



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

2013 Corporate Social Responsibility Report

Stock Code: 388

Contents

(Financial figures in this Report are expressed in HKD unless otherwise stated)

1	About HKEx
2	About this Report
5	Message from the Chairman
7	Stakeholder Engagement
15	Charters and Memberships
17	 Marketplace
27	 Workplace
37	 Community
41	 Environment
49	GRI Content Index
56	Glossary
57	Assurance Statement

About HKEx

HKEx is a recognised exchange controller in Hong Kong pursuant to the SFO and a listed company on the Main Board of the Stock Exchange. Persons dealing in HKEx shares are subject to certain restrictions under the SFO, details of which are set out in Corporate Governance Report [▶](#) and Shareholding Analysis [▶](#) sections of the 2013 Annual Report. With its headquarters in Hong Kong, HKEx has a total of 19 subsidiary companies, which are incorporated either in Hong Kong or the UK, except a wholly owned subsidiary company which is incorporated in the PRC. Particulars of the Group [▶](#) are set out in Note 38 to the Consolidated Financial Statements for the year ended 31 December 2013. [G4-17](#)

HKEx operates 2 exchanges (SEHK and HKFE) and 4 clearing houses (HKSCC, HKCC, SEOCH and OTC Clear) in Hong Kong and LME in London. HKEx also maintains representative offices in Beijing, Guangzhou, Shanghai and Singapore. More corporate information about the Group is set out in the HKEx Group [▶](#) website. The Group had 1,278 employees at year end and operates its 5 business segments, namely cash, equity and financial derivatives, commodities, clearing, and platform and infrastructure mainly in Hong Kong and London. Information about the products and services offered by HKEx and LME is set out under the Products & Services [▶](#) section of the HKEx website and the Trading [▶](#) section of the LME website respectively. For the year ended 31 December 2013, the Group recorded revenue and other income of \$8,723 million, borrowings of \$6,921 million and an equity attributable to shareholders of \$20,405 million. HKEx's financial information for the year ended 31 December 2013 is set out in the 2013 Annual Report [▶](#).

HKEx has been included in various sustainability indices [▶](#), details of which are set out under the About HKEx (Corporate and Social Responsibility) section of the HKEx website. In 2013, HKEx received the 2013 ET Carbon Ranking Leader Award, the 2013 HKMA Best Annual Reports Awards (Gold Award), and the Best Corporate Governance Disclosure Awards 2013 (Gold Award) 2013. It was also named one of the Icons on Corporate Governance in the 2013 Corporate Governance Asia Recognition Awards, etfexpress' the Best Asian Exchange for Listing ETFs, and Euromoney's the Best Stock Exchange in Asia 2014.



Hang Seng Corporate Sustainability Index Series Member 2013-2014



Board of Directors

As at the date of this Report, the Board comprises 12 Independent Non-executive Directors, namely Mr CHOW Chung Kong (Chairman), Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Mr John Barrie HARRISON, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mrs LEUNG KO May Yee, Margaret, Mr John Estmond STRICKLAND, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEx's Chief Executive.

About this Report

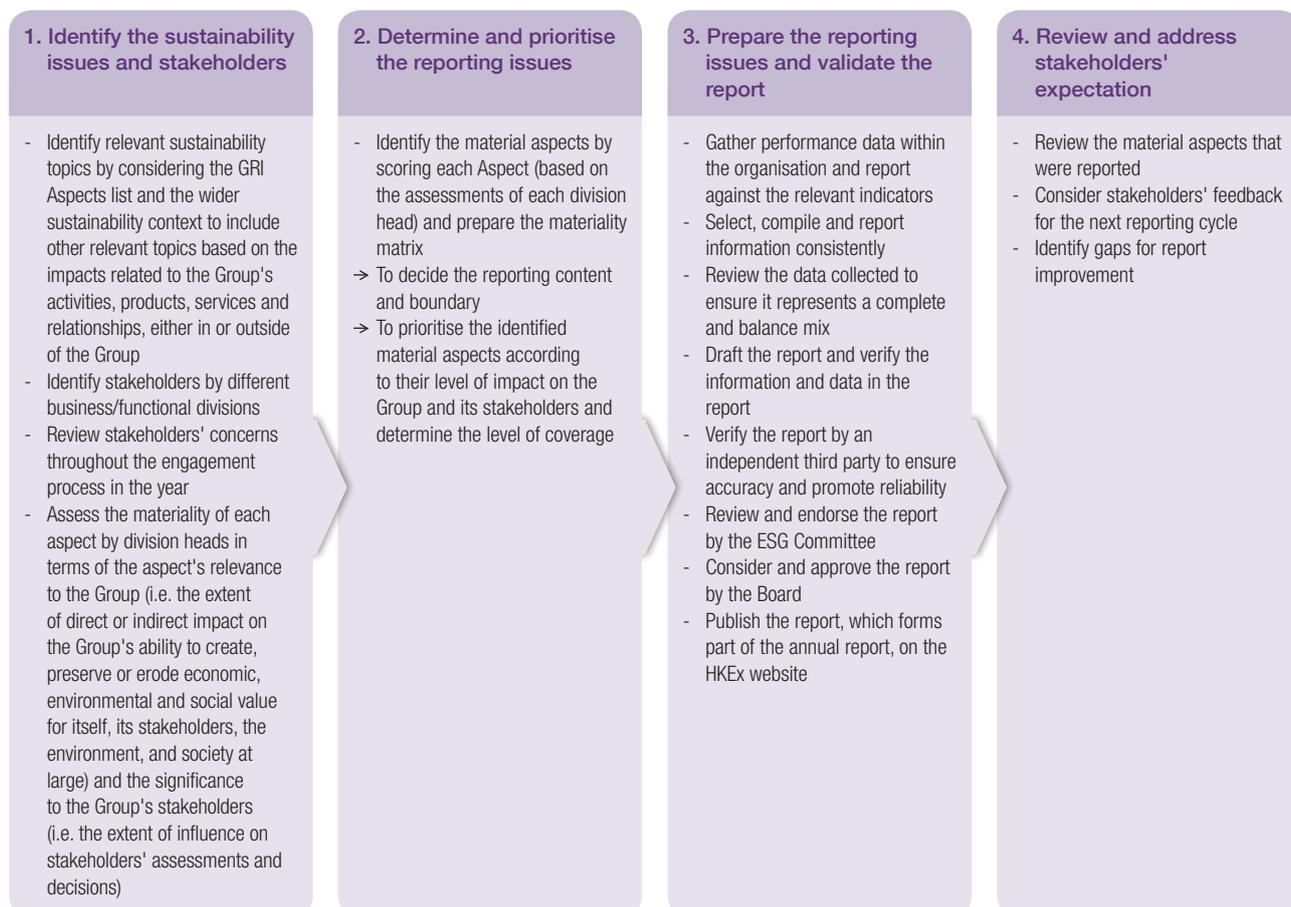
This Report aims to review HKEx's CSR performance during the calendar year of 2013, and should be read in conjunction with HKEx's 2013 Annual Report published on the HKEx website. HKEx's ESG information is set out under the About HKEx (Corporate Governance ) section and (Corporate Social Responsibility ) section of the HKEx website, along with the annual corporate governance report and CSR report. Where information is already available on the HKEx website, it is referred to and not repeated in this Report.

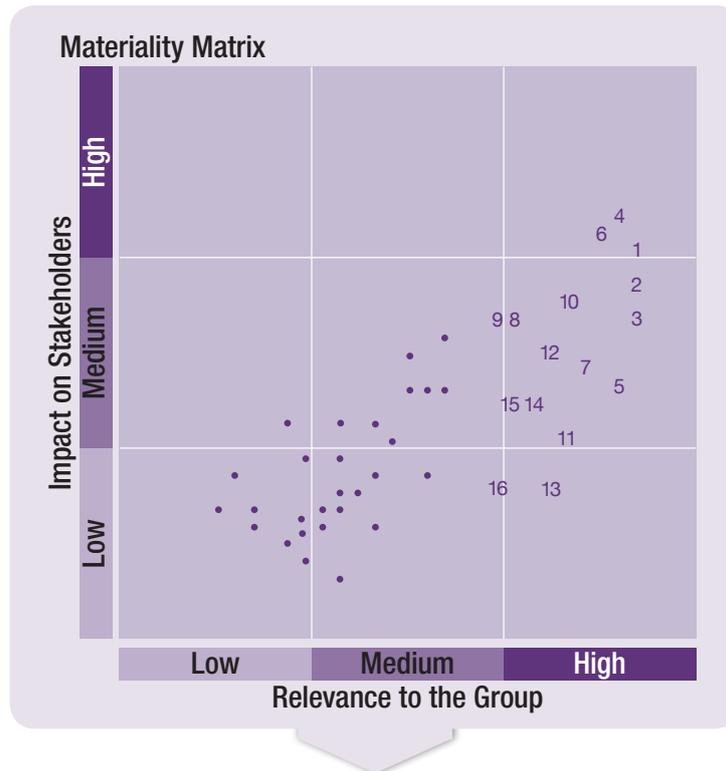
This Report is in accordance with the GRI G4 Guidelines – Comprehensive option (as compared to the GRI G3.1 Guidelines for the 2012 CSR Report dated 27 February 2013). The ESG Reporting Guide is also a major reference in preparing this Report. While we have identified the material aspects in accordance with the GRI G4 Guidelines for disclosure in this Report, we also provide the information of the key performance indicators as set out in the ESG Reporting Guide to promote greater transparency and accountability. The relevant performance indicators are referenced in the GRI Content Index of this Report.

As a result of HKEx's acquisition of LMEH in December 2012, this Report provides additional information about the operation of LME in London. The inclusion of information in relation to such operation extends reporting on our sphere of influence outside Hong Kong for the first time. **G4-23** Hence, year-on-year data and information for certain indicators might be subject to restatements, with the effects and reasons reflected and explained where appropriate. **G4-22** The data measurement techniques and the bases of calculations used for this Report are also stated as appropriate.

Materiality Assessment

This Report represents a new reporting approach that better aligns with where we believe our greatest impact is. The determination of the report content and the boundary is based on a materiality assessment and a review of stakeholders' concerns throughout the year, as illustrated below. **G4-18** Details of the stakeholders' concerns are set out in the Stakeholder Engagement section of this Report.





Material Aspects according to their level of impact on the Group and its stakeholders
G4-19

		Aspect Boundaries G4-18 G4-23									
		Hong Kong and UK									
		Stakeholder Groups									
		Within HKEx G4-20					Outside HKEx G4-21				
		A	D	E	I	B	C	F	G	H	J
Marketplace											
1	Compliance with laws and regulations concerning the provision and use of products and services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Product and service responsibility	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Marketing communication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Customer privacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Economic performance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Public policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Anti-competitive behaviour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	Compliance with laws and regulations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Workplace											
10	Diversity and equal opportunity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Workforce-management relations	✓	✓		✓	✓				✓	✓
12	Equal remuneration for women and men	✓	✓	✓	✓	✓	✓		✓	✓	✓
13	Training and Education	✓	✓	✓	✓	✓				✓	✓
14	Employment	✓	✓	✓	✓	✓	✓		✓	✓	✓
15	Non-discrimination	✓	✓	✓	✓	✓	✓		✓	✓	✓
16	Occupational health and safety	✓	✓	✓	✓	✓	✓		✓	✓	✓

Stakeholder Groups

- A Shareholders / Institutional investors
- B Market regulators
- C Government bodies
- D Listed / potential issuers and market intermediaries
- E Exchange / Clearing Participants / Members, Information Vendors and market participants
- F Mainland exchanges, market regulators and authorities and overseas exchanges
- G Investing public, media and analysts
- H NGOs, industry associations, professional bodies and market users
- I Employees
- J Suppliers / business partners

A feedback form  is published online to enable readers of our CSR reports to provide their comments on our CSR reporting or make recommendations for our ESG improvements. Although we did not receive any comments on our CSR reporting and did not carry out any specific programme to engage stakeholders outside of HKEx in preparing this Report, we have included the key issues which are of concern to different stakeholder groups during our routine engagement with them. **G4-26** Any suggestions on our ESG performance are always welcome and can be sent to HKEx's Company Secretary at ssd@hkex.com.hk .

To ensure integrity and credibility and improve future reporting, HKEx has engaged an independent third party to verify this Report and to identify gaps. The scope and basis of the assurance are set out in the Assurance Statement as included in this Report. Following the ESG Committee's endorsement of this Report, the HKEx Board considered and approved this Report on 26 February 2014 for public disclosure. GRI has completed the 'Materiality Matters' check of this Report.

Message from the Chairman



In 2013, HKEx had a significant landmark by integrating LME as part of the enlarged Group. The HKEx Group Strategic Plan 2013-2015 introduced during the year describes the strategic outlook and lays down the Group's key business, platform and infrastructure initiatives for us to achieve sustainable growth.

Despite the volatile global economic environment, we remain confident in the structural opportunities arising from the opening of the Mainland economy. Throughout 2013, we worked diligently towards the Group's strategic vision to build HKEx into a leading global vertically-integrated, multi-asset class exchange and prepare ourselves for the managed but accelerating opening of China's capital account. The major achievements in 2013 are set out in the Business Review section of the 2013 Annual Report.

CSR is an integral part of our business strategy and management approach as we believe that business sustainability can only be achieved by operating a profitable business without compromising the well-being of either our society or the environment. We aspire to leverage HKEx's unique position as an exchange controller and a listed commercial entity to set an example for local and overseas issuers listed in Hong Kong by being a responsible corporate citizen. The related initiatives to support our business sustainability are highlighted in this Report under the four cornerstones, Marketplace, Workplace, Community and Environment. They include the Board's adoption of a Board Diversity Policy in February 2013 which is available on the HKEx website.

The Stock Exchange, a wholly-owned subsidiary of HKEx, continues to promote the development of good ESG practices among issuers through its role as the frontline regulator of companies listed in Hong Kong. Globally, many governments and exchanges are promoting board diversity, either through legislation, regulation or voluntary efforts. After an inclusive, multi-stakeholder process, SEHK has introduced (i) a Corporate Governance Code provision under which listed companies should have a policy concerning diversity in the board; and (ii) an ESG Reporting Guide to promote the disclosure of information about environmental and social matters. SEHK plans to raise the obligation level of some recommended disclosures in the ESG Reporting Guide to "comply or explain" by 2015. In the meantime, SEHK will continue its dialogue with listed companies and relevant stakeholders to collect their views on the ESG Reporting Guide. We believe all these initiatives will help bring issuers' ESG performance more in line with international practices, and further enhance the quality of the Hong Kong securities market.

To join global efforts in combating climate change, HKEx has participated in the dedicated website developed by the Government's Environmental Protection Department for listed companies in Hong Kong to report on their carbon footprint, and the Exchange has also helped to promote this initiative among listed issues.

We are committed to utilising resources in ways that ensure the long term sustainability of our business and have a positive impact on the environment. We have worked on optimising the collection of Group-wide environmental data to increase transparency in our reporting and to explore cost-saving opportunities. In 2013, we finished moving into our own Data Centre, the first property developed by HKEx. The Data Centre achieved gold level certification under the US Green Building Council's LEED for core and shell development. It represents a major commitment to integrating sustainability into our business operations and advocating sustainability. More information about the Data Centre as well as the targets achieved in 2013 and set for 2014 for environmental protection is set out in the Environment section of this Report.

The Board has delegated its authority to oversee the Group's ESG developments to the ESG Committee. The ESG Committee's major responsibilities include ensuring compliance with legal and regulatory requirements and adherence to the best corporate governance practices, and identifying and making recommendations on the management of our economic, environmental and social impact, the relevant risks and opportunities, and the implementation of the due diligence processes. Information about HKEx's corporate governance practices and performance is set out under the About HKEx (Corporate Governance) [▶](#) section of the HKEx website and HKEx's annual corporate governance report [▶](#). The work of the ESG Committee during the year is set out in the ESG Committee Report [▶](#) of the 2013 Annual Report.

