

Remuneration Committee Report

The Remuneration Committee

The Remuneration Committee (RC) is delegated with the authority by the Board to establish, review, and make recommendations to the Board on the Group's remuneration policy and practices. The RC ensures that all employees and Executive and Non-executive Directors are appropriately remunerated in accordance with the Group's strategy and performance against key objectives. Its terms of reference are available on the HKEX Group website [OS](#).

The RC comprises six INEDs whose names and biographies are set out in the Board and Committees section of this Annual Report. The RC held five meetings in 2022. Members' attendance records are disclosed in the Corporate Governance Report contained in this Annual Report.

Summary of Work in 2022/2023

Remuneration Policy	<ul style="list-style-type: none">Conducted a holistic review of compensation and performance management practices, resulting in the adaptation of a market-aligned total compensation framework which will be subject to continuous review and improvementConducted a thorough review and evaluation of the firm's methodology to determine incentive pools to ensure alignment with corporate strategy and performance outcomes
Remuneration of Non-executive Directors	<ul style="list-style-type: none">Reviewed the remuneration of Non-executive Directors of HKEX, the LME, LME Clear and OTC Clear
Remuneration of CEO and Senior Executives	<ul style="list-style-type: none">Determined the 2022 performance cash incentive and share award for HKEX CEO and selected senior executives, taking into account individual performance and contributionReviewed senior executive benchmark data and market trends ahead of making individual compensation decisions
Remuneration of Group Employees	<ul style="list-style-type: none">Recommended the 2022 performance cash incentive and share award poolsRecommended the 2023 salary adjustment budget for the Group's employees
Performance Management	<ul style="list-style-type: none">Reviewed and endorsed the 2022 corporate scorecard for the GroupAssessed performance against the 2022 corporate scorecard, and recommended compensation and incentive pool outcomes for the Group's employees
Governance	<ul style="list-style-type: none">Recommended revisions to the scheme rules of the Share Award Scheme, which were subsequently approved by the Board in June 2022Reviewed the RC's terms of referenceReviewed and approved the introduction of a remote working policy

Non-executive Directors' Remuneration

Objective

To remunerate Non-executive Directors at an appropriate level for their commitment to HKEX and to attract and retain high calibre and experienced individuals to oversee HKEX's business and development

Policy

- To conduct regular reviews with reference to companies with comparable business or scale and recommend remuneration adjustments, if appropriate
- To seek the Board's endorsement and Shareholders' approval of any recommended changes

Remuneration for 2022/2023

- Adjustments to Non-executive Directors' fees were last approved by Shareholders at the 2022 AGM.
- The review of Non-executive Directors' fees is conducted on an biennial basis, with the next review scheduled for 2024.

Non-executive Directors' Remuneration for 2023/2024

\$

Board	
– Chairman	3,500,000
– Other Non-executive Director	920,000
Audit Committee, Remuneration Committee and Risk Committee	
– Chairman	300,000
– Other member	180,000
Board Executive Committee, Corporate Social Responsibility Committee, Investment Committee, Listing Operation Governance Committee, and Nomination and Governance Committee	
– Chairman	250,000
– Other member	170,000

Non-executive Directors are not entitled to participate in the Share Award Scheme.

Further details of the Directors' emoluments are set out in note 15 to the Consolidated Financial Statements.

Employees' Remuneration

Objective

To ensure that employees are remunerated equitably and competitively with consideration of the achievement of their individual performance goals, the key business objectives at corporate level, and the market conditions

Policy

- To recommend, based on up-to-date market information, the appropriate salary adjustments, if any, for the Board's approval
- To evaluate the corporate performance based on a set of pre-determined indicators and to recommend an appropriate total incentive pool for the year, if any, to the Board
- To consult with HKEX CEO about the performance of the members of the Senior Management and other senior executives, and determine and approve total compensation outcomes for this population to ensure that they are remunerated equitably and in accordance with the established guidelines
- To review and approve all remuneration proposals for the HKEX CEO, Senior Management, Management Committee members and other senior direct reports to the CEO, and in addition any remuneration proposals for current or prospective employees where proposed total compensation is above a pre-determined threshold
- To review and recommend the remuneration of HKEX CEO to the Board. As a good corporate governance practice, HKEX CEO is not involved in the Board's discussion and decision.

