply chain and to promote strong ethical supply chain management with the wider business community
Communications and transparency	To communicate our CSR commitments and progress through transparent and relevant reporting

Our Approach

Given our central role in a constantly evolving economic landscape, we foster confidence in our markets and the services we provide by driving operational excellence in the way we engage with our business partners and local community groups.

We aim to uphold the highest ethical standards in everything we do. We also adopt responsible business practices that consider the social and environmental needs of our business as well as the wider community. We aim to demonstrate the business case for sustainability by regularly engaging our employees, business partners, suppliers, and other stakeholders.



Progress Update

In 2020 we made steady progress towards our CSR commitments via the following actions and initiatives, and will continue to progress on these initiatives in 2021:

Progress in 2019	Progress in 2020
<ul style="list-style-type: none"> • Launched the Code of Conduct for the LME • Launched a new web-based whistleblowing channel 	<ul style="list-style-type: none"> • Enhanced the Group Anti-Bribery and Anti-Corruption Policy to strengthen our anti-bribery framework
<ul style="list-style-type: none"> • Established a new Carbon Offset Policy for Business Air Travel 	<ul style="list-style-type: none"> • Introduced initiatives to streamline and digitalise our workflow for paperless markets
<ul style="list-style-type: none"> • Established partnership with an NGO which supports youths with different abilities for corporate gifts design 	<ul style="list-style-type: none"> • Launched the HKEX Interim Procurement Policy and continued our engagement with local suppliers
<ul style="list-style-type: none"> • Enhanced our CSR section of the HKEX Group Website 	<ul style="list-style-type: none"> • Enhanced the HKEX Market website, in particular, introduced the Market System Status webpage



Reinforcing Business Ethics and Integrity

The way we run our business and the regulations that we follow to protect investors, the market, and ourselves are central to our role as a global markets leader. We have both individual and collective responsibilities to ensure that we comply with the legal and regulatory frameworks which shape all that we do.

We offer employee training to refresh our team's understanding of compliance obligations. In addition to annual mandatory compliance training on anti-bribery and anti-corruption, personal account dealing, and other compliance topics, we continued to host the Know Your Regulator seminar series to invite regulatory bodies and experienced professionals to speak about their roles, functions, and experience to help employees better understand the

compliance themes and trends that are shaping our business and markets. In London, the LME launched its annual information security and health and safety training to enhance its employees' understanding of cyber security threats and workplace safety.

We continued our annual Legal and Compliance Awareness Month and Risk Awareness Month to reinforce a strong culture of integrity and compliance among our employees. Seminars presented by external and internal speakers were organised to raise the awareness of various topics including conflicts of interest, confidentiality of information, whistleblowing, personal data privacy, and cyber security. We used crossword puzzles and weekly quizzes to reinforce the understanding of legal and compliance obligations, and risk management.

Renewing Our Commitment to Security and Integrity

We are aware of the vital and leading role that we play in setting and articulating corporate governance standards in the marketplace in order to secure market confidence and protect investors.

At HKEX, we believe compliance and integrity starts with each of us, and we reinforce this among our employees by providing relevant tools, resources, and training that ensure everyone on our team is equipped to act responsibly. We go beyond regulatory requirements when we review and formulate policies that address emerging issues in order to enhance our business resilience and to meet stakeholders' expectations.

In 2020, we updated a number of key policies, including the Group Anti-Bribery and Anti-Corruption Policy, the Group Personal Account Dealing Policy, the Group Information Security Policy, and the Group Corporate Communications Policy. This further strengthens, protects, and promotes our high standards of excellence and professionalism across our operations.



Leading Environmental Stewardship in Our Business

At HKEX we know that responsible corporate practices, and the small changes that we all make as individuals, can make a big difference to our business and our communities. As we are gradually making progress on reducing energy use, HKEX commissioned an external review of our TKO Data Centre energy management to assess our energy usage and generate ideas for more efficient hosting services, further developing our operations and customer support best practices. In the UK, the LME office premise has used 100% renewable energy since March as part of the Group's continued efforts to reduce its carbon footprint.

In addition, starting in 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 also encouraged our staff to utilise the communication and collaboration solutions from the Future Workspace to reduce travel.