Building on our established CSR practices, we are committed to promoting sustainability by strengthening our internal systems and processes to ensure effective CSR internalisation, bolstering stakeholders' sustainability awareness and taking tangible actions to improve our ESG performance. In 2014 and beyond, we will continue investing in infrastructure and technology in order to deliver a highly competitive suite of systems and platforms across our business lines and to ensure that our market microstructure evolves with market conditions. Moreover, we will collaborate with policymakers and our regulators and stakeholders to develop quality listing services backed up by high standards of regulation, investor protection, corporate governance and risk management. The key initiatives for 2014 [▶](#) and beyond are set out in the Business Review of the 2013 Annual Report.

We are aware that there is growing investor interest in seeing companies' integrate sustainability issues into investment decisions and company engagement. Hence, we have prepared our CSR Report in accordance with the GRI G4 Guidelines.

Lastly, I would like to take this opportunity to thank all our stakeholders for their continued support and our employees for their contribution to the positive progress that we have made on our sustainability journey to date.

CHOW Chung Kong

Chairman

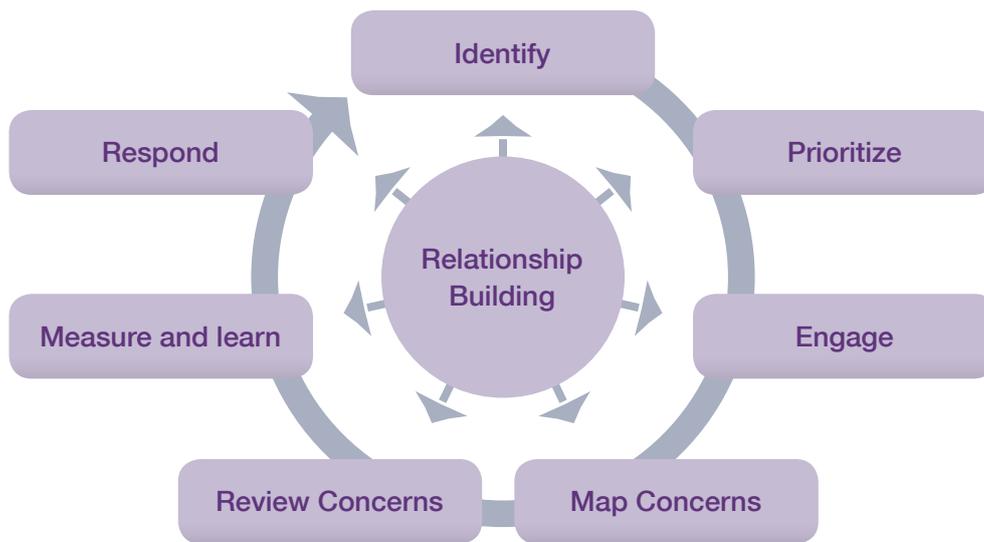
Hong Kong, 26 February 2014

Stakeholder Engagement

HKEx's success as an exchange controller and a listed issuer is largely based upon its stakeholders' support. Stakeholder engagement is an integral part of HKEx's business development and commitment to CSR. HKEx engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the Marketplace, Workplace, Community and Environment. HKEx's Chief Executive always welcomes stakeholders to share their thoughts with him at ceo@hkex.com.hk. In 2013, HKEx's Chief Executive delivered a total of 15 messages to respond to market's concerns and update the market of the Group's development at Charles Li Direct on the HKEx website.

HKEx's stakeholders are mainly those who (i) have invested or will invest in HKEx; (ii) have the ability to influence the outcomes within HKEx; and (iii) are interested in or affected by or have the potential to be affected by the impact of HKEx's activities, products, services and relationships. Stakeholders are prioritised from time to time in view of HKEx's roles and duties, strategic plan and business initiatives. [G4-25](#) The engagement approach is based on our engagement objectives and stakeholders' level of interest and influence. [G4-26](#) The process and results of our stakeholder engagement are recorded, reviewed and reported publicly where appropriate, for accountability and transparency purposes.

Stakeholder Engagement Framework



Market consultation provides an effective two-way communication between HKEx and its stakeholders. We set out the background and details of new proposals for public consultation, and respondents are invited to give their concerns and views within a certain period of time. Responses to the consultations are first considered by the responsible division or department. The consultation conclusions are reviewed and have to be approved by the Listing Committee (on Listing matters) or the Board or the LME board (on other matters). Consultation papers, responses to consultations and consultation conclusions are available under the News & Consultations section of the HKEx website or the News & events section of the LME website as appropriate.

The following diagram and table show HKEx's major stakeholder groups, engagement channels, and the parties' concerns and responses. [G4-24](#) [G4-26](#) [G4-27](#) Information about Stakeholder Engagement is also updated from time to time under the About HKEx (Corporate Social Responsibility) section of the HKEx website.

**shareholders/
institutional investors**

- Annual general meeting & notice
- Regular corporate publications (including financial statements)
- Circulars and announcements whenever there are any updates
- HKEx website (online feedback form and Webcast)
- Direct communication with the Board via a designated email address
- Regular meetings, workshops and communications

market regulators

- Close and continuous conversation
- Monthly liaison meetings
- Ad hoc working meetings
- Monthly report
- Annual review of the SEHK's performance in its regulation of listing matters
- Written application for approval regarding rules of its exchanges and clearing houses whenever needed
- Representative from the Board at FRC
- Referred cases for investigation from time to time
- Informal meetings on specific cases
- Regular meetings on policy matters
- Attend to requests for documents or witness statements on ad hoc basis

government bodies

- Verbal and written communications with the FSTB and the Companies Registry on a need basis
- Responding to enquiries at Legislative Council's meetings upon request
- Bi-monthly tripartite meetings

suppliers/business partners

- Project contracts on a fixed term or an ad hoc basis
- Site inspection as scheduled
- Questionnaire for new suppliers
- Meetings on a need basis

listed/potential issuers and market intermediaries

- Free Listing Rules information seminars before implementation of new proposals or changes to the Listing Rules
- Regular Meet and Greet sessions and briefings
- Consultations on new proposals or changes to Listing Rules
- Guidance materials whenever necessary
- Investigation by written enquiries
- Regular meetings and communications and monthly workshops

employees

- Monthly focus group meeting
- Working group meetings on a need basis
- Project steering committees on a project basis
- 2013 Employee Engagement Survey
- Daily Intranet communication
- Frequent Staff Club activities
- Frequent Volunteer Team activities
- Quarterly Chief Executive presentation meetings
- Bi-monthly Management Committee meeting
- Regular Executive Forum

**Exchange/Clearing Participants/
Members, Information Vendors and market participants**

- Regular consultative panel meetings
- Regular briefings and seminars and discussions
- Information package issued from time to time
- Regular Participant circulars
- Ad hoc surveys
- Market rehearsals whenever necessary
- Connectivity and user acceptance tests before and upon launch of new/ enhancement services
- Daily notices
- Annual inspection programme
- Market consultation on new proposals
- Regular meetings

**NGOs, industry associations,
professional bodies and market users**

- Consultations on new proposals
- Annual accounting forum by HKICPA/ FRC/HKEx
- Regular meetings and correspondence
- Regular responses to assessments on HKEx's sustainability performance
- Ad hoc written requests
- Co-organisation of seminars and events

Mainland exchanges, market regulators and authorities, and overseas exchanges

- Regular meetings on specific projects
- Mainland delegations for courtesy and training purposes
- Signing of MOU from time to time
- Frequent verbal and written communications
- Annual board meeting of WFE
- Participation in annual market surveys and trading information updates
- Regular dialogue and staff exchange programme with Mainland Exchanges and regulators

investing public, media and analysts

- Guided tour of the Exchange Exhibition Hall on prior arrangement
- Regular media interviews and events, including the annual media luncheon and media stand ups, guided visits and media/ analyst briefings on HKEx's financial results
- Regular media workshops
- News releases whenever there are any information updates
- Daily phone and written enquiries
- HKEx website (including Webcast) and news alerts
- HKEx and LME WeChat official accounts and Weibo account for the LME Week 2013
- Webcast QR Code for HKEx Pulse and LME Pulse on the HKEx website



Engagement Highlights in 2013 G4-26 G4-27

Shareholders	HKEx
Shareholders expected greater efficiency and transparency in the vote counting process.	▶ HKEx launched electronic voting at its 2013 AGM.
Research analysts and institutional investors were interested in learning more about HKEx's CSR efforts.	▶ HKEx arranged over 200 investor relation meetings and conference calls with analysts and investors to answer their enquiries and provide them with information of the Group's developments.
12 financial institutions became the founding shareholders of OTC Clear and together hold 25 per cent of the equity shares of OTC Clear.	◀ OTC Clear is a key part of HKEx's strategy to establish a strong fixed income and currency business and bring strategy value to the Group.
Market Regulators	The Group
SFC and SEHK worked jointly to further facilitate the listing of overseas companies by providing regulatory certainty, reducing unnecessary regulatory burden and expense, and preserving the Hong Kong's reputation for high standards of regulation, investor protection and corporate governance.	▶ SEHK published jointly with the SFC a revised Joint Policy Statement ▶ regarding the listing of overseas companies and following which, SEHK published Country Guides for each of the 20 acceptable overseas jurisdictions.
SFC's initiatives to enhance the regulatory regime for sponsors of IPOs.	▶ SEHK worked together with the SFC and the financial community to develop Rule changes to complement the SFC's new regulation on sponsors which came into effect on 1 October 2013.
SFC, FRC and other law enforcement or regulatory bodies performed their regulatory functions.	◀ SEHK, in its role as the frontline regulator of listed issuers, makes regular referrals to the SFC, the FRC and other law enforcement or regulatory bodies.
SFC reviewed OTC Clear's application for a recognised clearing house.	▶ OTC Clear became a recognised clearing house ▶ in October 2013 and was officially launched on 25 November ▶.
FRC funding arrangement under the MOU.	▶ HKEx contributed \$4.6 million for funding its operations.
FCA expected the LME board to fulfill its responsibility of ensuring that LME can satisfy its regulatory obligations.	▶ LME commissioned a formal independent evaluation of the LME board's performance and effectiveness.
HKEx conducted the Derivatives Market Transaction Survey (DMTS) 2012/13 and the Cash Market Transaction Survey (CMTS) 2012/13.	▶ All trading participants in the HKEx derivatives and cash markets were invited to respond to the DMTS and CMTS respectively and response rates of about 93 per cent in number were achieved for both.

Government Bodies	HKEx
Secretary for the Environment Government Secretariat introduced an initiative on creating a dedicated website for listed companies to report their carbon footprint.	<p>▶ HKEx participated in the dedicated website.</p> <p>▶ SEHK helped to promote the dedicated website on carbon footprint repository for listed companies in Hong Kong.</p>
Legislative Council's Panel on Financial Affairs noted the information as set out in a news release ▶.	▶ HKEx provided additional information on its planned AHFT.
HKEx	Listed Issuers and market intermediaries
SEHK published the "Review of Disclosure in Issuer's Annual Reports to Monitor Rule Compliance Report 2012" ▶.	▶ Review of listed companies' compliance with the Listing Rules and their disclosure of material events and developments.
SEHK conducted a review towards expediting the resolution of enforcement matters and increase of market transparency.	▶ SEHK published a New Statement on Enforcement of Listing Rules ▶ and implemented New Procedures for Disciplinary Action Involving Listing Rules ▶.
SEHK published the "Analysis of Corporate Governance Practice Disclosure in 2012 Annual Reports" ▶.	▶ Review of listed companies' corporate governance practices to determine the effectiveness of the Corporate Governance Code implementation.
SEHK published consultation papers on review of connected transaction Rules and proposed changes to align the definitions of connected person and associate in the Listing Rules.	▶ Most of the consultation proposals are supported by a majority of the respondents and SEHK plans to publish the consultation conclusions and the Rule amendments in the first quarter of 2014.
SEHK published consultation conclusions on trading halts ▶.	▶ A majority of respondents ▶ supported the proposal while some respondents raised concerns about the change efforts required. Taking into account these concerns, implementation of trading halts will not be earlier than mid-2014 to allow sufficient lead time for market preparation.
SEHK organised 3 seminars on SFC's new regulation on sponsors to help sponsors and market practitioners adapt to the new Rules and the streamlined vetting process.	▶ A total of 380 participants attended the seminars. The presentation was also made available on the HKEx website via webcast.
SEHK organised a series of 12 half-day seminars on the ESG Reporting Guide and a listing compliance update to help issuers better equip themselves for ESG reporting and to enhance issuers' knowledge of the recent compliance issues.	▶ About 1,800 representatives from over 1,000 issuers attended the seminars. The presentation was also made available on the HKEx website via webcast.

SEHK introduced a Corporate Governance Code provision that issuers should have a board diversity policy.	▶ HKEx has a Board Diversity Policy ▶ in place since February 2013.
Regarding the amendments to the Corporate Governance Code and Corporate Governance Report relating to board diversity, SEHK released a Frequently Asked Questions Series 19 ▶ for issuers' reference.	◀ All issuers in Hong Kong should have their own board diversity policy with effect from 1 September 2013 to comply with the Corporate Governance Code provision.
The Group	Exchange/Clearing Participants/Members, Information Vendors and market participants
HKEx introduced the OMD for the Cash Market and Derivatives Market to bring in more liquidity for the benefit of all participants and boost the market platforms' connectivity and capacity.	<p>▶ Due to cost concerns and internal restructuring, 3 Participants of the Derivatives Market elected not to migrate to Genium INET in the near future.</p> <p>▶ HKEx successfully launched the OMD datafeeds for the Cash Market on 30 September 2013. The first two batches of Information Vendors and end users, totally 135 accounting for 92 per cent of all existing securities market licensees, have migrated to the OMD to receive real-time securities market data.</p> <p>▶ HKEx plans to roll out the OMD datafeeds for the Derivatives Market in the second quarter of 2014. Information Vendors and end users are kept closely informed of the on-boarding arrangement by client notices and briefing sessions.</p>
HKEx extended the settlement deadline of the Mandatory Intra-day Variation Adjustment and Margin Call to 12:00 noon starting in April 2013.	◀ Clearing Participants requested more time for funding arrangement.
HKEx introduced AHFT for Mini-HSI Futures and Mini H-shares Index Futures and will extend block trading facility to AHFT session.	◀ Market participants requested after-hours trading of Mini-HSI Futures and Mini H-shares Index Futures and suggested allowing block trades in the AHFT session in order to facilitate large order execution without creating excessive price movements in the session.
OTC Clear introduced clearing service for OTC derivatives to the market, initially covering inter-dealer interest rate swaps and non-deliverable currency forwards.	▶ 4 of its founding shareholders joined OTC Clear as clearing members at its initial launch, and other founding shareholders will join in due course. OTC Clear is also working with other financial institutions in Hong Kong on membership admission.

LME conducted consultation on changes to LME policy regarding the approval of warehouses in relation to delivery rates.

▶ A notice ▶ was sent to invite views from market participants (including LME members, warehouse companies and London agents) in relation to the proposed requirements from 1 July to 30 September.

HKEx

Investing public, media and analysts

HKEx prepared 2 press conferences for the media after release of the year end results and half-yearly result and prepared a total of 19 analyst reports on the Group's financial results and development.

▶ The media and analysts had a regular update of the Group's financial results and developments, and their most frequently asked questions such as projected expenses, profit targets, fee changes, dividend policy, LME's impact on HKEx, were dealt with directly.

HKEx promoted the public's financial literacy and equipped investors with risk awareness and information to enable them make informed investment.

▶ HKEx handled about 14,000 telephones and written enquiries, which included enquires handled by the Mainland offices.

HKEx explained the strategies, policies, initiatives and progress of HKEx to the public.

▶ Over 9,500 visitors visited HKEx. HKEx provided visitors with up-to-date and comprehensive information about HKEx and the latest development in the Hong Kong securities and derivatives market. In addition, over 1,000 visitors visited the Public Viewing Room, the facility in which public investors can view listed companies announcements on work stations provided by HKEx.

HKEx enhanced the website functionalities to facilitate communication with marketing practitioners and the investing public.

▶ Since June, Email Alerts and Really Simple Syndication functions have been available on the HKEx Group website.

▶ News Alerts for the Charles Li Direct and OTC Clear Member Circulars on the HKEx website were available for subscription in July and December respectively.

▶ In October, WeChat QR Code for HKEx Pulse and LME Pulse were made available on the HKEx corporate website to provide information on special events.