Review for 2022/2023

- Based on the RC's recommendation, the Board approved, in February 2022, the implementation of a new market-aligned total compensation framework for Hong Kong-based HKEX employees following completion of a holistic review of HKEX's compensation and performance practices.
- Based on the RC's recommendation, the Board approved in October and November 2022:
 - (i) a base salary adjustment and promotion increase effective January 2023. The salary adjustment took into consideration the competitive positioning, the cost of living and the projected pay increase in the financial services industry;
 - (ii) a discretionary performance cash incentive for eligible employees in recognition of their contributions in 2022;
 - (iii) a discretionary award for the allocation of HKEX shares pursuant to the Share Award Scheme for 437 selected employees and for selected employees to be recruited in 2023; and
 - (iv) the compensation arrangement and the 2022 performance related incentive pay for HKEX CEO.
- The performance cash incentive and share award pools for the Group's employees were determined based on the overall achievements with respect to the 2022 corporate scorecard. The 2022 corporate scorecard comprises the following four categories, all with equal weighting and each with a series of measures. Each individual measure comprises discrete and measurable outcomes which collectively uphold HKEX's 2022 strategic and corporate priorities.

Category	Description
Financial Performance	Core top line and bottom line measures of HKEX's financial strength, with a focus on sustainable growth and diversification of sources of revenue
Strategy and People	Measures which ensure HKEX's business planning, ways of working, people and culture support the achievement of long-term strategic priorities and the sustainable development of the Company
Execution	Delivery-focused measures which ensure reliable market operations, and reinforce Hong Kong's position as a leading IPO venue
Risk, Control and Public Interest	Measures which ensure HKEX upholds its responsibilities to Hong Kong's investing public and our CSR commitments and to operate within our pre-determined risk appetite

- Employees undergo an annual performance appraisal process through which corporate and individual objectives are set, and performance against these objectives is monitored throughout the year. This culminates in an individual performance rating (on a five-point scale) which influences individual total compensation outcomes.
- Distribution to individual employees are guided by divisional and individual performances, where managers may make adjustments to account for other factors, including overall total compensation position (i.e., base salary plus the performance cash incentive and share award, if applicable), internal pay levels and external remuneration benchmarks.
- Under the HKEX Clawback Policy, incentive payments to the most senior level of executives of the HKEX Group, whether in form of cash or share-based awards, are subject to clawback under special circumstances according to the policy, including but not limited to where there has been a material misstatement or omission in the financial reports of the HKEX Group, or if the relevant senior executive has engaged in serious negligence, fraud, or misconduct. Any clawback action may be determined by the RC in respect of any short-term incentives paid and/or any share award granted to a senior executive within the period of three years immediately preceding the date on which the RC determines such action.

Further details of HKEX's remuneration policy and structure are available on the HKEX Group website [CG](#).

As at 31 December 2022, the Group had 2,237 permanent employees and 143 temporary employees. More information about workforce diversity is set out in the Corporate Governance Report contained in this Annual Report and in the 2022 CSR Report.

A performance development process is in place to ensure that employees' performance objectives are defined, their performance progress is tracked, and training and development opportunities are identified for them. Employee training details are set out in the 2022 CSR Report.