The Group is active in providing employees with information about the environmental impacts of their daily life, and we ran ongoing environmentally-focused initiatives in 2020. One of the highlights was our Go Green with HKEX campaign, during which we sent weekly educational messages to our employees, such as green tips to address environmental issues at the individual level, to encourage them to act now starting with small changes. We also held a webinar on fast fashion under the Better World Series, where an expert from Friends of the Earth (HK) talked about how our clothes are made and the positive change that we can bring if we shop more responsibly. A drive to collect unwanted clothes was held throughout April and we collected more than 30kg of clothes for upcycling.

In 2020, we were proud to be a Platinum sponsor of Friends of the Earth (HK)'s Tree Planting Challenge. We supported the planting of 1,000 trees of native species in Tai Lam Country Park in Hong Kong, which helps to enhance the ecological value and biodiversity in the area, as well as to make way for sustainable development of our countryside.

Moving Towards a Paperless Future

As an active and responsible global financial markets leader, we are committed to promoting and managing our environmental impact in a responsible way. While we aim to decouple our carbon footprint from business growth, we are also driving impactful change across our markets.

In July, the Exchange published a [consultation paper](#) on paperless listing and subscription regime, online display of documents, and reduction of the types of documents on display. Following market feedback, the changes to the Listing Rules will take effect in the second half of 2021.

Under the amended Listing Rules:

- All listing documents in a new listing must be published solely in an electronic format and new listing subscriptions, where applicable, must be made through online electronic channels only;
- The current requirement for certain documents to be put on physical display will be replaced with a requirement for those documents to be published online; and
- The types of documents that it is mandatory for an issuer to put on display for notifiable transactions and connected transactions will be reduced.



In November, HKEX also launched a [concept paper](#) for Fast Interface for New Issuance (FINI), a proposal to modernise Hong Kong's IPO settlement process. This new web-based service will enable a fully digital IPO settlement process, replacing paper-based documents, communications, and payments.

Other initiatives included extending the rollout of Client Connect, a single platform to unify all client access to HKEX services, from optional to mandatory use; and digitalising the majority of our paper-based services.

Upholding Supply Chain Sustainability

We understand that our operational impact goes beyond our day-to-day functions and that our business partners play an important part in helping us address our environmental and social footprints. As such, we adopt a prudent approach to maintain a responsible and ethical supply chain and promote responsible practices among our key suppliers.

In 2020, we conducted a review of HKEX's vendors portfolio to identify critical vendor relationships and short- and long-term opportunities for improvement in the way we procure and buy products and services. We introduced a new Interim Procurement Policy supplementing the existing policies and procedures to help address procurement and vendor management activities with our most critical suppliers, as well as those associated with high-value procurement activity and cloud based services.

Our corporate gift collection has also been developed with sustainability credentials in mind. The philosophy at the heart of our new collection of corporate gifts is that it is better to give than to receive. Throughout the year, we continued to ensure that factors of sustainability and environmental friendliness were taken into consideration.

Strengthening Communications and Transparency

Our multiple roles in the market provide us with a powerful platform to affect change and boost transparency. It is our job to encourage all market participants to play a part in driving forward Hong Kong's ESG ecosystem. We launched HKEX Insight, which allows readers to catch-up on our latest thought-leadership pieces, industry views, researches, surveys, and opinions from the experts leading and shaping our business. We also continued to publish newsletters on various topics such as IPOs, biotech, and Listed Issuer Regulation, helping market participants learn more about the development of financial markets.

In order to communicate with market participants in an effective and timely manner, HKEX revamped the [HKEX Market website](#) and introduced a [Market System Status webpage](#) displaying the latest operating status of the HKEX market systems.

Performance Summary

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

Economic Performance

In 2020, the Group did not receive any financial assistance from any governments. Due to typhoons in Hong Kong, the trading in the securities and derivatives markets, including Stock Connect trading, were delayed on 19 August 2020 and the trading in the securities and derivatives markets, including After-Hours Futures Trading and Stock Connect Northbound trading, were cancelled on 13 October 2020, resulting in a total of estimated loss in revenue equivalent to less than one per cent.