▶ Webcasts were arranged for 2012 Annual Results, 2013 Interim Results and 2013 Annual Media Luncheon. Archive videos were available on the HKEx website.

NGOs, industry associations and professional bodies	HKEx
SEHK gave presentations to or met with various organisations, overseas exchanges, industry associations and professional bodies or associations including HKICPA, HKICS, HKSI and the Chamber of Hong Kong Listed Companies regarding listing-rule or listing-related matters.	SEHK continued to collaborate with the financial community.
The Chinese University of Hong Kong organised the Global Leader Series Economic Forum.	HKEx was one of the sponsors of the Forum.
Community Business organised the Diversity on Board Executive Forum.	HKEx was the venue sponsor.
Plasticity Hong Kong organised a free half-day event, in coordination with the Faculty of Law, the University of Hong Kong, on conflict resolution dialogue related to waste management in Hong Kong.	HKEx was the venue sponsor.
Hong Kong Carbon Disclosure Project organised a Climate Change workshop for 2013.	HKEx was the venue sponsor.
HKEx and British Consulate-General Hong Kong co-hosted a seminar: Sustainable Growth: Environmental, Social, Governance and Carbon Disclosure Makes Business Sense.	HKEx was a co-organiser and venue sponsor.
Hong Kong Investment Funds Association organised the 7th Hong Kong Investment Funds Association Annual Conference.	HKEx acted as an endorsing organisation.
Hong Kong Economic Summit 2014	HKEx was a co-organiser.
HKEx	Employees
Invited employees' ideas and suggestions on design and functionality of the Group Intranet and took into account employees' requests for better tools to perform their jobs.	Over 360 responses were made. All proposed areas of new information and functionalities are in strong demand. Key wants included corporate directions and management messages, online service/booking, social media functions and an improved search engine.

Conducted a survey on the name of the new Group Intranet and announced the use of iExchange for the Group Intranet.	▶ Over 400 responses were received and the majority (42 per cent) elected the name of iExchange.
Embarked on the development of a new Group Intranet with enhanced roles as an information repository, document management, communication channel and collaborative workspace.	▶ All divisions and departments were engaged in updating the content list, with new content contribution, for the new Intranet.
Executed a staff engagement survey to collect feedback with the aim of making HKEx a better place to work and organised communication sessions to share the results of the survey with employees.	▶ Over 85 per cent of the Group's employees completed and shared their views and provided a lot of useful feedback.

Charters and Memberships

HKEx subscribes or endorses a number of externally developed economic, environmental and social charters, principles, or other initiatives to promote sustainable development in the Marketplace, Workplace, Community and Environment. Details of the charters and initiatives are available on their respective websites.

Charters / external initiatives	HKEx's participation
Hong Kong Corporate Social Responsibility Charter ¹	HKEx signed the charter in September 2008 to demonstrate its commitment to provide leadership on CSR, integrate CSR into its organisational strategy and operations, and engage and communicate with its stakeholders on its CSR strategies and policies in a manner relevant and appropriate to its business.
Carbon Reduction Charter ¹	HKEx signed the charter in September 2008, and has since supported various carbon reduction activities as a green partner of Environmental Protection Department's "Green Hong Kong – Carbon Audit" campaign.
Carbon Disclosure Project ¹	HKEx has responded to the Carbon Disclosure Project's annual information request since 2009.
GRI ¹	HKEx has been adopting GRI Sustainability Reporting Guidelines for CSR reporting since 2009 to enhance disclosure and transparency.
United Nations-supported Principles for Responsible Investment (UNPRI) ¹	HKEx has adopted some of the key principles of UNPRI as part of its Investment Policy and Guidelines since December 2010.
The Financial Sector Assessment Program (FSAP) ²	In September 2013, HKEx took part in the FSAP review of the financial stability of Hong Kong commissioned by the World Bank and International Monetary Fund and had discussions with the assessor regarding its clearing house operations in Hong Kong and observance of the principles for financial market infrastructures.

1. Voluntary initiative or charter subscribed or endorsed by HKEx

2. HKEx has an obligation to comply with the initiative or charter.

As part of its business strategy, HKEx participates in various national or international advocacy organisations in which HKEx holds a position on governance bodies, participates in projects or committees, or provides funding.

Organisation	HKEx's role
Asia Pacific Central Securities Depository Group (ACG)	HKSCC, a wholly owned subsidiary of HKEx, is a founding member of ACG.
Asian and Oceanian Stock Exchanges Federation	Member
Association of National Numbering Agencies	Full member
The Global Association of Central Counterparties (CCP12)	Member, and HKEx's representative is a member of the executive committee of CCP12.
Employers' Federation of Hong Kong	Member
Financial Information eXchange (FIX) Protocol Limited	Member, and sponsor of the 11th Asia Pacific Trading Summit 2013.
FRC	Made a contribution of \$4.6 million in 2013, and a director of HKEx is a member of FRC.
Futures Industry Association	Associate member
Futures Industry Association Asia (FIA Asia)	Regular member, and HKEx's representative is a member of the committee of FIA Asia.
Hong Kong Corporate Counsel Association	Corporate member
The Hong Kong General Chamber of Commerce (HKGCC)	Member, and HKEx's Chairman is the chairman of HKGCC.
Hong Kong Institute of Human Resource Management	Member
The Hong Kong Management Association	Corporate member, and HKEx's representative was one of the panel adjudicators to review entries of Annual Reports for 2013 Best Annual Report Awards.
HKSI	Corporate member, and HKEx's representative is a board member of HKSI.
Intermarket Surveillance Group	Member
International Options Market Association	Member
International Organization of Securities Commissions	Affiliate member
International Swaps and Derivatives Association	Associate member
International Securities Services Association	Regular member
Software & Information Industry Association	Corporate member of the Financial Information Service Division
WFE	Member, and HKEx's Chairman is a board member of WFE.

More information, including HKEx's involvement, is available under the About HKEx (Corporate Social Responsibility – Stakeholder Engagement)  section of the HKEx website.



Marketplace

As a recognised exchange controller, HKEx is regulated by the SFC under the SFO. As a listed company incorporated in Hong Kong, it is mainly governed by the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Under section 63 of the SFO, HKEx has a duty to ensure, so far as reasonably practicable, an orderly, informed and fair market in the securities and futures contracts traded on the stock market and futures market operated by or through the facilities of SEHK and HKFE respectively. It must also ensure that there are orderly, fair and expeditious clearing and settlement arrangements for transactions cleared or settled through the facilities of its recognised clearing houses. In discharging its duties, HKEx must act in the interest of the public, having particular regard to the interest of the investing public and ensure that the interest of the public prevails where it conflicts with HKEx's own interest.

Exchanges and clearing houses controlled by HKEx are supervised by the SFC. Regular liaison meetings are held between HKEx and the SFC to keep the regulator informed of HKEx's activities. The discharge of listing functions by the SEHK is subject to annual audits. In December 2013, the SFC published a report on the annual review of SEHK's performance in the regulation of listing matters during 2012. The SFC was of the view that the operational procedures and decision-making processes reviewed were appropriate to enable SEHK to discharge its statutory obligations to maintain an orderly, informed and fair market during the review period.

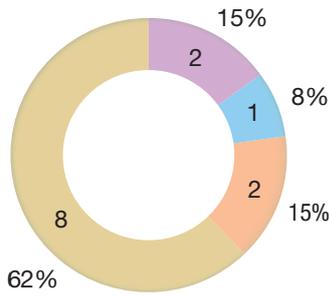
LME is an exchange for the trading of base metals forward and options contracts operating in the UK. It is a recognised investment exchange, regulated and supervised directly by the FCA. It operates within the regulatory framework of the Companies Act and the Financial Services and Markets Act 2000.

Risk Management

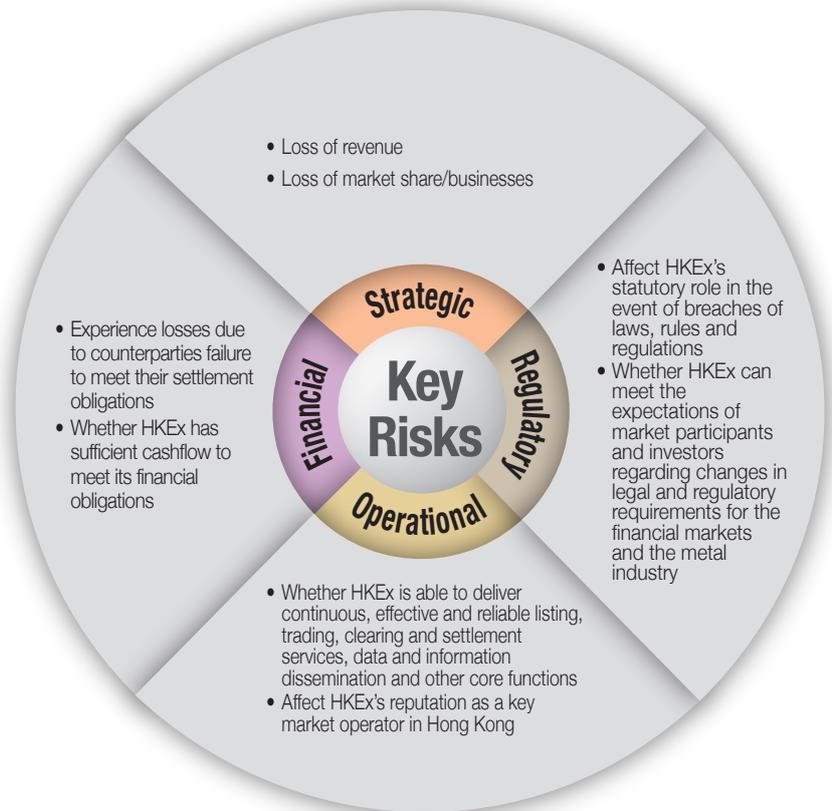
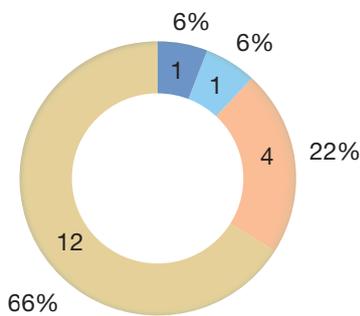
HKEx is required to prudently manage risks associated with its business and operations. Both HKEx and LME have their own enterprise risk management framework. The Risk Management Committee, established under section 65 of the SFO, consists of members appointed by the Financial Secretary of the HKSAR. It reviews and advises on policies formulated by HKEx and its recognised exchanges and clearing houses with respect to risk management matters relating to their respective activities. LME's Audit & Risk Committee regularly reviews the corporate risk profile and the underlying departmental and risk profiles on a cyclical basis.

According to the HKEx Enterprise Risk Management Framework and Risk Oversight Structure, the Group Risk Report is reviewed by HKEx's Management Committee, Risk Management Committee and the Board on an annual basis. The Group Risk Report is usually compiled after business divisions and departments within the Group have undertaken a risk assessment, taking into account risks and potential risk issues that may be associated with their daily operations or business. In November 2013, the Board reviewed the Group Risk Report for the year, covering the top risks for HKEx and LME. Recommendations were made to improve the Group's risk management structure. In the Group Risk Report, 5 categories of major risk types were identified and are illustrated in the diagram below.

HKEx: 13 Top Risks



LME: 18 Top Risks



The Board has the overall responsibility for maintaining sound and effective internal controls for the Group. Key control measures undertaken in 2013 and assessment of internal control system are set out in the 2013 Corporate Governance Report [▶](#). Information about financial risk management is set out in note 52 to the Consolidated Financial Statements [▶](#) for the year ended 31 December 2013.

The core principles and objectives as well as the management practices and performance concerning Marketplace [▶](#) are set out under the About HKEx (Corporate Social Responsibility) section of the HKEx website.

Compliance with Laws, Rules and Regulations

Compliance procedures (including checklists, manuals, and more) are in place to ensure adherence to our various statutory obligations in Hong Kong and the UK. Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant business units from time to time. A Register of CSR Legal and Other Requirements is also maintained and included in our CSR Management System Manual. By responding promptly to any changes in or introduction of new laws, rules and regulations, we can reduce the risks of non-compliance while identifying and pursuing opportunities for new and better products, services and business practices.

In 2013, class action lawsuits were filed against LMEH and LME, HKEx's indirectly owned subsidiaries in the UK, with respect to alleged anti-competitive and monopolistic behaviour in the warehousing industry in connection with aluminium prices, and a judicial review was filed against LME to challenge the LME's decision to introduce changes to the delivery out rates of LME approved warehouses as announced in its notice dated 7 November 2013. Announcements were made by HKEx [▶](#) and the relevant information is set out in the 2013 Annual Report. Apart from the aforesaid, the Group was not aware of any breach of any laws, rules or regulations in 2013.

In 2013, we updated our Human Resources Manual to reflect the prevailing laws and other relevant regulations that employees ought to be aware of and comply with. We also carried out a study of the new Companies Ordinance which will come into effect in March 2014. As a result, we have proposed to amend the Articles of Association of HKEx for shareholders' approval at the forthcoming general meeting. To comply with the newly launched Buildings Energy Efficiency Ordinance in promoting enhancement of the building energy efficiency in Hong Kong, we will continue to review our business practices and explore opportunities for energy efficiency at the Data Centre and across our offices in the long run.

During the year, SEHK worked together with the SFC and the financial community to develop Rule changes to complement the SFC's new regulation on sponsors which came into effect on 1 October 2013. Other related initiatives are set out in the Stakeholder Engagement section of this Report. These initiatives create an opportunity for our issuers to further develop best practices and for further reinforcing the quality of the Hong Kong securities market.

To ensure that the OTC derivatives clearing business of the Group is supported by the necessary legal framework, the Group has submitted comments on the Securities and Futures (Amendment) Bill introduced in June 2013. The Group has also engaged consultants to advise it on the impact of and the compliance requirements relating to the Foreign Account Tax Compliance Act of the US which apply to, inter alia, foreign financial institutions including clearing houses. HKEx will continue to support the Government and the SFC in preparing the enabling laws and regulations on the implementation of an uncertificated securities market in Hong Kong (formerly known as scripless securities market). In response to the new EMIR requirements on OTC derivatives central counterparties and trade repositories, LME has held a series of well attended market briefings explaining the impact of EMIR on LME.

Compliance with Laws and Regulations concerning the Provision and Use of Products and Services

Under the SFO, any amendments to the rules of the recognised exchanges and clearing houses require the SFC's approval. In 2013, relevant approvals were obtained from the SFC for (i) the amendments to the Listing Rules and the Rules of SEHK and HKFE and their respective clearing houses; (ii) news products launched for the Cash and Derivatives Markets which require the SFC's approval; and (iii) the recognition of OTC Clear as a clearing houses and the launch of its business. Typically, prior to any new or amended rules becoming effective or the launch of any products or services, relevant information is published under the News & Consultations (News Releases) [▶](#) section of the HKEx website and the News & events [▶](#) section of the LME website. Relevant information is also set out in the appropriate sections such as Listing Matters [▶](#) and Products & Services [▶](#) sections of the HKEx website and under the Regulation (Notices) [▶](#) section of the LME website. In 2013, applicable regulatory approvals were obtained and the Group has not been fined concerning product and service information and labeling, or provision of products and services. Information about changes or additions to the Listing Rules and products and services implemented in 2013 is set out in the Business Review of the 2013 Annual Report [▶](#).

Anti-corruption, Whistleblowing and Other Policies

The Group's anti-corruption policies are in line with the relevant Hong Kong and UK requirements. HKEx and its recognised exchanges and clearing houses are included in the Schedule to the Prevention of Bribery Ordinance (Chapter 201 of Laws of Hong Kong) each as a "public body" governed by the Ordinance. All employees, officers and committee members of HKEx, whether full-time or part-time, permanent or temporary, are therefore "public servants" for the purposes of the Ordinance and are subject to its provisions. The solicitation or acceptance by any public servant without lawful authority or reasonable excuse of any advantage given as an inducement or reward or on account of any act in his public capacity may render him liable to prosecution under the Ordinance. LME is subject to the Bribery Act 2010 of the UK and must ensure that all its employees, agents, intermediaries and representatives do not contravene the Act.

