Corporate Social Responsibility Committee Report

The CSR Committee
The Corporate Social Responsibility (CSR) Committee is delegated with the authority from the Board to provide direction and oversee the development and implementation of the CSR initiatives of the Group in relation to corporate sustainability, environmental protection, philanthropy and community investment. Its terms of reference are available on the HKEX Group website [ORG].

Summary of Work in 2019/2020
- Reviewed and endorsed the following items:
  - the revisions of HKEX’s CSR Policy and the Committee’s Terms of Reference;
  - the Terms of Reference of the HKEX Foundation Limited;
  - the work plans of philanthropic and volunteering initiatives;
  - the Carbon Offset Policy for business air travel; and
  - the annual CSR Report
- Approved the following items or CSR initiatives:
  - HKEX being a signatory or supporting organisation of (i) the Green Investment Principles for the Belt and Road; (ii) the Task Force on Climate-Related Financial Disclosures; (iii) the Equal Opportunity Commission’s Racial Diversity and Inclusion Charter for Employers; and (iv) the Investor and Financial Education Council’s Financial Literacy Charter; and
  - the Group’s paper reduction target
- Received quarterly reports on the Group’s charitable donations
- Received and discussed HKEX’s CSR activities, and global trends in CSR

CSR Policies and Performance
HKEX is committed to promoting and progressing its financial markets and the communities they support and is seeking to reinforce its commitment to be an active and responsible leader. Details of HKEX’s key CSR practices and activities during 2019 are disclosed in the 2019 CSR Report. HKEX’s CSR policies and management approaches are available on the HKEX Group website [CSR].

In view of the business nature of the Group, HKEX is not aware of any environmental laws or regulations that would have a material impact on the Group. The Group, however, continues to adopt enhanced measures to reduce energy and other resource utilisation, minimise waste and increase recycling, encourage its employees to adopt environmentally responsible behaviour and promote environmental protection in its supply chain and marketplace. During 2019, HKEX enhanced its management regarding the recycling of waste lead acid batteries used in its data centres. To help mitigate its environmental footprint, the Group established a new Carbon Offset Policy for business air travel. In the UK, the LME launched a new Green Working Group, designed to investigate opportunities to progress the green agenda.

HKEX contributes to the community by making charitable donations and community investments in accordance with its policies. In 2019, the Group donated a total of $4.2 million to various causes in communities where it operates; helped raise $100 million for The Community Chest of Hong Kong via the Stock Code Balloting for Charity Scheme; and raised approximately £40,000 for the LME’s charity partner, The Connection at St. Martin-in-the-Fields. Throughout the year, the Group continued to encourage its employees to participate in different events organised by
charities in their communities. During 2019, the Group’s employees and their guests contributed over 3,000 hours of volunteer services in total.

Relationships with Major Stakeholders
HKEX actively engages with its employees, market participants, investors, suppliers and other stakeholders through different channels to develop mutually beneficial relationships and promote sustainability.

Employees are remunerated equitably and competitively. Training and development opportunities are provided to equip staff members so that they deliver their best performance and achieve corporate goals. During the year, the Group delivered over 30,000 hours of training to its employees across different divisions and departments. In June 2019, the Group undertook its Group-wide People Survey to gather employees’ feedback on their views of the company, their working environment and their levels of engagement. The survey attracted a high response rate of 95 per cent and received a 10 per cent improvement in the engagement score compared with our 2018 Pulse Survey. In the UK, to facilitate the ongoing enhancement of conduct in the wider metals sector and help ensure all individuals in the industry can rightly expect a welcoming, respectful and inclusive environment, the LME launched its Code of Conduct in April 2019 to provide clear guidance for LME Group staff, LME member employees at the LME premises and attendees at LME events.

In its capacity as an exchange and a regulator, the Group consults the market on major initiatives and the views of respondents are carefully and thoroughly considered to ensure that decisions are made in an informed and balanced manner. In January 2019, HKEX, the SFC and the Federation of Share Registrars Limited published a joint consultation paper on a revised operational model for implementing an uncertificated securities market in Hong Kong. The Exchange launched a consultation in May 2019 to seek public feedback on the review of the ESG Reporting Guide and related Listing Rules, and the conclusions were issued in December 2019. In addition, three other market consultations were conducted by HKEX in 2019 to seek market views on (i) review of Chapter 37 – debt issues to professional investors; (ii) codification of general waivers and principles relating to IPOs and listed issuers and minor Rule amendments; and (iii) market microstructure enhancements. In the UK, following two years of market engagement, including a formal market-wide consultation, in October 2019 the LME announced its responsible sourcing requirements underpinned by the OECD Due Diligence Guidance for Responsible Supply Chains, which will apply to all LME-listed brands. This marks a significant step forward for the efforts of the LME and the metals market to promote inclusive, sustainable and responsible global metal supply chains.

HKEX is committed to ensuring strong ethical supply chain management and seeks to use suppliers that reflect its values and commitment to being a good corporate citizen. During 2019, 12 key suppliers providing professional consultancy, employee benefits, information technology or property management services to the Group have completed a questionnaire regarding their CSR performance. The Group was not aware that any of its key suppliers had any significant actual or potential negative impact on business ethics, environmental protection, human rights or labour practices, nor any of them had any non-compliance incident in respect of these areas.

CSR Reporting
During 2019, HKEX Chief Executive provided to the Board quarterly CSR progress reports summarising the CSR initiatives undertaken by the Group. Details of the Group’s CSR performance in 2019 are disclosed in the 2019 CSR Report.

Laura M CHA
Chairman of the CSR Committee

Hong Kong, 25 February 2020