Emoluments for 2022

Executive Director

	2022						2021	2022
	Salary \$	Performance ¹ cash incentive \$	Other ² benefits \$	Retirement ³ benefit costs \$	Director's fee \$	Total ⁴ \$	Total ⁴ \$	Share ^{1,5} award benefits \$
HKEX CEO								
Nicolas Aguzin	10,000,008	12,375,000	328,137	1,250,001	–	23,953,146	23,461,311	62,608,415

Senior Management

	2022						2021	2022
	Salary \$	Performance ¹ cash incentive \$	Other ² Benefits \$	Retirement ³ benefit costs \$		Total ⁴ \$	Total ⁴ \$	Share ^{1,5} award benefits \$
Bonnie Y Chan ⁶	4,320,000	4,290,000	63,568	432,000		9,105,568	10,317,503	4,511,799
Vanessa Lau	3,460,800	3,500,000	57,232	432,600		7,450,632	7,819,923	3,526,831
Richard Wise	3,584,400	3,120,000	101,882	358,440		7,164,722	13,002,351	4,241,538
Wilfred Yiu	4,000,008	3,825,000	148,325	500,001		8,473,334	9,162,325	4,767,094

- The 2022 performance cash incentive compensation and share awards to the Senior Management (including Executive Director) are subject to the Group's Clawback Policy.
- Other benefits include leave pay, insurance premium, club membership, sign-on bonus, and payment in lieu of pension contributions, as applicable.
- An employee who retires before normal retirement age is eligible for 18 per cent of the employer's contribution to the provident fund after completion of two years of service. The rate of vested benefit increases by 18 per cent annually thereafter and reaches 100 per cent after completion of seven years of service. An employee who retires at or after normal retirement age is eligible for the total balance of the employer's contribution.
- Excludes the amounts approved by the Board for the allocation of HKEX shares pursuant to the Share Award Scheme, details of which are set out in the Share Award Scheme section below
- These represent the amortised fair value of the Awarded Shares that was charged to the Consolidated Income Statement for the year ended 31 December 2022.
- Bonnie Y Chan joined HKEX in January 2020 as Head of Listing and was appointed as Co-Chief Operating Officer effective 1 February 2023. The emolument disclosures detailed above are in respect of her role as Head of Listing during 2022.
- Katherine Ng joined HKEX in July 2013 and succeeded Bonnie Y Chan as Head of Listing effective 1 February 2023. Ms Ng's emolument for 2022 and 2021 was \$5,167,523 and \$5,465,255 respectively (see note 4). Ms Ng's emolument for 2022 comprised salary of \$2,451,120, performance cash incentive of \$2,350,000, other benefits of \$121,291, retirement benefit costs of \$245,112 and share award benefits of \$1,949,166 (see notes 1 to 5).

Further details of the five top-paid employees are set out in note 16 to the Consolidated Financial Statements.

Share Award Scheme

HKEX has adopted the Share Award Scheme to attract and retain high calibre employees; to incentivise and recognise their contributions to the Group's continuous operations and further development; and to promote prudent risk behaviour among them as part of the Group's risk management mechanism.

The Scheme was initially adopted by the Board on 14 September 2005 (Adoption Date), with subsequent amendments thereafter. In February 2022, the RC performed a holistic review of the Scheme rules and its relevant documents to ensure that they reflect market best practices and support the compensation and incentive framework of the Group. In June 2022, the Board approved amendments to the Scheme rules in relation to, among others, the definition and conditions of good leavers, vesting of share awards held by retiring employees and the duration of the Scheme, aiming to improve the efficiency and effectiveness of the Scheme and support future talent attraction and retention. Under the amended Scheme rules, which took effect on 1 January 2023, the Scheme shall be valid until termination as determined by the Board, or otherwise as required under any applicable legal and/or regulatory requirements. The amended Scheme rules are available on the HKEX Group website [CG](#).

The Scheme allows HKEX shares to be awarded as Employee Share Awards for employees of the Group (including the Executive Director) selected by the Board. Unless otherwise determined by the Board, the RC or the HKEX CEO (as appropriate), the vesting period of the Awarded Shares is three years, and the Awarded Shares will be vested in two equal tranches from the second to the third year after the date of approval of the Awarded Sum by the Board.

Pursuant to the Scheme, the Scheme's trustee, based on the Board's recommendation, applies forfeited or unallocated HKEX shares held under the Scheme and HKEX shares that have been purchased from the market at the prevailing market price, to satisfy the Awarded Shares for allocation to the selected employees (including the Executive Director).