As the entire Group shall be aware of corruption risks, in particular the solicitation and/or acceptance of any advantage by employees from listed companies, HKEx's Participants, suppliers, or any person in connection with any business dealing with HKEx, HKEx has a Code of Conduct on Soliciting and Accepting Advantages, and LME has its own Anti-Corruption Policy, both of which are included in the HKEx Human Resources Manual . All employees are required to follow these policies. A study has been commenced to update and further align the anti-corruption policies of the Hong Kong and UK subsidiaries within the Group.

The Internal Audit Department monitors, reviews and ensures the execution of and compliance with HKEx's established policies, procedures, rules and manual by the employees. It also performs assessment of the risks inherent in particular business or functional areas, including fraud or corruption risk, and conducts reviews or audits to provide reasonable assurance that adequate governance and controls are in place to address such risks. In addition, a whistle-blowing policy is in place to facilitate internal reporting of employees' misconduct. Employees can contact Human Resources Department on matters relating to ethical and lawful behaviour and organisational integrity, and if they wish, on confidential and anonymous bases, communicate directly with the Audit Committee's chairman without fear of reprisal or victimisation. The Human Resources Department, if needed, can further seek advice from the Legal Services Department. Head of the Human Resources Department will report any concerns about unethical or unlawful matters related to organisational integrity to the Chief Operating Officer, or HKEx's Chief Executive, if and when appropriate. We believe these form a robust system with adequate supporting procedures to identify risks related to corruption across all our operations. In 2013, no significant risk related to corruption and no confirmed incident of corruption concerning the Group or its employees was identified.

Seminars on integrity and corruption prevention conducted by the ICAC are organised regularly to ensure that all employees, particularly new joiners, are familiar with the relevant laws and regulatory requirements. In 2013, a total of 94 employees in Hong Kong (comprising 66 employees who attended a seminar on anti-corruption in January and September, and 28 new joiners who received the orientation programme which included HKEx's anti-corruption policy and its procedures), representing 7 per cent of the total workforce received anti-corruption training. The Group's entire workforce is subject to the anti-corruption policy and is made aware of its procedures. The entire Board is also aware of the anti-corruption policy and its procedures as set out in Chapter 4 of the Director's Handbook . While there is no record of the number of our business partners to whom anti-corruption policies and procedures have been communicated, we have always drawn their attention by referring them to the HKEx's Human Resources Manual or have included a provision requiring compliance with anti-bribery laws in our standard procurement agreements or contracts or service engagement contracts.

In 2013, LME directors and employees were provided with an anti-money laundering training to ensure that they are aware of the anti-money laundering legislation and requirements that are relevant to LME.

Public Policy

HKEx keeps track of the key development of changes in public policies which may have significant impact on the Group's sustainability development and strategies and the financial industry in Hong Kong. In 2013, the Board considered HKEx's role under the World Health Organisation's Framework Convention on Tobacco Control (WHO FCTC), and approved the revisions to HKEx's Investment Policy which included an additional investment restriction category to restrict tobacco-related companies in the HKEx's investment portfolios.

HKEx remains neutral in politics and has never made any contribution to any political party.

Anti-competition

As HKEx and its exchanges and clearing houses are subject to section 76 of the SFO, any introduction of new fees and amendment to fees are subject to the approval of the SFC. In accordance with a regulatory MOU signed between HKEx and the SFC in February 2001, any fee proposal submitted to the SFC must be supported by a comparison of the fees charged by exchanges and clearing houses in the US, UK, Germany, Singapore and Australia and such other markets as the SFC and HKEx may agree in a particular case. The MOU specifically states that the primary concern of the fee mechanism is to ensure that HKEx does not abuse a monopoly position by charging excess or predatory fees or by otherwise discriminating against a particular participant. In 2013, all fee proposals submitted to the SFC were approved in accordance with section 76 of the SFO. Pending the coming into force of the substantive provisions of the Competition Ordinance, continuing assessment of the Ordinance's impact on the Group will be made in light of guidelines to be published by the Competition Commission.

LME and the UK-incorporated subsidiaries of the Group are subject to the UK competition regulation. As at the date of this Report, 26 class actions have been filed against LME in the US alleging anti-competitive and monopolistic behaviour in the warehousing industry in connection with aluminium prices. 19 of the actions also name LMEH, the holding company of LME, as a co-defendant. More information is set out in the 2013 Annual Report.

Product and Service Responsibility

Before any initiative which may have market impact is recommended, the Group will consider the potential impact on relevant stakeholders and the market by soliciting views from the relevant Consultative Panels  or committees which include representatives and experts from the relevant market and industry, and considering the practices and experience of other exchanges and clearing houses which have implemented similar initiatives. Market consultation (formally or informally) is normally sought on major initiatives to collect market participants and interested parties' views and comments. These are then analysed, considered and appropriately taken into account before finalising the proposals in order to ensure that decisions are made in an informed manner and that proposals are acceptable to the market. Consultation papers, responses to consultations and consultation conclusions are posted on the HKEx and LME websites for public information.

To facilitate better communication with our stakeholders, apart from engaging with listed issuers, Information Vendors, Exchange/Clearing Participants/Members through market consultation, discussion in consultative panels and committees, and listening to their views regarding the Group's policies, products and services from time to time, we have maintained dedicated hotlines and email addresses so that investors and members of the public can contact us easily for day-to-day enquiries or to lodge complaints, if necessary. The HKEx and LME contacts and the relevant complaint procedures are available on the HKEx and LME websites.

The Corporate and Investor Communications Department conducts Market Transaction Surveys [▶](#) annually on the trading activities of the Hong Kong securities and derivatives markets. A Retail Investor Survey [▶](#) is also conducted periodically to understand the trends and characteristics of retail participation in the stock and derivatives markets and investors' perceptions of the markets. According to a Retail Investor Survey [▶](#) published in 2012, stock investors were most positive about trading information available in the Hong Kong stock market, and derivatives investors were most positive about effective regulation of derivatives brokers. Retail investors were, as a whole, generally positive about HKEx's attribute of giving priority to public interest.

In 2013, other than the lawsuits referred to in the above, we were not aware of any other claims having been filed against the Group in relation to its products and services.

Customer Privacy

In our daily operations, personal data from our stakeholders is collected from time to time for different purposes. HKEx recognises its responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data. Personal data is collected only for lawful and relevant purposes and appropriate steps are taken to ensure that personal data held by HKEx is accurate. To ensure accuracy and compliance with the revised Hong Kong Personal Data (Privacy) Ordinance which came into effect during the year, we updated the Privacy Policy Statement [▶](#) published on the HKEx website and reviewed the Group's Personal Data Privacy Policy (as posted on the EIP). Seminars on "Personal Data (Privacy) Ordinance and the latest amendments" delivered by the Office of the Privacy Commissioner for Personal Data were given to employees in March and September 2013 to enhance awareness on personal or business data privacy. Our Hosting Services attained ISO27001 information security management system certification during the year for the purposes of protecting customer information and managing risks to information security effectively.

The Group will use the personal data collected in accordance with the Privacy Policy Statement [▶](#) published on the HKEx website and the Privacy Statement [▶](#) on the LME website.

In 2013, we did not receive any complaints regarding breaches of customer privacy or losses of customer data.

Marketing Communication

Marketing communication covers all kinds of information about the Group's products and services, information of which is set out under the Products & Services [▶](#) section of the HKEx website, and the Trading [▶](#) and Metals [▶](#) sections of the LME website. A variety of securities and derivatives such as shares, Exchange Traded Funds, structured products, futures and options can be bought and sold through HKEx's markets. Comprehensive pre-trade and post-trade services, primarily at the wholesale level, are also available through HKEx. As mentioned earlier, HKEx has a statutory duty to ensure an orderly, informed and fair market in securities and futures contracts traded on the stock market and futures market operated by or through the facilities of SEHK and HKFE respectively. LME provides the platforms for industrial metals trades and price-risk management. As far as we are aware, the Group has not breached any regulations concerning marketing communications and has not been involved in selling products which have been banned by any regulatory authorities or products which are the subject of intellectual property disputes.

We publish news releases [▶](#) on the HKEx website and press releases [▶](#) on the LME website to provide the public with updates on the Group's activities, decisions and changes to practice and policy in a timely manner. As the frontline regulator of listed issuers, HKEx publishes regulatory news and updates as soon as practicable after disciplinary actions have been taken against listed issuers. Reports on IPO applications, delisting and suspensions are published on a monthly basis under the News & Consultations (News Releases) [▶](#) section of the HKEx website. In 2013, with the aim of promoting the Hong Kong stock options market, we launched a Stock Options Corner [▶](#) on the HKEx website which provides investors with a comprehensive platform to obtain Hong Kong stock options information. We also issue circulars [▶](#) and notices [▶](#) to our Exchange/Clearing Participants/Members to inform them of new policies and procedures or changes in our products and services.

HKEx respects intellectual property rights and has a policy of not using infringing articles in its business. The General Guidelines on Compliance with Copyright Ordinance [▶](#), as included in the HKEx Human Resources Manual, outline the provisions of the Copyright Ordinance for the information of employees when discharging their duties.

Education and roadshows are effective means of communicating our products and services to market participants and users around the world. Our executives act as speakers at training courses organised by different industry associations and institutes from time to time on the Group's products and services.

In 2013, HKEx introduced a new marketing programme in Mainland China, Japan, Korea, Singapore and Taiwan to promote our derivatives market data. We hosted LME Week Asia in Hong Kong in June 2013 to discuss HKEx's Asia commodities strategy and LME Week in London in October 2013 for international clients and guests of LME members to exchange information about the metals industry. At LME, the training material, including videos, webinars and publications about the LME's core services and products, is available under the Education [▶](#) section of the LME website.

Economic Performance

HKEx embraces high corporate governance standards and publishes financial results on a quarterly basis. The Board has adopted a policy of providing shareholders with regular dividends with a target payout ratio of 90 per cent. The key financial figures of the preceding 3 years are summarised in the table below.

	Year ended		
	As restated ¹		As restated ¹
	2013	2012	2011
Economic Performance (\$ million)			
Revenue and other income	8,723	7,211	7,855
Operating expenses ²	2,777	1,957	1,733
Employee compensation ³	1,490	1,173	1,025
Dividends	4,092	3,671	4,579
Interest payments ⁴	182	24	0
Taxation ⁵			
Hong Kong	770	749	928
UK	136	10	0
other countries	3	2	2
Stamp duty payable to the Hong Kong Government ⁶	20,496	17,493	22,029
Economic value retained	460	413	514

1. Certain financial figures are restated to conform to current year's presentation.
2. Operating expenses exclude depreciation and amortization, costs relating to acquisition of the LME Group, finance costs, fair value loss on derivative component of convertible bonds and share of loss of a joint venture.
3. Excluding training costs
4. The interest expenses mainly represent the interest payable on the bank borrowings, the convertible bonds and notes issued.
5. Figures exclude deferred taxation but include rates paid/payable to governments of respective countries, and are different from those reported in the annual report.
6. Stamp duty is generated for the Government in respect of all securities transactions which are subject to stamp duty and recognised by SEHK.

HKEx, since its listing in Hong Kong, has not received any financial assistance from any governmental bodies. The Group has sponsored a defined contribution provident fund scheme for the benefits of its employees in Hong Kong and a defined contribution pension scheme for all employees of the LME Group aged over 25. Details of these schemes are set out in Note 10 to the Consolidated Financial Statements for the year ended 31 December 2013 .

We aim to (i) continue leveraging our core competencies to achieve organic growth; (ii) evaluate business propositions in terms of costs and benefits to ensure commercial viability; and (iii) achieve sustainable profit growth through sound commercial and responsible practices. To achieve these objectives and in accordance with the initiatives identified under the Strategic Plan, we conduct an extensive, comprehensive annual operating budget exercise in the latter part of each year. The budget preparation process includes detailed consultation with individual divisions/departments as well as collective discussions with management.

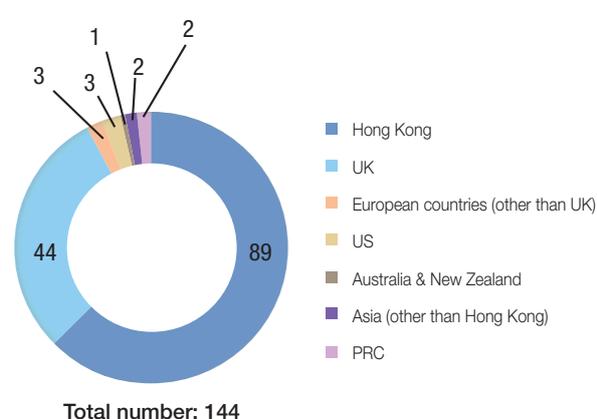
The Hong Kong securities and futures markets may close during typhoons and black rainstorms. In 2013, the Hong Kong securities and futures markets closed for a total of 2 days due to black rainstorms or typhoons, representing a loss in revenue equivalent to less than 1 per cent of the Group's total revenue. To mitigate the impact of the typhoons and black rainstorms on our market participants, we have made the Trading and Clearing Arrangements During Typhoons and Black Rainstorm  as published on the HKEx website. Although climate change is not considered a key risk in view of the Group's business nature, as awareness of the challenges of climate change has grown, setting an example in pursuing environmental sustainability by reducing environmental impact has become HKEx's sustainability priority, which is discussed in more detail in the Environment section of this Report.

Supply Chains

We engage supply chains that reflect our values and commitment. As an infrastructure provider delivering trading, clearing and settlement, depository and nominee services, and information services along the core part of the securities and derivatives transaction chains, HKEx is essentially an IT-based enterprise in a capital-intensive industry. To maintain the stability and reliability of our platforms and market systems and to build HKEx into a leading global vertically-integrated multi-asset class exchange as laid down in our Strategic Plan 2013-2015, we have invested a substantial amount of resources in developing our IT infrastructure that meets international standards.

Based on the nature of our business and strategic pursuits, our most significant suppliers are IT companies and professional service providers. Other key suppliers include companies that provide services supporting HKEx's infrastructure and human resources management, and other services such as management, security, electrical and mechanical engineering, construction and renovation, media-related and insurance. In 2013, the Group had a total of 144 suppliers and the total payment made to them was approximately \$1.8 billion. Over 60 per cent of our key suppliers are located in Hong Kong.

Location of key suppliers by region



A set of guidelines on supply chain management has been integrated into the CSR Manual (which is available on the EIP for internal use) to help address the significant social and environmental issues of HKEx's supply chain. A questionnaire has been sent to our key suppliers to collect information regarding their CSR performance and to promote CSR in the supply chain. Key suppliers are provided with a CSR Information Pack, which contains HKEx's CSR Policy, Corporate Suppliers Policy Statement and Supplier CSR Code of Conduct which was developed with reference to ILO International Labour Standards, OECD Guidelines for Multinational Enterprises and SA 8000, for their acknowledgement. The requirements cover legal and regulatory compliance, business ethics, community development, human rights, labour practices, and environmental protection. In addition, the user division/department carries out a CSR assessment of existing key suppliers biennially and of potential key suppliers during the tendering process by means of the Suppliers' CSR Questionnaire, and maintains a List of Preferred Key Suppliers from which the products and services required are sourced.

In 2013, we continued to follow (i) the Supply Chain Management guidelines to develop mutually-successful working relationships with our key suppliers and to address the significant social and environmental impacts arising from them, and (ii) the Procurement Guidelines in the selection of suppliers.

During the year, HKEx was not aware of any situations where work undertaken within its supply chain did not take place within appropriate institutional and legal frameworks or was not in compliance with the respective national laws and regulations regarding operations and activities, labour practices, including but not limited to compensation and remuneration, working hours, rest days, holidays, disciplinary practice, occupational health and safety, and the workplace environment.



Workplace

HKEx considers its employees to be its greatest asset and remains committed to attracting and retaining the best people with diverse backgrounds for achieving sustainable growth of the Company. For the purposes of fostering a workplace and culture where people are empowered to perform and to develop their careers, we care about employees' welfare and satisfaction and strive to strengthen team collaboration.