Indicators	2020	2019	2018
Direct economic value (\$m)			
Generated ¹	19,190	16,311	15,867
Distributed ²	16,747	14,142	14,118
Retained ³	2,443	2,169	1,749
Current tax (\$m)			
Hong Kong	1,535	1,314	1,421
Mainland China	2	2	1
UK	176	197	129
Stamp duty generated for the Government ⁴ (\$m)	45,547	27,510	33,845

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

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

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

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

Business Integrity and Ethics

Anti-corruption

In 2020, there were no concluded legal cases regarding corrupt practices 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 2020, 13 Directors, which account for 100 per cent of the Board members, received training on anti-corruption.

System Stability and Reliability

In 2020, despite the market volatility and the challenges posed by Covid-19 on work arrangements, all of HKEX's major trading, clearing, settlement and market data dissemination systems for the Cash, Derivatives and Commodities Markets continued to perform robustly.

Product Responsibility

HKEX continues to strengthen its information security controls to protect its stakeholders' data privacy in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). HKEX continues to promote and improve information security in line with industry standards and best practices. In 2020, HKEX maintained its ISO 27001 certification for the information security management system of its enterprise data centre. There were no incidents and substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group in 2020.

In 2020, 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	2020	2019	2018
Number of enquiries and complaints handled	11,119	14,754	11,471

Anti-competitive Behaviour

In 2020, the Group was not aware of any legal actions against it for anti-competitive behaviour, anti-trust or monopoly practices.

Public Policy

The Group keeps track of key changes in public policy which may have significant impact on the Group's sustainability development and strategies and the financial industry, and takes a neutral stance in political matters. It did not make donations to any political parties in 2020.

Supply Chain Sustainability

In 2020, 84 per cent of HKEX's key suppliers, 100 per cent of the Mainland subsidiaries' key suppliers, and 84 per cent of the LME's and LME Clear's key suppliers were local suppliers. Eight key suppliers providing corporate security, employee benefits, information technology or property management services to HKEX completed questionnaires regarding their CSR performance. There was no significant change in the Group's supply chain in 2020.

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

Indicators	2020	2019	2018
Number of key suppliers ¹	122	115	107
By region			
Asia excluding Hong Kong and Mainland China	1	2	1
Australia	1	1	-
Europe	7	5	8
Hong Kong	53	63	52
Mainland China	9	-	-
UK	45	44	46
US	6	-	-
Total payments to key suppliers (\$bn)	2.0	1.7	1.5

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

Employment

As at 31 December 2020, the Group had a total of 2,392 employees. Taking into account the number of employees of BayConnect Technology Company Limited, ie, 255, in 2019, the Group recorded 0.8 per cent increase in its total number of employees in 2020.

In 2020, there were no confirmed non-compliance incidents or grievances in relation to human rights and labour practices standards and regulations that would have a significant impact on the Group.

Indicators	2020	2019	2018
Number of employees ¹	2,392	2,117	1,990
By gender			
Female	970	914	851
Male	1,422	1,203	1,139
By age group			
Below 30	440	375	330
30 to 50	1,624	1,457	1,393
Over 50	328	285	267
By region			
Hong Kong	1,624	1,624	1,535
Mainland China ²	388	157	N/A
UK	370	326	310
Others ³	10	10	145
By employment contract and gender			
Permanent (female)	903	847	807
Permanent (male)	1,301	1,080	1,047
Temporary/fixed term (female)	67	67	44
Temporary/fixed term (male)	121	123	92
By employment contract and region			
Permanent (Hong Kong)	1,439	1,440	1,411
Permanent (Mainland China) ²	388	156	N/A
Permanent (UK)	367	321	298
Permanent (others) ³	10	10	145
Temporary/fixed term (Hong Kong)	185	186	124
Temporary/fixed term (Mainland China) ²	-	-	N/A
Temporary/fixed term (UK)	3	4	12
Temporary/fixed term (others) ³	-	-	-
By employment type and gender			
Full-time (female)	954	896	839
Full-time (male)	1,417	1,197	1,136
Part-time (female)	16	18	12
Part-time (male)	5	6	3

1 Number of employees is expressed in headcount. In each of 2018, 2019 and 2020, no significant portion of the Group's activity was performed by workers who were not employees of the Group.