The maximum number of HKEX shares which may be awarded under the Scheme is 3 per cent (i.e., 31,871,575 shares) of HKEX shares in issue as at the Adoption Date ("Maximum Award Limit"). And the maximum number of shares which may be awarded to an employee selected under the Scheme is 1 per cent (i.e., 10,623,858 shares).

During 2022, a total of 952,872 HKEX shares, representing 0.08 per cent of HKEX's total number of issued shares as at 1 January 2022 (with no change in HKEX's issued shares during the year), were awarded or allocated to selected employees (including the Executive Director).

As part of the 2022 performance and compensation review, the Board approved allocation of HKEX shares in a combined value of \$338.6 million to be awarded to selected employees (including the Executive Director) as Employee Share Awards in recognition of their contributions in 2022 ("2022 Awarded Sum"). The Awarded Shares for the 2022 Awarded Sum had not been allocated to the selected employees (including the Executive Director) as of 31 December 2022.

Since the Adoption Date and up to the date of this report, a total of 15,422,412 shares had been awarded under the Scheme, representing about 1.5 per cent of the number of HKEX shares in issue on the Adoption Date. The total number of HKEX shares which is available for being further awarded under the Scheme (i.e., 16,449,163 shares) represents 1.3 per cent of HKEX issued shares as at 23 February 2023.

As at 31 December 2022, taking into account the shares acquired out of the dividends from the shares held under the trust, there were 2,406,183 shares held in trust under the Scheme (excluding shares vested but not yet transferred to awardees).

Further details of the Scheme are set out in note 43 to the Consolidated Financial Statements.

Details of the interests of HKEX CEO, the Senior Management, four top-paid employees (excluding HKEX CEO) and other grantees in the Awarded Shares are set out below.

					Number of shares ¹						Closing ⁵ price of HKEX shares before the vesting date \$
	Date of award ²	Number of Awarded Shares	2022 ³ Reference awarded sum \$	Vesting ⁴ period	As at 1 Jan 2022	Shares acquired during the year out of the dividends	Vested during the year	Cancelled during the year	Lapsed during the year	As at 31 Dec 2022	
HKEX Chief Executive Officer (Executive Director)											
Nicolas Aguzin	2 Jun 2021	211,756	–	24 May 2022 – 24 May 2023 ⁶	213,692	3,606	108,024	–	–	109,274	331.4
	9 Mar 2022 ⁷	84,603	–	7 Dec 2023 – 7 Dec 2024	–	1,922	–	–	–	86,525	–
	–	–	28,875,000	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Senior Management											
Bonnie Y Chan	13 May 2021	11,633	–	9 Dec 2022 – 9 Dec 2023	11,739	266	6,001	–	–	6,004	335.6
	9 Mar 2022 ⁷	12,086	–	7 Dec 2023 – 7 Dec 2024	–	274	–	–	–	12,360	–
	–	–	6,190,000	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Vanessa Lau	31 Dec 2019	8,535	–	12 Dec 2021 – 12 Dec 2022	4,451	101	4,552	–	–	–	345.8
	13 May 2021	7,983	–	9 Dec 2022 – 9 Dec 2023	8,055	182	4,118	–	–	4,119	335.6
	9 Mar 2022 ⁷	8,789	–	7 Dec 2023 – 7 Dec 2024	–	198	–	–	–	8,987	–
	–	–	4,039,200	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Katherine Ng	31 Dec 2019	5,143	–	12 Dec 2021 – 12 Dec 2022	2,682	60	2,742	–	–	–	345.8
	13 May 2021	4,105	–	9 Dec 2022 – 9 Dec 2023	4,142	93	2,116	–	–	2,119	335.6
	9 Mar 2022 ⁷	4,834	–	7 Dec 2023 – 7 Dec 2024	–	109	–	–	–	4,943	–
	–	–	3,750,000	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Richard Wise	4 Dec 2020	42,500	–	8 Feb 2021 – 8 Feb 2024 ⁸	29,440	334	14,720	–	–	15,054	445.6
	9 Mar 2022 ⁷	7,141	–	7 Dec 2023 – 7 Dec 2024	–	161	–	–	–	7,302	–
	–	–	4,795,600	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Wilfred Yiu	13 Jun 2019	9,603	–	8 Apr 2021 – 8 Apr 2022 ⁸	5,085	56	5,141	–	–	–	354.8
	31 Dec 2019	18,138	–	12 Dec 2021 – 12 Dec 2022	9,459	214	9,673	–	–	–	345.8
	13 May 2021	10,720	–	9 Dec 2022 – 9 Dec 2023	10,818	245	5,531	–	–	5,532	335.6
	9 Mar 2022 ⁷	9,888	–	7 Dec 2023 – 7 Dec 2024	–	224	–	–	–	10,112	–
	–	–	5,974,992	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–