HKEx's employment policy and other related information are set out in the HKEx Human Resources Manual [▶](#) which is available on the About HKEx (Organisation) section of the HKEx website. The core principles and objectives as well as the management practices and performance concerning Workplace [▶](#) are set out in the About HKEx (Corporate Social Responsibility) section of the HKEx website.

Our Workforce

In 2013, the total workforce increased 15 per cent mainly due to the inclusion of LME in the Group. The organisational structure was reviewed and the executive team was further strengthened to provide a strong pool of talent for the future development of the Group, details of which are set out in the announcement published on 7 January 2013 [▶](#). Save for this, there is no significant variation in employment numbers.

As of 31 December 2013, the Group had a total of 1,278 employees, all of them worked full-time on either a permanent or a temporary/fixed term basis. In addition, about 130 individuals (including 90 workers from an IT company who provided IT services), who were either self-employed or employed by agencies and were not recognised as the Group's employees, were engaged to perform regular work in our London office.

	Year ended/As at 31 December		
	2013 ¹	2012 ²	2011 ²
Total No. of Employees	1,278	1,105	997
Male	711	623	538
Female	567	482	459
By employment contract and gender			
Permanent (Male)	648	560	494
Permanent (Female)	554	470	446
Total Permanent	1,202	1,030	940
Temporary / Fixed Term (Male)	63	63	44
Temporary / Fixed Term (Female)	13	12	13
Total Temporary/Fixed Term	76	75	57
By region and gender			
Hong Kong (Male)	632	619	533
Hong Kong (Female)	489	474	451
Total Hong Kong	1,121	1,093	984
UK (Male)	73	N/A	N/A
UK (Female)	68	N/A	N/A
Total UK	141	N/A	N/A
Outside Hong Kong and UK (Male)	6	5	5
Outside Hong Kong and UK (Female)	10	7	8
Total Outside Hong Kong and UK ³	16	12	13
Permanent employees by employment type and gender			
Full-time (Male)	646	560	494
Full-time (Female)	548	470	446

	Year ended/As at 31 December		
	2013 ¹	2012 ²	2011 ²
Part-time (Male)	2	0	0
Part-time (Female)	6	0	0
Average years of service of employees	9	9	9
No. of employees eligible to retire within the next 5 years⁴	46	37	33
Total No. and Rate (%) of New Employee Hires	214(17)	228(21)	191(19)
By region			
Hong Kong	168(78)	225(99)	172(90)
UK	44(21)	N/A	N/A
Outside Hong Kong and UK	2(1)	3(1)	19(10)
By gender			
Male	118(55)	151(66)	108(57)
Female	96(45)	77(34)	83(43)
By age group			
Below 30	61(29)	80(35)	75(39)
30 to 50	142(66)	141(62)	112(59)
over 50	11(5)	7(3)	4(2)
Total No. and Rate (%) of Employee Turnover	153(12)	120(11)	77(8)
By region			
Hong Kong	140(91)	117(97)	75(97)
UK	10(7)	N/A	N/A
Outside Hong Kong and UK	3(2)	3(3)	2(3)
By gender			
Male	86(56)	67(56)	38(49)
Female	67(44)	53(44)	39(51)
By age group			
Below 30	40(26)	35(29)	21(27)
30 to 50	87(57)	70(58)	45(59)
over 50	26(17)	15(13)	11(14)
No. of employees who were entitled to and took parental leave by gender			
Male	26	14	16
Female	18	18	13
No. and Rate (%) of employees who returned to work after parental leave ended by gender			
Male	26(100)	14(100)	16(100)
Female	18(100)	18(100)	13(100)
No. and Rate (%) of employees who returned to work after parental leave ended who were still employed 12 months after their return to work by gender			
Male	25(96)	14(100)	16(100)
Female	18(100)	18(100)	13(100)

1. Including LME

2. Excluding LME

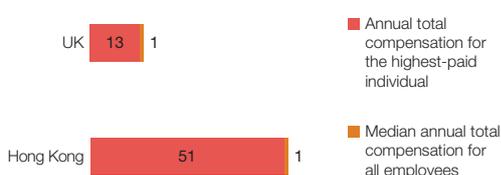
3. The 2013 figure refers to 13 employees stationed in the Mainland and 3 stationed in Singapore. 2012 and 2011 figures refer to employees stationed in the Mainland.

4. To support HKEx's succession planning process, the Nomination Committee is responsible for making recommendations to the Board on matters relating to the succession planning for HKEx's Chief Executive and the senior management. Details of the Nomination Committee [▶](#) are available on the HKEx website and the 2013 Corporate Governance Report [▶](#).

Employment

Employment is material to both the Group and its employees since we aim to attract and retain the best people for achieving sustainable growth of the Company, and employees are looking for an employer that will assist their long-term career aspirations. We are committed to providing a fair and competitive compensation package to attract and retain talent, in the form of a basic salary, incentive pay, provident fund, and other fringe benefits, such as healthcare benefits, paid leave for various purposes, and education and training sponsorship. Details of employee benefits are set out in the HKEx Human Resources Manual [▶](#).

Ratio of the annual total compensation for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) in 2013



Ratio of percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in 2013



Equal Remuneration for Women and Men

Both legal and socio-economic environments in Hong Kong and the UK provide opportunities for gender equity in the workforce. In Hong Kong, the Equal Opportunities Commission administers the laws protecting gender equality. In the UK, the Women's Business Council advises the government on ways of maximizing women's contribution to economic growth and assesses priorities in removing the barriers that women face in playing a full part in the workplace.

It is also our policy to compensate employees equitably, including providing equal remuneration for women and men. Details of HKEx's Remuneration Policy, pay review exercise and remuneration packages for Board members and employees are set out in the 2013 Remuneration Committee Report [▶](#).

In 2013, we reviewed the existing grading structure of the organisation, and adopted a new broadbanding structure effective 1 January 2014 to reduce hierarchy, help improve the effectiveness and agility of the organisation, enable better benchmarking of roles, compensation and benefits, and provide more flexibility for colleagues to consider lateral moves and explore career opportunities.

Ratio of basic salary* of women and men by employee category and by significant locations of operations in 2013



* Basic salary is a fixed, minimum amount paid to an employee for performing his/her duties, either in Hong Kong or London, the 2 significant locations where the Group carried out its 5 operating segments.

Ratio of remuneration* of women and men by employee category and by significant locations of operations in 2013



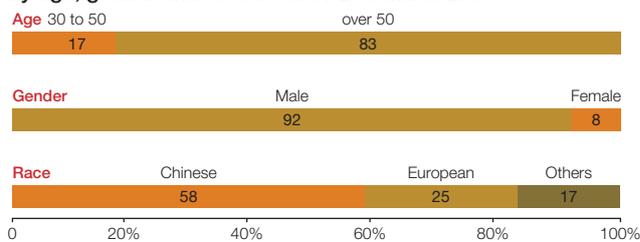
* Remuneration is basic salary and additional amounts, including any performance bonus, share award, or other benefit payments.

Diversity, Equal Opportunity and Non-discrimination

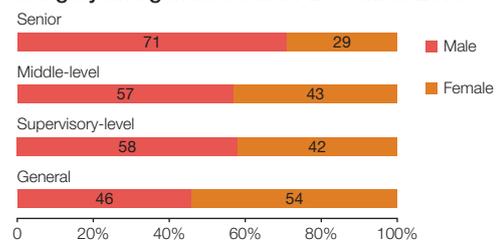
Diversity, equal opportunity and non-discrimination are important because a good business culture help attract the best talent to an organisation. Although HKEx does not operate in circumstances and environments with high exposure to risk concerning human rights and we have not identified any operations that constitute risk to the right to exercise freedom of association or collective bargaining, we are committed to protecting human rights in the workplace, and we have an Equal Opportunities Policy [▶](#) in place to promote diversity and non-discrimination in our workplace. In 2013, no confirmed incident of discrimination was recorded.

We believe that workplace diversity, including diversity in leadership, helps increase employee morale and effectiveness and enhance creativity and unity within the organisation. We advocate diversity at the Board level and the workplace for the purposes of attaining sustainable and balanced development. A Board Diversity Policy, with the aim of enhancing the quality of the Board's performance by diversity, was adopted in February 2013. Details of the composition of the Board are set out in the 2013 Corporate Governance Report [▶](#).

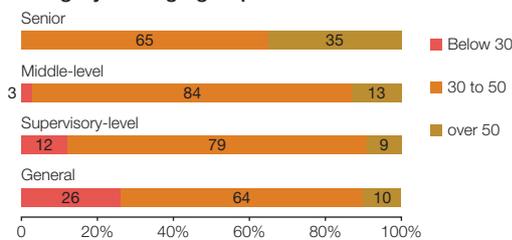
Percentage of HKEx's Management Committee Members by age, gender and race as at 31 December 2013



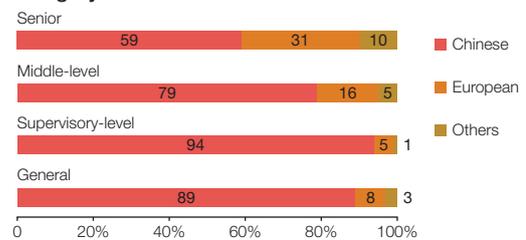
Percentage of employees by employment category and gender as at 31 December 2013



Percentage of employees by employment category and age group as at 31 December 2013



Percentage of employees by employment category and race as at 31 December 2013



In May 2013, the Women's Exchange launched "The Women's Exchange at Hong Kong Exchange" to promote the development of the Company's policies and programmes that support women in leadership roles. During the year, a number of seminars were held by inviting successful business women from the financial industry and legal field to share their experience and expertise with HKEx's employees. A "Back to Work Programme" was launched from September to October 2013 to provide an opportunity back to the workplace to professional women who had been out of corporate life. Permanent job offers were given to 3 out of the 6 high calibre candidates to fill HKEx's existing vacancies.

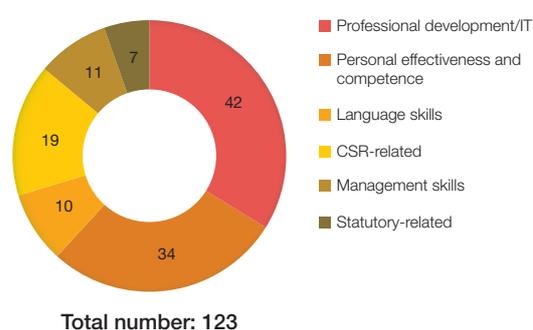
Seminars on anti-discrimination are organised on a regular basis to equip employees with practical knowledge about upholding human rights and equal opportunities in the workplace. In April 2013, the Equal Opportunities Commission delivered a talk on "Introduction to Anti-Discrimination Ordinances in Hong Kong" to employees.

Apart from the presentation delivered by HKEx's Chief Executive on a quarterly basis to all employees to update them of the developments of the organisation and listen to their concerns, grievance procedures as stipulated in section 8 of the HKEx Human Resources Manual are in place to handle employees' grievances and complaints to ensure fair treatment of all employees when their concerns are being addressed.

Training and Education

Training and education is of significant value to the Group and its stakeholders because by equipping employees with the necessary skill-set and knowledge, they will be enabled to deliver the best results for their own benefit as well as for the sustainable growth of the Group. During 2013, we invested \$4.2 million in employee training and organised 123 training classes with an average of 15 hours of training per employee. The training classes included 6 training courses on LME's products, services and regulation for HKEx's employees to familiarise them with LME's business and operations, which attracted 227 participants.

Number of training courses conducted in 2013 by topic



There is no specific arrangement for those employees who are due to retire or whose employment is subject to termination. Nonetheless, the Group's employees can contact the Human Resources Department at any time for matters in relation to their retirement and post-retirement employment, and the relevant information is included in the HKEx Human Resources Manual.

To improve the quality of training and effectiveness of instructors, we solicit feedback and recommendations from participants on training programs by means of assessment forms.

	Year ended		
	2013	2012	2011
Total no. of training hours received	16,256	24,861	22,553
Average training hours per employee by employment category			
Senior	14	31	22
Middle-level	16	29	28
Supervisory-level	16	27	27
General	11	16	21
Average training hours per employee by gender			
Male	13	23	23
Female	16	26	28
Types of Training and Development			
No. of employees who attended external training	234	291	211
No. of employees who attended internal training	887	947	884
No. of employees who undertook e-learning	29	115	167
No. of employees who received academic sponsorship	16	10	6

Highlights:

At least 83 per cent of employees in each employment category attended training in 2013.

Moreover, we have made a substantial investment in enhancing our EIP and electronic resources platforms to help employees' daily work in research, planning and developing products and services, as well as in regulating and enhancing markets. Our eResources provides employees with online access to electronic collections and services, and our Business Resources Centre provides a comprehensive collection of over 33,000 items relating to Hong Kong, Mainland China, equity and derivatives markets, rules and regulations, finance and business for employees.

HKEx launched a Management Trainee Programme to nurture bright young talent and to groom them to be future leaders. The 28-month programme includes an orientation programme along with on-the-job professional/technical skills training with rotational postings for 4 new management trainees in 2013. Throughout the programme, a management trainee manager and staff from each division will provide guidance and coaching to trainees to facilitate their learning. On-going assessments and performance appraisals will be conducted to encourage open and effective communication between the management trainee manager and the trainees to ensure the trainees' capabilities and aspirations align with HKEx's strategic directions. Trainee managers are also responsible for identifying the most suitable position for the selected trainees in the organisation for a full-time role.

HKEx's annual performance appraisal exercise was successfully conducted for 100 per cent of all permanent employees. This interactive exercise involves appraising past performance, reviewing the employee's personal and career development status and training progress, and setting work objectives and improvement goals. To help our employees prepare for their appraisal interview meetings, performance appraisal trainings were provided in October 2013, including 2 briefing sessions for 17 appraisees and 1 workshop for 9 appraisers. To improve the effectiveness of the existing performance evaluation process, the pilot multi-rater evaluation for all senior executives was extended in the 2013 performance appraisal exercise to include middle management.

Occupational Health and Safety

Occupational health and safety of employees should be given first and foremost consideration at work to ensure the daily operation of the Group's businesses. Hence, HKEx is committed to achieving a high standard of occupational safety and health as set out in its Occupational Safety and Health Policy which is included in section 9 of the HKEx Human Resources Manual [▶](#). In view of the Group's business nature, we do not consider any employees who are involved in occupational activities that have a high incidence or high risk of specific diseases. Hence, we do not have any formal agreements with any trade unions covering health and safety.

The ESG Committee, including HKEx's Chief Executive, reviews and monitors the Company's corporate governance and CSR policies and practices to ensure compliance with legal and regulatory requirements. Any issues in relation to the health and safety of the Group will also be brought to the Committee by the Chief Executive as and when necessary. At LME, a health and safety report is reviewed by its Executive Committee [▶](#) which comprises a number of senior executives, including LME's chief executive. The CSR Working Group comprises CSR Coordinators from each division and department (representing 3 per cent of the total workforce) will also discuss any issues in relation to health and safety when it considers necessary. The Human Resources Department and the Corporate Real Estate and Facilities Management Department oversee the occupational safety and health matters of the Group. The roles and responsibilities of the CSR Working Group are set out in the CSR Management System governance structure, which is available at the About HKEx (Corporate Social Responsibility) section of the HKEx website. Health and safety-related accidents in the workplace have to be reported to the Human Resources Department. While a formal joint management-worker committees specific to health and safety was not set up within the Group, the above mentioned structures ensure that the employees within the Group can raise any health and safety-related issues, including training programmes, through different channels from time to time.

	Year ended		
	2013 ¹	2012 ²	2011 ²
No. of injuries^{3&4}	7	3	4
Occupational injury rate (%) ⁵			
By region (%)			
Hong Kong	0.1	0.1	0.1
UK	0.1	N/A	N/A
By gender (%)			
Male	0.1	N/A	N/A
Female	0.1	N/A	N/A
No. of occupational diseases⁴	2	0	0
Occupational disease rate (%) ⁶			
By region (%)			
Hong Kong	0	0	0
UK	0.1	N/A	N/A
By gender (%)			
Male	0	0	0
Female	0.1	0	0

	Year ended		
	2013 ¹	2012 ²	2011 ²
No. of lost days ^{3&4}	156⁷	7	6.5
Lost day rate (%) ⁸			
By region (%)			
Hong Kong	0.1	0.1	0.1
UK	0.1	N/A	N/A
By gender (%)			
Male	0.1	N/A	N/A
Female	0.1	N/A	N/A
Absentee rate (%) ^{4&9}			
By region (%)			
Hong Kong	0.9	0.9	0.9
UK	0.7	N/A	N/A
By gender (%)			
Male	1.0	N/A	N/A
Female	0.8	N/A	N/A

1. Including LME

2. Excluding LME

3. The injuries relate to minor injuries arising out of or in the course of work. The lost days indicate the work time lost as a consequence of the employees being unable to perform their usual work because of the injuries.