2 Relevant figures have been disclosed separately from 2019 onwards.

3 Figures disclosed for 2019 and 2020 represent the number of employees stationed in Singapore. Figures disclosed for 2018 represent the number of employees stationed in Mainland China and Singapore.

New Hires and Employee Turnover

Indicators	2020	2019	2018
Number and rate (%) of new hires	293 (12)	268 (13)	400 (20)
By gender			
Female	115 (12)	128 (14)	168 (20)
Male	178 (13)	140 (12)	232 (20)
By age group			
Below 30	93 (21)	90 (24)	127 (38)
30 to 50	178 (11)	166 (11)	261 (19)
Over 50	22 (7)	12 (4)	12 (4)
By region			
Hong Kong	136 (8)	166 (10)	275 (18)
Mainland China ¹	69 (18)	38 (24)	N/A
UK	88 (24)	63 (19)	89 (29)
Others ²	-	1 (10)	36 (25)
Number and rate (%) of employee turnover	289 (12)	232 (11)	268 (13)
By gender			
Female	95 (10)	108 (12)	112 (13)
Male	194 (14)	124 (10)	156 (14)
By age group			
Below 30	94 (21)	51 (14)	68 (21)
30 to 50	156 (10)	147 (10)	159 (11)
Over 50	39 (12)	34 (12)	41 (15)
By region			
Hong Kong	148 (9)	173 (11)	176 (11)
Mainland China ¹	94 (24)	18 (11)	N/A
UK	47 (13)	40 (12)	59 (19)
Others ²	-	1 (10)	33 (23)
Average year of services	7	7	7
Number of employees eligible to retire within the next five years	112	158	91

1 Relevant figures have been disclosed separately from 2019 onwards.

2 Figures disclosed for 2019 and 2020 represent the number of employees stationed in Singapore. Figures disclosed for 2018 represent the number of employees stationed in Mainland China and Singapore.

Diversity

Indicators	2020			2019			2018		
	Female	Male		Female	Male		Female	Male	
Percentage of employees by gender per employee category									
Senior	35	65		33	67		31	69	
Middle-level	40	60		41	59		41	59	
Supervisory-level	41	59		41	59		40	60	
General	44	56		57	43		55	45	
Percentage of employees by age group per employee category	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior	-	65	35	-	69	31	-	70	30
Middle-level	3	84	13	3	85	12	4	83	13
Supervisory-level	27	63	10	28	63	9	26	66	8
General	44	45	11	43	42	15	38	48	14

Return to Work and Retention after Parental Leave

Indicators	2020	2019	2018
Number of employees who took parental leave ¹			
Female	48	31	26
Male	53	45	44
Number and rate (%) of employees who returned to work after parental leave ended ²			
Female	30 (94)	24 (100)	24 (92)
Male	52 (98)	44 (100)	44 (100)
Number and rate (%) of employees who remained employed 12 months after the end of parental leave ³			
Female	20 (83)	23 (96)	25 (81)
Male	36 (82)	41 (93)	34 (77)

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

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

3 Relevant data of BayConnect Technology Company Limited was not available and therefore was not included in the calculation.

Training and Development

Indicators	2020	2019	2018
Total cost of training (\$m)	10.0	11.4	11.4
Total number of hours of training received by employees	20,896	33,950	29,327
Mandatory training ¹	8,193	N/A	N/A
Non-mandatory training ¹	12,703	N/A	N/A
Average hours of training per employee and percentage (%) of employees who received training	9 (97)	16 (97)	15 (98)
By gender			
Female	8 (97)	15 (96)	14 (98)
Male	9 (98)	17 (97)	16 (98)
By employee category			
Senior	9 (96)	12 (99)	13 (96)
Middle-level	8 (96)	22 (99)	18 (97)
Supervisory-level	6 (98)	14 (97)	15 (99)
General	12 (98)	9 (91)	8 (99)
Number of employees who received training on the following topics			
Anti-corruption ²	1,726	2,050	1,847
Anti-financial crime	1,799	2,050	1,887
Anti-competitive behaviour	-	393	325
Human rights	-	1,046	321
Occupational health and safety	1,286	239	483
Percentage of permanent employees who received formal performance appraisals ³	91	100	100
Percentage of permanent employees who received multi-rater performance evaluation ³	22	23	22

1 Relevant figures have been disclosed from 2020 onwards.

2 Excludes employees in Mainland China and other regions for disclosure in 2018.

3 Excludes employees who were not subject to performance appraisal process set out in the relevant policies.

Occupational Health and Safety

In 2020, the Group did not receive any prosecutions in relation to occupational health and safety. No work-related fatalities occurred between 2018 and 2020.