					Number of shares ¹						Closing ⁵ price of HKEX shares before the vesting date \$
	Date of ² award	Number of Awarded Shares	2022 ³ Reference awarded sum \$	Vesting ⁴ period	As at 1 Jan 2022	Shares acquired during the year out of the dividends	Vested during the year	Cancelled during the year	Lapsed during the year	As at 31 Dec 2022	
Four Top-paid Employees (excluding HKEX CEO) during 2022 ⁹											
	31 Dec 2019	52,448	–	12 Dec 2021 – 12 Dec 2022	27,351	477	27,828	–	–	–	See note 10
	13 May 2021	42,749	–	9 Dec 2022 – 9 Dec 2023	43,138	769	30,983	–	–	12,924	See note 10
	30 Nov 2021	21,200	–	30 Nov 2023 – 30 Nov 2024 ⁸	21,200	481	–	–	–	21,681	–
	9 Mar 2022 ⁷	42,473	–	7 Dec 2023 – 7 Dec 2024	–	770	16,662 ¹¹	–	–	26,581	See note 10
	1 Dec 2022 ⁷	23,600	–	25 Nov 2024 – 25 Nov 2025	–	–	–	–	–	23,600	–
	28 Dec 2022 ⁷	2,042	–	25 Nov 2024 – 25 Nov 2025	–	–	–	–	–	2,042	–
	–	–	13,300,632	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–
Other Selected Employees (excluding HKEX CEO and Senior Management)											
	During 2019	1,292,803	–	See note 4	497,575	15,152	475,159	37,568	–	–	See note 12
	During 2020	9,700	–	See note 4	10,006	139	5,043	–	–	5,102	See note 12
	During 2021	727,347	–	See note 4	699,067	9,576	328,605	51,104	–	328,934	See note 12
	During 2022 ⁷	825,531	–	See notes 4 and 7	–	16,410	33,709	46,694	–	761,538	See note 12
	–	–	284,929,759	8 Dec 2024 – 8 Dec 2025	–	–	–	–	–	–	–

1 Includes shares acquired out of the dividends from the Awarded Shares according to the Scheme

2 Refers to the date on which the trustee allocated the Awarded Shares to the selected employees based on the awarded sum determined by the Board

3 Refers to the amount approved by the Board in 2022 for the allocation of the HKEX shares to be awarded to the selected employees. The allocation of Awarded Shares had not been made by the trustee as of 31 December 2022.

4 Save for disclosure in notes 6, 7, 8 and 10 below, the Awarded Shares and the related income are vested in two equal tranches in the second and third year after the grant.

5 Refers to the closing price of HKEX shares immediately before the dates on which the relevant Awarded Shares were vested in 2022

6 The award was granted under the Scheme pursuant to the employment contract entered into by Mr Aguzin with the Company. The Awarded Shares and the related income (if any) are vested in two equal tranches on the first and second anniversary of the date of grant.