4. We have reported injury rate, occupational disease rate, lost day rate, absentee rate and work-related fatalities for the total workforce by region and gender according to GRI G4 Guidelines since 2013, therefore no record broken down by gender was available for 2012 and 2011. Between 2011 and 2013, there were no work-related fatalities. We did not have data of independent contractor in this regard.

5. The occupational injury rate indicates the frequency of injuries relative to the total time worked by the total workforce in the reporting period.

6. The occupational disease rate indicates the frequency of occupational diseases relative to the total time worked by the total workforce in the reporting period.

7. The number of lost days increased in 2013 because an employee took a long period of sick leave as a result of the injury.

8. The lost day rate is expressed by comparing the total lost days to the total number of hours scheduled to be worked by the workforce in the reporting period.

9. 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 during the reporting period.

Data Centre

The Data Centre, which came into operation in late 2012, has implemented OHSAS 18001 to help controlling occupational health and safety risks since October 2013. It was also awarded “Excellence in Facility Management Award (Institution & GPA)” by The Hong Kong Institute of Facility Management in 2013 in recognition of the excellence in performance of delivering quality facility management services on IT, environmental protection and health and safety.



In response to the outbreak of the H7N9 flu pandemic, we implemented measures against the avian influenza and seasonal flu to prevent the spread of illness among the workforce, including stringent cleaning measures across the offices and a discounted vaccination programme for seasonal flu. To protect employees from neck, shoulder, back or arm pain, as well as with fatigue and eyestrain due to using of computer, we conducted Display Screen Equipment assessment for employees across the offices. We also sponsored 24 employees to attend the “Standard First Aid Certificate Refresher Course” conducted by Hong Kong Red Cross to renew their Standard First Aid Certificates and to refresh their first aid skills to serve as first aiders at our offices.

Good IAQ in offices safeguards the health of employees and contributes to their comfort and well-being. In this respect, HKEx continued to undertake annual IAQ inspection and certification for all offices in Hong Kong under the IAQ Certification Scheme launched by the Government. All offices in Hong Kong have achieved either Good Class or Excellent Class certification.

To equip employees with relevant knowledge and advice on occupational health and safety, we organised a workshop on “Building Stress Resilience and Emotional Competence” in May 2013 for employees and a series of safety and health talks for employees and their family members from August to December 2013.

Workforce-management Relations

Workforce-management relations is a critical factor for achieving our principles of caring about employees’ welfare and satisfaction and strengthening team collaboration. Hence, we aim to promote work-life balance and team solidarity and ensure open and transparent communication.

We will inform our employees of any operational changes or development of the Group as soon as we consider appropriate in terms of the nature and importance of the information, hence we do not set any minimum period of notice for different kinds of notifications. Staff announcements are posted on the EIP for employees’ information. Important information about the Group, such as the latest strategic directions, business and operational developments, and financial performance, was communicated via a number of effective channels, including:

- ✓ 1 HKEx management offsite meeting and 1 leadership offsite meeting (held in January 2013 and April 2013 respectively)
- ✓ 8 executive forum meetings
- ✓ 3 employee briefings by HKEx’s Chief Executive

Since the Data Centre launched operations, we have collected feedback from employees working at and visiting the site and we have studied potential staff development areas. As a result, we have come up with some important enhancements to staff services, and we will continue to listen to constructive ideas to ensure that Tseung Kwan O is the most engaging environment possible.

- ✓ We have added 2 additional buses during peak hours on weekday evenings to allow for greater choice in departure times and we will adjust other scheduling to better meet staff flows.
- ✓ Outside of regular hours, we use local taxis and extend the drop offs to include MTR Kwun Tong Station.
- ✓ Details of the revised shuttle bus timetable, taxi arrangements and other new services are posted to the EIP.

- ✓ While it is impractical to extend cafeteria hours given the low usage outside of office hours, we recognise the inconvenience to employees who do need to work non-standard hours and have arranged food deliveries for those employees.
- ✓ For employees working extra hours and who are not entitled to overtime, additional resourcing is being provided to ensure they can take compensation leave as agreed with their manager.

Given the growing size and complexity of the Group, we extended the Group Intranet to colleagues in London and Singapore in the first quarter of 2013. We were also planning to revamp the Group Intranet which aimed at transforming the existing Intranet into a modern corporate platform that links us all as a global organisation. To ensure the new Group Intranet is of value to our employees, we conducted employee surveys to solicit ideas on the design, functionality and name in July and December 2013. Over a total of 760 responses were received, a summary of the key findings was made available on the EIP. In response to the employees' requests for better tools to perform their jobs, the new platform with improved or newly added functions, including finance system, human resources management system, customer relationship management system and a modern corporate Intranet, will be launched in August 2014. Apart from regular updates of the revamp progress, every department in both HKEx and LME will be invited to take an active role in the implementation process to ensure the new platform meets their needs.

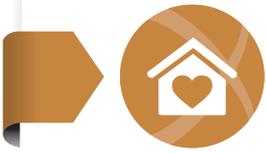
In September 2013, we launched an Employee Engagement Survey which was designed as a way for senior management and the Board to solicit feedback from the employees on an anonymous basis on how they think and feel about working for the Group, with the aim of making the Group an Employer of Choice by improving the way in which management engages with and motivate the employees across different divisions. Over 85 per cent of the Group's employees completed the survey and provided a lot of useful feedback. In December 2013, the Board reviewed the results and made recommendations for follow-up actions. In January 2014, we organised communication sessions to share the results of the survey with employees. Senior executives will consider certain action proposals and/or organise workshops with the assistance of the project team and Human Resources Department in the first quarter of 2014.

To reinforce our commitment to work-life balance and to raise awareness of work-life balance as a business issue, HKEx joined the Work-Life Balance Week launched by Community Business in October 2013. During the week, employees were encouraged to leave on time and workshops on "Laughter Yoga for Stress Management", "Eat Smart for Fitness II" and a seminar on "The Art of Marital Enrichment – How to Handle Spousal Conflicts" were organised, which attracted 270 participants in total.

To enhance work-life balance and employee relations, the HKEx Staff Social Club, which is funded by the Company, organised sports, educational, recreational and social activities with the aim of enhancing employees' sense of belonging and team solidarity.

To promote sports and team spirit among employees, the HKEx Basketball Team joined the Financial Sector Basketball League 2013 and the Supervisory Cup Basketball Competition 2013. The HKEx Soccer Team launched the HKEx 7-a-side Soccer Challenge Cup 2013 which attracted over 50 employees in 4 teams to compete for the championship.

To improve employees' financial well-being, we organised 5 in-house seminars on financial planning and wealth management during the year.



Community

HKEx's community investment covers charitable donations and corporate sponsorships and is made in line with HKEx's CSR vision to be a responsible corporate citizen committed to the sustainable development of the Marketplace, Community and Environment, and to promote the development of socially responsible practices in our Marketplace and Community that create effective and lasting benefits to communities in where we operate our businesses. Going beyond corporate philanthropy, we support long-term community investment by establishing community partnerships and encouraging our employees to participate in volunteer work.

To reinforce HKEx's commitment to the community, a Community Investment Policy, setting out the donation and sponsorship focus and approval procedures, the reporting requirement and the monitoring mechanism, is available on the EIP for employees' information. The Charity Advisory Group of HKEx and the Charity Committee of LME also discuss the budget allocation for charitable donations, and consider and monitor the progress of long term charitable programmes.

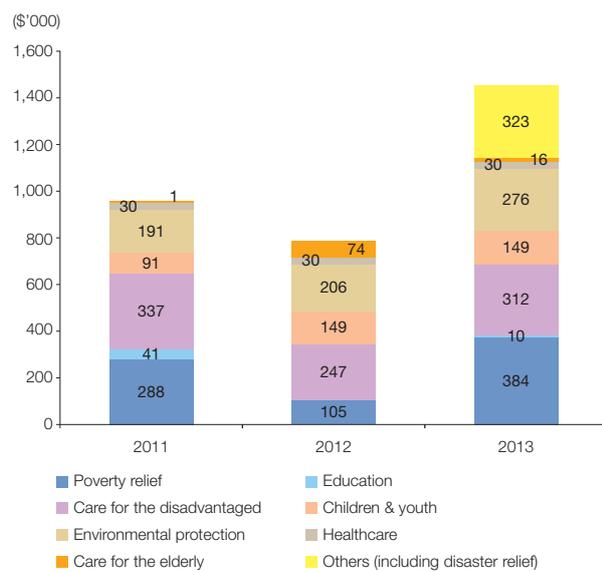
The core principles and objectives as well as the management practices and performance concerning Community  are set out under the About HKEx (Corporate Social Responsibility) section of the HKEx website.

Raising Funds for Community Causes

During the year, HKEx raised a total of \$1.75 million donations to different community causes including disaster relief, poverty relief, care for the disadvantaged and elderly, children and youth development, education, healthcare, and environmental protection. HKEx mobilised over 1,400 participants to support 16 charitable events in 2013.

HKEx has been named as a Caring Company by The Hong Kong Council of Social Service in recognition of its contributions towards building a cohesive society by promoting strategic partnerships among businesses and social service partners and inspiring corporate social responsibility through caring for the community, employees and the environment.

Analysis of HKEx's corporate donations by community causes



	Year ended		
	2013	2012	2011
Community Investment (\$'000)			
Corporate charitable donations ¹	1,500	811	979
Employee charitable donations	248	215	187
Corporate sponsorships	798	4,615	2,290
Stock Code Balloting for Charity Scheme²			
Donation through the Scheme (\$ million)	67	43	58
No. of participating companies	69	44	60

1. The figures reported are different from those reported in the annual report due to accounting treatment. The 2013 figure excludes a donation of \$1 million raised from the "Pedal Power 2013" charitable event initiated by HKEx's Listing Committee, and the total donations of £46,900 made by LME (being £8,000 to support the typhoon Haiyan relief operation, £4,900 to a number of charities during Christmas and £34,000 for the bursary scheme).

2. Details of the Scheme [▶](#) are available on the HKEx website.

Community Causes and Partnerships

During the year, we motivated our employees to address the needs of the communities we serve and to improve their quality of life, focusing mainly on elderly, poverty relief, children and youth, special needs and environmental protection. The Group also made donations (\$300,000 by HKEx and £8,000 by LME) to help support the Typhoon Haiyan relief operation in 2013.

"We are overwhelmed by the catastrophic consequence left by the typhoon Haiyan in the Philippines. It has taken thousands of lives and made millions homeless. The grief of the victims is shared by many in Hong Kong and our thoughts are with them at this very difficult time. We hope that our donation together with the support of other donors will help a neighbour in need. In addition to the donation from the Company, we are encouraging our staff to consider contributing to the relief effort."

C K Chow
Chairman

Caring for the Elderly

Caring for the elderly, particularly the well-being of the elderly living in poverty, is a major concern in the Hong Kong community. Partnering with Senior Citizen Home Safety Association, St. James' Settlement Day Care Centre for the Elderly, the Tung Wah Group of Hospitals Ming Wah Good Neighbours – Healthy Network, and Haven of Hope Christian Service, HKEx sent volunteers and/or sponsored provisions on multiple occasions to care for the elderly living in various districts in Hong Kong. The types of activities organised included home visits and gatherings, in particular during festive seasons, and the provision of simple home maintenance service for the elderly.

Poverty Relief

Partnering with St. James' Settlement People's Food Bank (Food Bank), HKEx volunteers helped repack 25kg rice into 3kg bags for distribution to people in need in July 2013. In addition, HKEx employees made monetary and moon cakes donations to the Food Bank in September 2013 at its "Moon Cake Transfer Programme 2013", which gave underprivileged families a warm and happy Mid-Autumn Festival. On 30 November 2013, HKEx volunteers also assisted the Food Bank in preparing around 350 meal boxes for the needy people who received hot meal services. Partnering with the Urban Peacemaker Evangelistic Fellowship Limited, HKEx volunteers accompanied 55 underprivileged Tuen Mun residents to participate in a fun day outing to Ocean Park. All in all, nearly 80 HKEx volunteers, including senior executives, contributed about 400 hours of community service to the above activities.

Children and Youth Development

Working with Tower Hamlets Education Business Partnership, LME has provided bursaries to school students from one of the most deprived areas in England since 2011. In 2013, LME donated a total of £34,000 for the said bursary scheme.

On 4 May 2013, the Exchange's Listing Committee and Outward Bound Hong Kong held their "Pedal Power" fundraising event for the third consecutive year. A total of 48 participants cycled the 18 km main route or 30 km "elite" route along the Tolo Harbour, and raised over \$1 million in donations to allow specially-selected students from local secondary schools to participate in Outward Bound leadership courses designed to help them develop confidence and reach their full potential.

Social Integration for Children and Youth with Special Needs

Through a series of community exploration activities organised in partnership with TREATS, including the "Community Exploration Programme – Hong Kong Exploration Series" on the Give & Gain Day 2013 and the "Integration for ALL! Community Exploration Programme: Hide and Seek – Exploration of Hong Kong Historical Architecture" in December 2013, children of all abilities were encouraged to support each other by using a buddy system approach. It allowed participants to enhance their social and problem solving skills, to integrate with the community through daily life activities as well as to learn more about the history of Hong Kong architecture. A total of 29 HKEx volunteers contributed 289.5 service hours during the activities for 83 primary and secondary school students, including some with mild mental challenges or autism.

On 2 November 2013, 11 HKEx volunteers participated in the "Mini Olympics", a sports fun day jointly organised by the HKSKH Lady MacLehose Centre and HKEx Volunteer Team along with 17 ethnic minority children and 10 cricket team members to promote sports and social integration.

Support Volunteerism

We actively encourage our employees to take part in our programmes and support their volunteering. HKEx participated in the Give & Gain Day campaign, joining an international movement for the third consecutive year that mobilised employees to take action and tackle key community issues by volunteering during work hours.

	Year ended		
	2013	2012	2011
No. of employee volunteer hours	2,421	2,468	2,683
No. of employees who applied for employee volunteering leave ¹	65	43	45
No. of employee volunteering leave days taken ¹	58	36	36

1. Employees were granted an additional day of paid leave (one day or half day paid leave for performing at least 8 hours or 4 hours of volunteering respectively) per year in recognition of their efforts in serving the community.

To recognise employees who served the community through volunteering with the HKEx Volunteer Team in 2012, the HKEx 5th Annual Volunteer Recognition Ceremony cum Dinner was held on 12 September 2013. During the ceremony, HKEx's Chairman and Chief Executive presented Volunteer Awards issued by HKEx to 4 divisions/departments and 26 employees and Certificates for Volunteer Service issued by the Government's Social Welfare Department to 5 employees according to their individual contributions and joint efforts to serve the community. Representatives from HKEx's NGO partners, namely Habitat for Humanity China Limited, Produce Green Foundation and TREATS attended the ceremony and shared details about their work in the community and the value of HKEx's partnership and support.



HKEx was awarded Gold Award by the Social Welfare Department in appreciation of its contribution of more than 2,400 employee volunteering hours to the community in 2012.



Environment

Although HKEx does not operate in an environmentally sensitive business and is predominantly service-oriented, we recognise that our operations still have an impact on the environment and acknowledge that addressing environmental issues is a collective responsibility shared by every member of the community.

The core principles and objectives as well as the management practices and performance concerning Environment  are set out in About HKEx (Corporate Social Responsibility) section of the HKEx website.

Energy

Energy is considered as one of our sustainability priorities because it represents an opportunity for HKEx, as a frontline regulator, to set an example in pursuing environmental sustainability, and it demonstrates our commitment to reducing environmental impact, in particular, upon the full operation of our Data Centre since January 2013, a key area for HKEx's electricity consumption. Improving the energy efficiency of our operations will not only ensure improved environmental outcomes, but also reduce our cost and improve our operational efficiency in the long term.