Indicators	2020	2019	2018
Number of reportable injuries ^{1,2}	1	2	2
Injury rate ³	0.04	0.10	0.10
Number of reportable occupational diseases	-	-	-
Occupational disease rate ⁴	-	-	-
Number of lost days	12	2.5	47
Lost day rate ⁵	0.50	0.12	2.35
Number of absentee days	4,849	7,912	5,183
Absentee rate ⁶	0.81	1.51	1.05

- 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 In 2020, one HKEX employee was hospitalised and diagnosed as having suffered a stroke while at work. At the time of this Report, the investigation into whether the incident was work-related is still in progress. In addition, one worker of HKEX's contractor fell from height while performing duties at HKEX premise, resulting in 10 lost days. The accident investigation was completed and corrective and preventive measures have been put in place.
- 3 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).
- 4 The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.
- 5 The lost day rate is calculated based on the number of lost days per 200,000 hours worked.
- 6 The absentee rate indicates the number of absentee days (as a result of occupational injuries and other illnesses) as a percentage of the total number of work days scheduled for the workforce.

Remuneration

Indicators	2020		2019		2018	
	Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Ratio of basic salary ¹ and remuneration ² of female employees to male employees						
Hong Kong						
Senior	0.9	0.9	0.9	0.9	0.9	0.9
Middle-level	1.0	1.0	1.0	1.0	1.0	1.0
Supervisory-level	1.0	1.0	1.0	1.0	1.0	1.0
General	1.1	1.1	1.1	1.1	1.1	1.1
Mainland China ³						
Senior	0.9	1.4	1.3	2.1	N/A	N/A
Middle-level	1.0	1.1	0.9	1.0	N/A	N/A
Supervisory-level	0.8	0.8	0.8	0.8	N/A	N/A
General	0.9	0.9	0.8	0.8	N/A	N/A
UK						
Senior	1.0	0.8	0.8	1.0	0.8	1.0
Middle-level	0.9	0.9	0.9	1.0	0.9	1.0
Supervisory-level	0.8	0.9	0.9	0.9	0.8	0.9
General	1.3	1.0	1.0	1.0	1.0	1.0

- 1 Basic salary is a fixed, minimum amount paid to an employee for his/her performance of duties.
- 2 Remuneration includes basic salary, performance bonus and share award if any.
- 3 Relevant figures have been disclosed from 2019 onwards.

Indicators	2020	2019	2018
Ratio of the 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	67	45	54
Mainland China ²	23	14	N/A
UK	15	17	14
Ratio of the percentage increase in annual total compensation for the highest-paid individual to the percentage increase in median annual total compensation for all employees (excluding the highest-paid individual)			
Hong Kong ³	11	N/A	1
Mainland China ^{2,4}	N/A	1	N/A
UK ⁵	N/A	N/A	1

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

2 The relevant records have been disclosed from 2019 onwards.

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

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

5 There was a decrease in the median annual total compensation for all employees (excluding the highest-paid individual) in the UK in 2019. There was a decrease in the annual total compensation for the highest-paid individual in the UK in 2020.

Philanthropy and Volunteering

Indicators	2020	2019	2018
Corporate charitable donations (\$m)	112.9	4.2	3.3
Donation to The Community Chest of Hong Kong	78.8	N/A	N/A
Donations to other charity partners	34.1	N/A	N/A
Fund raised under the Stock Code Balloting for Charity Scheme ¹ (\$m)	50.0	100.4	93.4
Employee charitable donations (\$m)	0.1	0.1	0.1
Corporate sponsorships (\$m)	0.2	0.9	0.7
Number of employee volunteering hours ²	973	3,161	4,354
Number of employee volunteering leave days taken ³	32	103	105

1 Donations were made directly by listed issuers to The Community Chest of Hong Kong and figure disclosed for 2020 represents the amount raised in the first six months of 2020. The Stock Code Balloting for Charity Scheme was revamped into the new Stock Code for Charity Scheme effective 1 July 2020.

