

Corporate Social Responsibility Committee Report

The CSR Committee

The Corporate Social Responsibility (CSR) Committee (formerly known as the Environmental, Social and Governance 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](#).

The CSR Committee comprises four INEDs and HKEX Chief Executive, whose names and biographies are set out in the Board and Committees section of this Annual Report. The CSR Committee held four meetings in 2018. Members' attendance records are in the Corporate Governance Report contained in this Annual Report.

Summary of Work in 2018/2019

- Approved the proposal for HKEX to join the UN Sustainable Stock Exchanges initiative
 - Endorsed revisions to the Committee's terms of reference to focus on CSR issues and initiatives
 - Reviewed updates on HKEX's CSR development, including the establishment of a charitable foundation
 - Approved the terms of reference of the new CSR Working Group
 - Endorsed HKEX's CSR Strategy and Plan for 2019-2021
 - Approved HKEX's pledges in gender equality and support to the Women's Empowerment Principles
 - Endorsed the annual CSR Report
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CSR Policies and Performance

HKEX is committed to promoting sustainable development in the marketplace and the community and seeks to integrate CSR considerations into its business strategy and management approach. Details of HKEX's key CSR practices and activities during 2018 are disclosed in the 2018 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 significant impact on the Group. The Group, however, continues to do more than is required of it, by adopting 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 2018, HKEX was awarded the "Excellence" Level Wastewise Certificate under the Hong Kong Green Organisation Certification Scheme. HKEX's Data Centre at Tseung Kwan O also achieved the Platinum rating under the Building Environmental Assessment Method (BEAM Plus) for Existing Buildings V2.0 Comprehensive Scheme by the Hong Kong Green Building Council in recognition of its efforts and achievements on a number of environmental aspects, such as energy use, water use, and materials and waste management.

HKEX contributes to the community by making charitable donations and community investments in accordance with its Community Investment Policy. In 2018, the Group donated a total of \$3.3 million to various causes in communities where it operates and helped raise \$93.4 million for The Community Chest of Hong Kong via the Stock Code Balloting for Charity Scheme, and approximately £11,000 for the LME's charity partner, Little Havens Hospice. Throughout the year, the Group continued to encourage its employees to participate in different events organised by charities in their communities. The Group's employees and their guests contributed over 4,300 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. In June 2018, the Group undertook an interim Employee Engagement Pulse 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 87 per cent.

In its capacity as an exchange and a regulator, HKEX consults the market on major initiatives and the views of the respondents are carefully and thoroughly considered to ensure that decisions are made in an informed and balanced manner.

The Exchange launched a consultation in February 2018 to seek public feedback on the proposed new rules to expand the Hong Kong listing regime to facilitate listings of companies from emerging and innovative sectors, and the conclusions were issued in April 2018. In addition, three other market consultations on listing matters were conducted by the Exchange in 2018 to seek market views on (i) backdoor listing, continuing listing criteria and other rule amendments; (ii) review structure in relation to Listing Committee decisions; and (iii) proposal relating to listed issuers with disclaimer or adverse audit opinion on financial statements. In the UK, the LME introduced in March and July 2018, respectively, an updated Financial OTC Booking Fee Policy and the implied pricing for metals on its electronic trading platform as part of its Strategic Pathway commitment. The LME further launched a two-month consultation in August 2018 to seek views of its members and other interested parties on proposed amendments relating to the Strategic Pathway initiatives and other rule amendments. In October 2018, the LME published a paper outlining its proposals for responsible sourcing of metals, seeking feedback from the market on its path forward.

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 2018, 36 key suppliers providing information technology or property management services to HKEX 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 and labour practices, nor any of them had any non-compliance incident in respect of these areas.

CSR Reporting

During 2018, 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 2018 are disclosed in the 2018 CSR Report.

Laura M CHA

Chairman of the CSR Committee

Hong Kong, 25 February 2019