Our direct GHG emissions are relatively small, yet we measure and report our own GHG as a support of the global move to a low-carbon economy. The ESG Reporting Guide recommends the disclosure of information about emissions and use of resources, which is expected to enhance the accountability of listed companies with regard to the environmental impacts of their operations. In 2013, we supported the Government's online carbon footprint repository for companies listed in Hong Kong, which will be rolled out in 2014, and continued to participate in the 2013 Carbon Disclosure Project.

Internally, while we encourage our employees to adopt environmentally responsible behaviour, we continue to improve our environmental management practices and measures to reduce other resource use, minimise waste and increase recycling.

Energy Consumption

The biggest contributor to HKEx's carbon footprint is the indirect GHG emissions from electricity consumption, amounting to 96 per cent of HKEx's total GHG emissions in 2013.

	unit	Year ended/As at 31 December		
		2013 ¹	2012	2011
GHG Emissions (CO₂ equivalent)	unit			
Direct sources (Scope 1) ² :				
Corporate fleet ³	tonnes	23	23	22
Refrigerants ⁴	tonnes	91	993	1,079
Diesel ⁵	tonnes	2	N/A	N/A
Indirect sources (Scope 2) ² :				
Electricity ⁶	tonnes	18,769	11,159	10,036
Gas ⁷	tonnes	45	N/A	N/A
Indirect sources (Scope 3) ² :				
Business travel ⁸	tonnes	616	471	283
Paper consumption ⁹	tonnes	76	65	70
Total GHG emissions (Scope 1 and 2) per floor area ²	tonnes/m ²	0.34	N/A	N/A
Total GHG emissions (Scope 3) per floor area ²	tonnes/m ²	0.01	N/A	N/A

		Year ended/As at 31 December		
		2013 ¹	2012	2011
Total GHG emissions (Scope 1 and 2) per full-time employee (FTE) ²	tonnes/FTE	14.81	N/A	N/A
Total GHG emissions (Scope 3) per FTE ²	tonnes/FTE	0.54	N/A	N/A
GHG Emissions Avoided/Reduced (CO₂ equivalent)				
By recycling of paper ¹⁰	tonnes	(720)	(690)	(783)

1. The 2013 figure includes data of the Hong Kong and London offices, including the Data Centre, which came into operation in the fourth quarter of 2012.
2. Since 2013, GHG emissions were reported based on the reporting requirements of the World Resources Institute and the World Business Council for Sustainable Development "GHG Protocol Corporate Accounting and Reporting Standard" (GHG Protocol) which includes a classification of GHG emissions called 'Scope' – Scope 1, Scope 2 and Scope 3.

Scope	Boundary
1	<p>Direct emissions of GHG from sources owned or controlled by the Group, including:</p> <ul style="list-style-type: none"> • Transportation of materials, products, waste, employees – these emissions result from the combustion of fuels in mobile combustion sources (i.e. 2 private cars and 2 vans owned by the Group). • Fugitive emissions – these emissions result from intentional or unintentional releases, such as hydrofluorocarbon emissions from refrigeration and air conditioning equipment. • Generation of electricity, heating, cooling and steam – these emissions result from combustion of fuels in stationary sources. <p>Exclude any GHG trades, such as purchases, sales, or transfers of offsets or allowances.</p>
2	<p>Indirect GHG emissions are resulted from the generation of the electricity and gas which the Group purchased or acquired from other organisations for its own consumption. Exclude any GHG trades, such as purchases, sales, or transfers of offsets or allowances.</p>
3	<p>Other indirect emissions are a consequence of the Group's activities, but occur from sources not owned or controlled by the Group and are not reported under Scope 2 emissions. This includes upstream emissions from overseas business travel and paper consumption.</p>

3. Emissions were calculated based on the amount of fuel consumed by the corporate fleet and the relevant emission factors provided in the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong issued by the EMSD and EPD (Hong Kong GHG Guidelines) and the guidelines and emission factors published by the Department for Environment, Food & Rural Affairs of the UK government.
4. Emissions were calculated based on the estimated amount of refrigerants in-filled in the air-conditioning systems in order to maintain proper operation (in all data centres and the Exchange Square premises since 2011 and LME since 2013) and the relevant Global Warming Potential factors provided in the Hong Kong GHG Guidelines. The air-conditioning system in other office premises is centrally managed by the building landlords. The calculation included refrigerants with chlorofluorocarbons which are outside of the group of Kyoto protocol recognised gases but have been well-recognised to have effects on our climate systems. In 2013, no refrigerant in-fill was needed in all data centres and the Exchange Square premises.
5. Emissions were calculated based on the amount of diesel consumed for backup generators at the data centres in Hong Kong and the latest emission factors provided in Bioenergy Feedstock Development Programs at Oak Ridge National Laboratory (ORNL).
6. Emissions were calculated based on the amount of electricity consumed at all office premises in Hong Kong and London (including the air-conditioning systems in all data centres and the Exchange Square premises since 2011 and LME since 2013) and the latest emission factors provided by the Group's electricity providers. The purchased electricity was primarily generated from coal and natural gas combustion conducted by the Group's electricity providers.
7. Emissions were calculated based on the amount of gas consumed at LME only and the latest emission factors provided by its gas supplier. HKEx did not have any gas consumption, therefore no record was available for 2011 and 2012.
8. Emissions generated by air travel were calculated largely based on the International Civil Aviation Organization Carbon Emissions Calculator. Emissions generated by vehicle, train, and ferry travel were calculated based on the estimated distance travelled and the relevant emission factors provided by the GHG Protocol.
9. Emissions reflect the downstream emissions related to the production of paper which were calculated based on the amount of office paper consumed and the relevant emission factors sourced from the VfU Indicators: Internal Environmental Performance Indicators for the Financial Industry.
10. Emissions avoided/reduced were calculated based on the amount of paper collected for recycling (included confidential waste paper generated within the Group and paper documents submitted by external parties) and the relevant emission factors provided in the Hong Kong GHG Guidelines and the guidelines and emission factors published by the Department for Environment, Food & Rural Affairs of the UK government.

		Year ended/As at 31 December		
		2013 ¹	2012	2011
Energy Consumption²	unit			
Electricity ³	MWh	29,971	15,261	11,947
Unleaded petrol ⁴	litres	6,369	6,102	5,961
Diesel ⁴	litres	2,982	2,446	2,289
Gas ⁵	MWh	246	N/A	N/A
Total energy consumption	GJ	109,113	55,242	43,301
Total energy consumption per floor area	GJ/m ²	1.98	1.06	0.83
Total energy consumption per FTE	GJ/FTE	85.38	49.99	43.43

1. The 2013 figure includes data of the Hong Kong and London offices, including the Data Centre, which came into operation in the fourth quarter of 2012.
2. As the Group is not a product based / product intensive organisation, the only energy used outside of the organisation is business travel related. Hence, we only reported energy consumption within HKEx.
3. Electricity consumption was calculated based on the amount of electricity purchased and the relevant conversion factors provided by the Group's electricity providers.
4. Fuel consumption was consumed by company vehicles for the Group activities and backup generators at the Data Centre and the data centres in Hong Kong and the relevant conversion factors provided in the Hong Kong GHG Guidelines, the GRI Indicator Protocol and Bioenergy Feedstock Development Programs at ORNL.
5. Gas consumption was calculated based on the amount of gas consumed at LME only and the relevant conversion factors provided by its gas supplier. HKEx did not have any gas consumption, therefore no record was available for 2011 and 2012.

To help reduce our carbon footprint, we continue to focus on operating our facilities in an energy efficient manner. Toward this end, we continue to adopt measures to save energy across offices with reference to our CSR Manual, which is available on our EIP. The Manual provides inter alia environmental protection guidelines developed with reference to ISO 26000:2010 – Guidance on social responsibility and the UN Global Compact, including but not limited to, setting air-conditioned room temperatures at levels that take into account energy conservation and switching off air-conditioning, lighting and computers when they are not in use. We have replaced fluorescent lamps at certain offices with energy efficient LED lamps and installed timer lighting control with this in mind. Since the installation of LED lamps at the Worldwide House office in July 2013, it recorded a reduction of about 19 GJ, representing 21 per cent of lighting power consumption against the corresponding 5 months' period in 2012. We will continue to review our business practices and to explore opportunities for energy efficiency across our offices.

In March 2013, the Data Centre achieved the LEED for core and shell development gold level of certification from the widely respected US Green Building Council. The environmental benefits achieved from the building design of the Data Centre included:

- 7 per cent of energy cost savings;
- 20 per cent reduction of total water use over a traditional building design;
- 30 per cent of total building materials content to be manufactured by recycled material; and
- 45 per cent of total building materials value to be manufactured and extracted within 500 miles of the site.



The Data Centre is a purpose-built facility in compliance with the internationally-recognised Tier-4 and LEED Gold standards, providing the highest reliability, energy efficiency and enhanced security to meet the stringent requirements of HKEx and support Hosting Services users.

HKEx Hosting Services utilises this first class facility to provide services to over 500 broker firms in Hong Kong, allowing them to consolidate their information communications technology (ICT) equipment and improve the reliability and efficiency of their business operations, which won the Hong Kong ICT Awards 2013: Best Green ICT Grand Award and Hong Kong ICT Awards 2013: Best Green ICT (Adoption – Large-scale Enterprises) Gold Award from Green ICT Consortium, which was steered by Office of the Government Chief Information Officer, the Government.

Energy Efficiency

In compliance with the Buildings Energy Efficiency Ordinance which became effective 21 September 2012, HKEx will carry out energy audit at the Data Centre and will also ensure that the relevant key types of building services installation in the Data Centre and all other office premises comply with the design standards of the Building Energy Code when major retrofitting works are carried out in future. To further promote the enhancement of building energy efficiency, HKEx implements energy efficiency measures at the Data Centre as set out below.

Data Centre

- ✓ Use of high efficient electrical and mechanical equipment, particularly under low load condition. Variable Speed Device Control was used for all fans and pumps in air-conditioning plants.
- ✓ Use of water cooled chillers and pumps with variable frequency drive, which have a higher Coefficient of Performance and thus consume less energy than air cooled chiller.
- ✓ Installed cold aisle containment inside data hall to reduce power consumption of the cooling system.
- ✓ Use of LED lighting fixtures throughout the entire building.
- ✓ Installed motion sensor controlled light fixtures for lighting, which only illuminate up to 25 per cent during normal conditions without occupancy.
- ✓ Maintained the air-conditioning temperature at the data hall at an increased level of 0.5°C.
- ✓ Installed meters and systems to monitor and manage our performance in energy use. Power usage efficiency (PUE), which measures the energy-efficiency of a data centre by comparing the total power consumed by a data centre to the amount of energy that is effectively consumed by IT equipment, is measured.

Hosting Services

- ✓ Installed intelligent lighting control with motion sensors.
- ✓ Regular reviews and adjustments of the lighting ON/OFF schedule to ensure best practices.
- ✓ Use of Electronically Commutated fans in Computer Room Air Conditioning (CRAC) units which save about 20 per cent more energy than traditional ones.
- ✓ Use of an innovative cooling solution combining CRAC units and supplementary cooling units to achieve high cooling capacity of 6kVA per rack, while the supplementary cooling units are automatically switched off to save energy when the IT load is low.
- ✓ With a design PUE target at 1.6, Hosting Services could potentially help our user community reduce aggregate power consumption by 20 per cent compared to their existing installations in conventional data centres with a general PUE of 2.0 or above. Effectively, this could provide an annual reduction in electricity consumption of 28 million kWh¹ and corresponding carbon footprints reduction of about 19,600 tonnes².

¹ Power reduction = IT load (i.e. 8,000 kW) x PUE gain (i.e. 2.0 -1.6) x 365 days x 24 hours/day

² Carbon footprint = Electricity(kWh) x 0.7 (kg/kWh) ÷ 1,000 (kg/ tonne)

Water Conservation

The Group operates its business in leased office premises, with the exception of the Data Centre. We did not encounter any problems in sourcing water for our daily operations. At the Data Centre, we conserve water by harvesting and recycling rainwater for landscape irrigation, using dual flushing cisterns, automatic water tapping and excess water from cooling towers for toilet flushing.

		Year ended/As at 31 December		
		2013 ¹	2012	2011
Total water consumption¹	m³	51,210	6,828	N/A
Total water consumption per floor area ¹	m ³ /m ²	1.86	N/A	N/A
Total water consumption per FTE ¹	m ³ /FTE	160.53	N/A	N/A

1. As the Group operates in leased office premises, both the water supply and discharge are solely controlled by the respective building management which considered the provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. The data as disclosed for 2012 and 2013 is related to the Data Centre only, which is owned by the Group and came into operation in the fourth quarter of 2012. The amount of water discharged is the same as the amount of water consumed according to the water bills received. Water supply in Hong Kong is provided by the Government's Water Supplies Department and its water discharge is handled by the Government's Drainage Services Department. Water supply in London is provided by Thames Water and its water discharge goes into the Thames Water sewage system.

Resources and Waste Management

Our Waste Management Guide, which is available on the EIP, provides guidance on HKEx's arrangements and measures to help employees handle office waste generated in a proper and environmentally-friendly manner which is prepared with reference to legislative requirements and industry best practices. No hazardous waste was generated in view of the Group's business nature.

To promote environmental protection and increase employees' knowledge of natural resources management, we invited the Friends of the Earth (HK) to conduct a seminar on solving the 'grave problem' and developing green habits for our employees, and arranged a visit to the Hong Kong Organic Waste Recycling Centre in 2013.

During the year, we implemented measures for resources and waste management, including sending obsolete furniture at offices and the Trading Hall to the Data Centre for future redeployment, and installing a food waste composter and a foam polystyrene compactor at the Data Centre's canteen to convert food waste into useful fertilizer and facilitate collection for recycling purposes.

Under the Hong Kong Awards for Environmental Excellence, HKEx achieved the “Class of Excellence” Wastewi\$e Label in recognition of its performance in waste recycling during the 12-month period between August 2012 and July 2013. HKEx has set new goals for the next assessment period with the aim of achieving “Class of Excellence” in 2014.

Wastewi\$e Goals for 2012/13	Results Achieved
To collect the following items for waste recycling:	
• 60 potted plants used as decorations during Chinese New Year	✓ Exceeded target by approximately 77 per cent
• 1,000 pieces of unusable compact discs	✓ Exceeded target by approximately 39 per cent
• 800 obsolete telephone sets	✓ Exceeded target by approximately 6 per cent

		Year ended/As at 31 December		
		2013 ¹	2012	2011
Waste Collected for Recycling	unit			
Paper ²	tonnes	150	144	172
Plastics	kg	205	129	160
Metals ³	kg	519	319	53
Polyfoam ⁴	kg	99	145	N/A
IT equipment	pieces	802	841	940
Electronic equipment ⁵	pieces	172	21	11
Wooden board ⁶	kg	417	N/A	N/A
Waste Disposed to Landfill				
General office waste	tonnes	62	63	67
Food waste ⁶	tonnes	7	N/A	N/A
Total non-hazardous waste produced	tonnes	69	63	67
Total non-hazardous waste produced per floor area	tonnes/m ²	0.001	0.003	0.003
Total non-hazardous waste produced per FTE	tonnes/FTE	0.05	0.06	0.07
Water Discharged⁷	m³	51,210	6,828	N/A

1. The 2013 figure includes data of the Hong Kong and London offices, including the Data Centre, which came into operation in the fourth quarter of 2012.

2. Including confidential waste paper generated within the Group and paper documents submitted by external parties.

3. The 2013 figure refers to the metal waste collected from all office premises in Hong Kong and the Data Centre for recycling.

4. HKEx has collected waste polyfoam for recycling at the Data Centre since the fourth quarter of 2012.

5. The increase of number of electronic equipment for recycling in 2013 was due to the relocation of Chinachem Exchange Square data centre to the Data Centre in early 2013.