7 Award of HKEX Shares during 2022:

Date of award	Vesting period	Number of shares awarded	Closing price of HKEX shares immediately before date of award \$	Fair value per Awarded Shares ^(a) \$
25 Feb 2022 ^(b)	17 May 2022 – 17 May 2024	1,600	394.6	388.9
25 Feb 2022 ^(b)	10 Jan 2023 – 10 Jan 2025	9,300	394.6	388.9
3 Mar 2022 ^(b)	28 Feb 2025	42,600	363.8	366.8
9 Mar 2022 ^(c)	7 Dec 2023 – 7 Dec 2024	827,630	340.4	456.1
29 Apr 2022 ^(b)	1 Sep 2022 – 1 Sep 2024	8,100	325.8	338.6
9 Jun 2022 ^(b)	13 Jan 2023 – 31 Dec 2025	21,800	361.2	357.9
13 Jun 2022 ^(b)	7 Feb 2023 – 11 Feb 2025	5,400	355.2	343.0
15 Jul 2022 ^(b)	15 Mar 2023 – 15 Mar 2025	8,400	362.0	357.3
18 Aug 2022 ^(b)	4 Sep 2022 – 4 Sep 2023	500	341.2	334.7
31 Aug 2022 ^(b)	1 Apr 2023 – 1 Apr 2025	600	316.4	319.4
1 Dec 2022 ^(d)	25 Nov 2024 – 25 Nov 2025	23,600	306.0	321.8
2 Dec 2022 ^(b)	1 Sep 2023 – 1 Sep 2025	1,300	317.2	316.3
28 Dec 2022 ^(d)	25 Nov 2024 – 25 Nov 2025	2,042	340.0	341.1

(a) The fair value of the Awarded Shares is determined in accordance with HKFRS 2 by reference to the cost of purchase of the Awarded Shares, or the fair value at grant date, taking into account all non-vesting conditions associated with the grant on grant date. No adjustment is required for expected dividends since the employees are entitled to receive dividends paid during the vesting period. Details of the accounting policy adopted are set out in note 43 to the Consolidated Financial Statements.

During 2022, 84,603 Awarded Shares, with a total fair value of \$38,584,890, were granted to HKEX CEO, and a total of 68,115 Awarded Shares, with a total fair value of \$27,661,586, were granted to the other four top-paid employees (excluding HKEX CEO).

(b) These awards were granted to new employees under their respective hiring agreements with HKEX, as compensation for their loss of unvested long-term incentives earned through their service with their previous employers, and are subject to special vesting schedule(s).

(c) Represents the Awarded Shares granted to selected employees (including a total of 127,076 Awarded Shares granted to the HKEX CEO and the other four top-paid employees of HKEX during 2022) as Employee Share Awards in recognition of their contributions in 2021, which were allocated to the selected employees on 9 March 2022

(d) These awards were granted to employees under their respective leaving agreements with HKEX, and are subject to special vesting schedule(s).

8 These awards were granted as part of the hiring agreements of the relevant employees with special vesting schedule(s).

9 One of the five top-paid employees during 2022 was the HKEX CEO, whose interest in Awarded Shares and shares acquired out of the dividends from the Awarded Shares is disclosed under the “HKEX Chief Executive Officer (Executive Director)” section of the above table.

10 In 2022, a total of 75,473 shares were vested to the four top-paid employees (excluding HKEX CEO) during the year. The weighted average closing price of these shares before the relevant vesting dates in 2022 is \$339.2. Among these four-top paid employees is an outgoing senior executive who retired during 2022, and the relevant shares were vested to him upon his retirement.

11 These shares were vested to one of the four top-paid employees (excluding the HKEX CEO) during 2022 upon his retirement during the year.

12 In 2022, a total of 842,516 shares were vested to other selected employees (excluding the HKEX CEO and Senior Management). The weighted average closing price of these shares before the relevant vesting dates in 2022 is \$342.7.

Rafael GIL-TIENDA

Chairman of the Remuneration Committee

Hong Kong, 15 February 2023