2 Includes volunteering hours from guests of HKEX employees.

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

Environmental Stewardship

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

In 2020, 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	2020	2019	2018
Total GHG emissions (Scope 1 and 2) ² (tonnes)	19,118	19,667	18,327
Total GHG emissions (Scope 1 and 2) per floor area (tonnes/m ²)	0.34	0.35	0.33
Total GHG emissions (Scope 1 and 2) per employee (tonnes/employee)	7.99	9.29	9.21
Total GHG emissions (Scope 1, 2 and 3) (tonnes)	20,096	22,190	20,217
Total GHG emissions (Scope 1, 2 and 3) per floor area (tonnes/m ²)	0.36	0.39	0.36
Total GHG emissions (Scope 1, 2 and 3) per employee (tonnes/employee)	8.40	10.48	10.16
Direct GHG emissions (Scope 1) ³ (tonnes)	166	33	38
Corporate fleet	14	15	20
Backup generators	16	18	18
Refrigerants	136	-	-
Indirect GHG emissions (Scope 2) ⁴ (tonnes)	18,952	19,634	18,289
Purchased electricity	18,952	19,634	18,289
Indirect GHG emissions (Scope 3) (tonnes)	978	2,523	1,890
Business travel ^{5,6}	N/A	1,487	870
Paper consumption	56	103	98
Staff commuting	880	888	886
Waste to landfill ⁷	42	45	36
GHG emissions avoided by recycling of paper (tonnes)	405	849	863

- 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.
- 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" (GHG Protocol) issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices" issued by the Environmental Protection Department in Hong Kong, and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by the Department for Environment, Food & Rural Affairs (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.
- The breakdown of the Group's 2020 Scope 1 GHG emissions is as follows: carbon dioxide (28 tonnes CO₂e), methane (0.02 tonnes CO₂e), nitrous oxide (1.5 tonnes CO₂e) and hydrofluorocarbons (136 tonnes CO₂e). There was no emission of perfluorocarbons and sulphur hexafluoride in 2020.
- 2020 Scope 2 GHG emissions were calculated based on the market-based method (2020 location-based Scope 2 GHG emissions were 19,122 tonnes CO₂e), while 2018 and 2019 data were calculated based on location-based method as set out in the GHG Protocol.
- From 2020 onwards, the Group offset all GHG emissions due to business air travel in accordance with the Group's Carbon Offset Policy for Business Air Travel and in 2020, 125 tonnes CO₂e of GHG was offset.
- Disclosure for 2018 covers emissions data relating to travel by air, land and sea and disclosures for 2019 and 2020 cover emissions data relating to air travel only as emissions from land and sea travel are immaterial. Emissions data relating to air travel by HKEX's directors and employees was 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, while emissions data relating to land and sea travel was based on the estimated distance travelled and the relevant emission factors.
- 2018 and 2019 waste to landfill data were restated due to the remodelling of emission factor according to DEFRA's 2020 methodology paper for conversion factors. This restatement affected the total scope 3 emissions for the respective reporting years.

Energy Consumption¹

Indicators	2020	2019	2018
Total energy consumption (MWh)	33,808	34,212	32,132
Total energy consumption per floor area (MWh/m ²)	0.60	0.61	0.58
Total energy consumption per employee (MWh/employee)	14.13	16.16	16.15
Direct energy consumption (MWh)	110	120	139
Unleaded petrol	33	36	53
Diesel	77	84	86
Indirect energy consumption (MWh)	33,698	34,092	31,993
Purchased electricity	33,698	34,092	31,993
Expense on energy consumption ² (\$m)	40	40	39

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

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

Paper Consumption

To promote environmentally friendly practices in our markets, the Exchange encourage investors to use electric IPO (eIPO) services when applying for shares relating to new listings in primary market. In 2020, 94 per cent of issuers arranged eIPO services during their new listing.