6. Data of wooden board and food waste collection at the Data Centre has been available since January 2013.

7. As the Group operates in leased office premises, both the water supply and discharge are solely controlled by the respective building management which considered the provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. The data as disclosed for 2012 and 2013 is related to the Data Centre only, which is owned by the Group and came into operation in the fourth quarter of 2012. The amount of water discharged is the same as the amount of water consumed according to the water bills received.

Paper Reduction

Paper consumption is another key environmental concern in our daily operations. In view of our business nature, we do not need any packaging material in our daily operations. We have implemented a number of initiatives that help reduce paper use across our offices and in the Marketplace, including:

- ✓ Continuing to promote the provision of electronic IPO services for new listings
- ✓ Publishing guidance letters in January 2013 on what information should be included in certain sections of the prospectus as well as simplification of the white and yellow application forms
- ✓ Adopting an electronic platform for Board and most other Board committees meetings
- ✓ Introducing the electronic voting system at the annual general meeting since 2013
- ✓ Launching an electronic document management system across offices
- ✓ Donating a total of \$100,000 to Friends of the Earth (HK) in respect of shareholders' election to receive corporate communications electronically

GRI Content Index

GRI Indicators	ESG Reporting Guide General Disclosures and KPIs	GRI General Standard Disclosures	2013 CSR Report and other references	Page No.	External Assurance (Page No.)
Strategy and Analysis					
G4-1		Statement from the most senior decision-maker of the organisation	Message from the Chairman	5-6	
G4-2		Description of key impacts, risks, and opportunities	Message from the Chairman Marketplace Environment	5-6 17-25 41	
Organisational Profile					
G4-3		Name of the organisation	About HKEx	1	
G4-4		Primary brands, products, and services	About HKEx	1	
G4-5		Location of the organisation's headquarters	About HKEx	1	
G4-6		Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	About HKEx	1	
G4-7		Nature of ownership and legal form	About HKEx	1	
G4-8		Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	About HKEx	1	
G4-9		Scale of the organisation	About HKEx	1	
G4-10	A1.1	Employee statistics	Workplace	27-28	✓ (57)
G4-11		Percentage of total employees covered by collective bargaining agreements	Workplace	30	
G4-12	C1.1	Organisation's supply chain	Marketplace	25-26	✓ (57)
G4-13		Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	About HKEx About this Report Marketplace 2013 Corporate Governance Report 	1 2 25 -	
G4-14		Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Marketplace Environment	17-18, 26 41, 43, 45	
G4-15		Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Charters and Memberships	15	
G4-16		Memberships of associations	Charters and Memberships	15-16	
Identified Material Aspects and Boundaries					
G4-17		Entities included in the organisation's consolidated financial statements	About HKEx	1	
G4-18		Process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the reporting principles for defining report content	About this Report	2-3	✓ (57)
G4-19		Material Aspects identified in the process for defining report content	About this Report	3	
G4-20		Aspect Boundary within the organisation for each material aspect	About this Report	3	
G4-21		Aspect Boundary outside the organisation for each material aspect	About this Report	3	
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements	About this Report	2	

G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	About this Report	2-3	
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by the organisation	Stakeholder Engagement	7-8	✓ (57)
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement	7	
G4-26	Approach to stakeholder engagement	Stakeholder Engagement	4, 7-14	✓ (57)
G4-27	Key topics and concerns that have been raised by stakeholder groups through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Stakeholder Engagement	7, 9-14	
Report Profile				
G4-28	Reporting period	About this Report	2	
G4-29	Date of most recent previous report	About this Report	2	
G4-30	Reporting cycle	About this Report	2	
G4-31	Contact point for questions regarding the report or its contents	About this Report	4	
G4-32	'In accordance' option the organisation has chosen, GRI Content Index, reference to the External Assurance Report	About this Report GRI Content Index	2, 4 49-55	
G4-33	Policy and current practice with regard to seeking external assurance for the report	About this Report Assurance Statement	4 57	
Governance				
GOVERNANCE STRUCTURE AND COMPOSITION				
G4-34	Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts	2013 Corporate Governance Report ESG Committee Report of the 2013 Annual Report	- -	
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	ESG Committee Report of the 2013 Annual Report	-	
G4-36	Executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	ESG Committee Report of the 2013 Annual Report	-	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Stakeholder Engagement	7	
G4-38	Composition of the highest governance body and its committees	2013 Corporate Governance Report	-	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer	2013 Corporate Governance Report	-	

G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	2013 Corporate Governance Report 	-
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Indicate whether conflicts of interests are disclosed to stakeholders	2013 Corporate Governance Report 	-
HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY			
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	2013 Corporate Governance Report 	-
HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION			
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	2013 Corporate Governance Report 	-
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environment and social topics, including, as a minimum, changes in membership and organisational practice	2013 Corporate Governance Report 	-
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, and the implementation of due diligence processes	Message from the Chairman	6
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Message from the Chairman Marketplace	6 17-18
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Marketplace	17
HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING			
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	About this Report	4  (57)

HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE			
G4-49	Process for communicating critical concerns to the highest governance body	Message from the Chairman ESG Committee Report of the 2013 Annual Report 	6 -
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Message from the Chairman ESG Committee Report of the 2013 Annual Report 	6 -
REMUNERATION AND INCENTIVES			
G4-51	Remuneration policies for the highest governance body and senior executives. How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	2013 Remuneration Committee Report 	-
G4-52	Process for determining remuneration. Indicate whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Indicate any other relationships which the remuneration consultants have with the organisation	2013 Remuneration Committee Report 	-
G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals	2013 Remuneration Committee Report  2013 Corporate Governance Report 	- -
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	Workplace	29
G4-55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	Workplace	29
Ethics and Integrity			
G4-56	Organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Marketplace Workplace 2013 Corporate Governance Report  Human Resources Manual 	17, 20-21 27 - -
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organisational integrity, such as helplines or advice lines	Marketplace	20
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Marketplace Human Resources Manual 	20 -  (57)

ESG Reporting Guide		General			External Assurance
GRI Indicators	Disclosures and KPIs	GRI Specific Standard Disclosures - Material Aspects	2013 CSR Report and other references	Page No.	(Page No.)
G4-DMA		Economic Performance	Marketplace 2013 Annual Report  Stakeholder Engagement	17, 24-25 - 9-14	
G4-EC1	D1.2	Direct economic value generated and distributed	Marketplace Community 2013 Annual Report 	24 38 -	
G4-EC2		Financial implications and other risks and opportunities for the organisation's activities due to climate change	Marketplace	25	
G4-EC3		Coverage of the organisation's defined benefit plan obligations	Marketplace	24	
G4-EC4		Financial assistance received from government	Marketplace	24	✓ (57)
G4-DMA	A1, A4, C1, C1.2	Employment	Workplace Marketplace Stakeholder Engagement	27, 29 26 13-14	
G4-LA1	A1.2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Workplace	28	✓ (57)
G4-LA2		Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	Workplace	29	
G4-LA3		Return to work and retention rates after parental leave, by gender	Workplace	28	
G4-DMA		Workforce-Management Relations	Workplace Stakeholder Engagement	35-36 13-14	
G4-LA4		Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	Workplace	35	
G4-DMA	A2, A2.3	Occupational Health and Safety	Workplace Stakeholder Engagement	33-35 14	
G4-LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Workplace	33	✓ (57)
G4-LA6	A2.1, A2.2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Workplace	33-34	✓ (57)
G4-LA7		Workers with high incidence or high risk of diseases related to their occupation	Workplace	33	
G4-LA8		Health and safety topics covered in formal agreements with trade unions	Workplace	33	
G4-DMA	A3	Training and Education	Workplace Stakeholder Engagement	31-33 14	
G4-LA9	A3.1, A3.2	Average hours of training per year per employee by gender, and by employee category	Workplace	31-32	✓ (57)
G4-LA10		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Workplace	31	✓ (57)
G4-LA11		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Workplace	32	

G4-DMA		Diversity and Equal Opportunity	Workplace Stakeholder Engagement	30-31 14	
G4-LA12	A1.1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Workplace	30	✓ (57)
G4-DMA		Equal Remuneration for Women and Men	Workplace Stakeholder Engagement	29 14	
G4-LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Workplace	29	✓ (57)
G4-DMA		Non-discrimination	Workplace Stakeholder Engagement	30-31 14	
G4-HR3		Total number of incidents of discrimination and corrective actions taken	Workplace	30	
G4-DMA	C3, C3.2	Anti-corruption	Marketplace	17, 20-21	
G4-SO3		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Marketplace	20	✓ (57)
G4-SO4	C3.2	Communication and training on anti-corruption policies and procedures	Marketplace	20-21	✓ (57)
G4-SO5	C3, C3.1	Confirmed incidents of corruption and actions taken	Marketplace	20	
G4-DMA		Public Policy	Marketplace	17, 21	
G4-SO6		Total value of political contributions by country and recipient/beneficiary	Marketplace	21	
G4-DMA		Anti-competitive Behavior	Marketplace	17, 21	
G4-SO7		Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Marketplace	21	✓ (57)
G4-DMA		Compliance with Laws and Regulations	Marketplace	17-19	
G4-SO8		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Marketplace	19	
G4-DMA	C2, C2.4	Product and Service Responsibility	Marketplace	17, 21-22	
G4-PR3	C2.1	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Marketplace	21-22	
G4-PR4	C2, C2.2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Marketplace	22	
G4-PR5		Results of surveys measuring customer satisfaction	Marketplace	21-22	✓ (57)
G4-DMA	C2.3	Marketing Communication	Marketplace Stakeholder Engagement	17, 23 9-12	
G4-PR6		Sale of banned or disrupted products	Marketplace	23	
G4-PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Marketplace	23	

G4-DMA	C2.3, C2.5	Customer Privacy	Marketplace	17, 22
G4-PR8	C2.2	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Marketplace	22
G4-DMA	C2	Compliance with Laws and Regulations concerning the Provision and Use of Products and Services	Marketplace	17, 19
G4-PR9	C2.2	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Marketplace	19

ESG Reporting Guide General Disclosures and KPIs				
ESG Reporting Guide Disclosures and KPIs	ESG Reporting Guide Disclosures (which are not covered above)	2013 CSR Report and other references	Page No.	External Assurance (Page No.)
A4	Labour Standards	Workplace	27	
A4.1	Measures to review employment practices to avoid child and forced labour	Workplace	27	
A4.2	Steps taken to eliminate child and forced labour practices when discovered	Workplace	27	
B1	Emissions	Environment	41-48	
B1.1	Types of emissions and respective emissions data	Environment	41-42	✓ (57)
B1.2	Total GHG emissions and intensity	Environment	41-42	
B1.3	Total hazardous waste produced	Environment	46	
B1.4	Total non-hazardous waste produced and intensity	Environment	47	✓ (57)
B1.5	Measures to mitigate emissions and results achieved	Environment	41-48	
B1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environment	46-47	✓ (57)
B2	Use of resources	Environment	41-48	
B2.1	Direct and/or indirect energy consumption by type in total and intensity	Environment	41-43	
B2.2	Total water consumption and intensity	Environment	46	
B2.3	Energy use efficiency initiatives and results achieved	Environment	41-45	✓ (57)
B2.4	Any issue in sourcing water, water efficiency initiatives and results achieved	Environment	46	
B2.5	Total packaging material used for finished products	Environment	48	
B3	The environment and natural resources	Environment	41, 43-48	
B3.1	Significant impacts of activities on the environment and natural resources and actions taken to manage them	Environment	41-48	
D1	Community Investment	Community	37-40	
D1.1	Focus areas of contribution	Community	37-39	✓ (57)
D1.2	Resources contributed to the focus areas	Community	37-40	✓ (57)

Glossary

AHFT	After-hours Futures Trading
Board	HKEx's board of directors
Cash Market	HKEx's securities related business excluding stock options
CSR	Corporate Social Responsibility
Data Centre	HKEx's data centre in Tseung Kwan O, Hong Kong
Derivatives Market	HKEx's derivatives related business including stock options
Directors	HKEx's Directors
EIP	Enterprise Information Portal
EMIR	European Market Infrastructure Regulation
EMSD	Electrical and Mechanical Services Department, Government
EPD	Environmental Protection Department, Government
ESG	Environmental, Social and Governance
ESG Reporting Guide	the Environmental, Social and Governance Reporting Guide, Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
FCA	The Financial Conduct Authority
FRC	Financial Reporting Council
FSTB	Financial Services and the Treasury Bureau
GHG	Greenhouse gas
Government	The Government of the HKSAR
GRI	Global Reporting Initiative
GRI G4 Guidelines	GRI G4 Sustainability Reporting Guidelines
Group	HKEx and its subsidiaries
HKCC	HKFE Clearing Corporation Limited
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HKFE	Hong Kong Futures Exchanges Limited
HKICS	The Hong Kong Institute of Chartered Secretaries
HKICPA	Hong Kong Institute of Certified Public Accountants
HKSAR	Hong Kong Special Administrative Region of the People's Republic of China
HKSI	Hong Kong Securities and Investment Institute
HKSCC	Hong Kong Securities Clearing Company Limited
HSI	Hang Seng Index
IAQ	Indoor Air Quality
ICAC	Independent Commission Against Corruption
IPO(s)	Initial Public Offering(s)
ISO	International Organization of Standardization
IT	Information Technology
KPIs	Key Performance Indicators
LEED	Leadership in Energy and Environmental Design
Listing Rule(s) or Rule(s)	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
LME	The London Metal Exchange
LME Group	LME Holdings Limited and its subsidiaries
LMEH	LME Holdings Limited
MOU	Memorandum of Understanding
NGO(s)	Non-governmental Organisation(s)
OHSAS	Occupational Health and Safety Assessment Series
OMD	HKEx Orion Market Data Platform
OTC	Over-the-counter
OTC Clear	OTC Clearing Hong Kong Limited
Participants	Exchange Participants
PRC	People's Republic of China
SEHK or Stock Exchange or Exchange	The Stock Exchange of Hong Kong Limited
SEOCH	SEHK Options Clearing House Limited
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance
UK	United Kingdom
US	United States of America
WFE	World Federation of Exchanges
\$/HKD	Hong Kong Dollar
£	Pound sterling



Verification Statement

Scope of Work

Business Environment Council (BEC) has been commissioned by Hong Kong Exchanges and Clearing Limited (HKEx) to conduct an independent verification of its 2013 Corporate Social Responsibility (CSR) Report (the "Report").

The objective of this verification exercise is to provide assurance on the Report content against the reporting scope and to assess if the Report meets the requirements of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines "Comprehensive" option. The Report covers HKEx's CSR performance for the period of 1 January 2013 to 31 December 2013.

The scope of work for this assignment did not involve the verification of financial data, other than those relating to environmental, social, or broader economic performance that are required for disclosure in accordance with the G4 guidelines.

Information in the Report is prepared under the exclusive responsibility of HKEx. BEC was not involved in the preparation of any of the content in the Report.

Methodology

BEC conducted the verification process in accordance with international assurance standards and based on the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The following activities were conducted for the purpose of this verification assignment:

- Sample checks of representative group-wide data, including HKEx's Greenhouse Gas (GHG) emissions, and other claims in the Report based on a thorough review of relevant documentation;
- Interview with HKEx's representatives to review the company approach to stakeholder engagement, materiality assessment and environmental performance; and
- Examine raw data and supporting evidence against the Reporting Principles as outlined by GRI to evaluate report quality including balanced reporting, comparability and accuracy of data, as well as timeliness, clarity and reliability of the information.

Opinion

Based on the outcome of the verification process, it is in our opinion that the Report has been prepared in accordance with the GRI Reporting Framework with sufficient consideration of the Reporting Principles to meet the requirements of the G4 Guidelines "Comprehensive" option.

The Report provides a timely account of HKEx's sustainability commitments, performance and challenges in relation to its core business activities in Hong Kong and abroad for the reporting period. BEC considers this Report an accurate, comparable, clear and reliable presentation of HKEx's initiatives and achievements towards corporate sustainability in the calendar year of 2013.

Signed on behalf of BEC

Mr. Hendrik Rosenthal
Director – Policy and Research
February 2014

Hong Kong Exchanges and Clearing Limited

12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

Tel: +852 2522 1122

Fax: +852 2295 3106

HKEx website: www.hkex.com.hk

Email: info@hkex.com.hk

HKEx Group website: www.hkexgroup.com