Indicators	2020	2019	2018
Total paper consumption (tonnes)	59	108	102
Office paper	34	65	77
Paper for printing publications ¹	25	43	25
Forest Stewardship Council (FSC) certified or recycled paper used ² (%)	70	69	83

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

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

Waste Management

Indicators	2020	2019	2018
Total waste produced and disposed to landfill (tonnes)	91	99	79
Total waste produced and disposed to landfill per floor area (tonnes/m ²)	0.002	0.002	0.001
Total waste produced and disposed to landfill per employee (tonnes/employee)	0.04	0.05	0.04
Waste produced and disposed to landfill (tonnes)			
General office waste	91	99	79
Food waste	0.1	0.1	0.3
Waste produced and collected for recycling			
Food waste (tonnes)	1	1	1
Mixed recycling (tonnes)	27	25	27
Paper ¹ (tonnes)	84	177	180
Waste lead-acid batteries ² (tonnes)	10	2	2
Metals (kg)	1,346	674	960
Plastics (kg)	456	344	303
Polyfoam (kg)	515	–	1,775
Wooden board (kg)	622	–	3,800
Glass (kg)	110	–	–
Electronic equipment (pieces)	387	731	1,338
Lubricating oil ² (litres)	–	–	400

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

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

About this Report

Overview

This Report gives an annual update of the Group's CSR performance for the 2020 calendar year. It is available on the HKEX Group website and should be read in conjunction with [HKEX Annual Report 2020](#), 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. Compared with the reporting boundary of CSR Report 2019 published on 16 March 2020, there is no significant change in that of this Report, except the inclusion of the operations of BayConnect Technology Company Limited.

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 major stakeholder engagement channels are disclosed in Our Approach to CSR section.

To ensure a comprehensive understanding of the Group's CSR performance over years, a summary of the Group's 2020 CSR performance relative to various quantitative KPIs, with comparison to 2018 and 2019, are disclosed in the Performance Summary section. Information of the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used on these KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating these KPIs or any changes that affect a meaningful comparison would be stated.

Reporting Framework

This Report has complied with all mandatory disclosures 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. 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.

For climate-related disclosure, we are in the process of applying the disclosure recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD framework provides guidance on how to disclose and address climate-related risks and opportunities, and we will continue to enhance our disclosures to provide more details about our management approach on climate-related issues.

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 of this Report.

Endorsement and Approval

This Report was endorsed by the CSR Committee and approved by the Board in February 2021.

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

Board • HKEX's board of directors

Central Government • The Central Government of the People's Republic of China

CG Code • Appendix 14 to the Main Board Listing Rules

CO₂e • Carbon dioxide equivalent

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

ETF(s) • Exchange Traded Fund(s)

ETP(s) • Exchange Traded Product(s)

Exchange or SEHK • The Stock Exchange of Hong Kong Limited

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)

IPO(s) • Initial Public Offering(s)

ISO • International Organization for Standardization

KPI(s) • Key performance indicator(s)

LGBT • Lesbian, Gay, Bisexual and Transgender

Listing Rules • Main Board Listing Rules and Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

LME • The London Metal Exchange

LME Clear • LME Clear Limited

Main Board Listing Rules • Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

MWh • Megawatt hour

NGO(s) • Non-governmental organisation(s)

OECD • Organisation for Economic Co-operation and Development

OTC Clear • OTC Clearing Hong Kong Limited

TKO Data Centre • HKEX's data centre at Tseung Kwan O, Hong Kong

UK • United Kingdom

UN • United Nations

US • United States of America

\$ • 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 2020 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 2020 to 31st December 2020, as disclosed in the Report.

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

Level of Assurance and Methodology

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

Our verification procedure performed 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 data in the Report or the compilation of the Report. HKQAA's verification activities are independent from HKEX. There is no relationship between HKQAA and HKEX that will affect the independence of HKQAA for providing this verification service.

Conclusion

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

- The Report has been prepared in accordance with the ESG Guide and with reference to 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 provides high level of transparency regarding HKEX's commitments, performance and progress towards sustainability under the three pillars of HKEX's CSR strategies and plans. Besides, the Report also emphasizes the impacts of the material aspects and relevant CSR focus areas particular on HKEX's efforts in addressing the associated impacts.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham
Head of Audit

February 2021



