

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

The ESG Committee

The ESG Committee is delegated by the Board with the responsibilities to review and monitor the Group's ESG policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the Group's ESG performance. Its terms of reference are available on the HKEX website [ORG](#).

The ESG Committee comprises 4 INEDs and HKEX's Chief Executive, whose names and biographies are set out in the Board and Committees section of the 2015 Annual Report.

The ESG Committee held 1 meeting in 2015. Members' attendance records are disclosed in the Corporate Governance Report of the 2015 Annual Report.

Summary of Work in 2015/2016

- Reviewed the training and continued professional development of the Directors and Senior Management
- Endorsed the annual Corporate Governance Report and the annual CSR Report

ESG Policies and Performance

HKEX is committed to the highest standards of corporate governance, and aims to integrate CSR into its business strategy and management approach. HKEX's Corporate Governance Statement and CSR Policy are available on the HKEX website [CG/CSR](#).

Throughout 2015, there was no incidence of non-compliance with the relevant environmental laws and regulations that have a significant impact on the Group. The Group continues to do more than it is required by adopting measures to reduce energy and other resource use, minimise waste and increase recycling, encourage its employees to adopt environmentally responsible behaviour and promote environmental protection in its supply chain and marketplace. In 2015, HKEX achieved the Wastewi\$e Label – Class of Excellence under the Hong Kong Awards for Environmental Excellence. An energy management system which is certified to the internationally recognised ISO (International Organization for Standardization) 50001:2011 standard has been implemented at the data centre at Tseung Kwan O, Hong Kong.

HKEX promotes the development of socially responsible practices in its marketplace and community in accordance with its Community Investment Policy. In 2015, the Group donated a total of \$2.4 million to different causes in communities where it operates and helped to raise \$78 million for The Community Chest of Hong Kong via the Stock Code Balloting for Charity Scheme. Throughout the year, the Group continued encouraging its employees to participate in different events organised by charities in their communities. The Group's employees and their guests contributed over 3,600 hours of volunteer services in total. The Charity Advisory Group, chaired by HKEX's Chief Executive, reviewed the donations made during 2015 and considered that they were effective, and approved the community investment plan for 2016.

Information about HKEX's corporate governance practices and performance in 2015 is set out in the Corporate Governance Report of the 2015 Annual Report. HKEX supports efforts by its Directors and Senior Management to develop and refresh their knowledge and skills to ensure that their contributions to the Board and the Group remain informed and relevant. The ESG Committee reviewed the training records of Directors and Senior Management and concluded the training they received was appropriate and adequate.

Relationships with Major Stakeholders

HKEX continues to engage with its employees, market participants, investors, suppliers and other stakeholders through different channels to develop mutually beneficial relationships and promote sustainability.

Employees are remunerated equitably and competitively. Continuing training and development opportunities are provided to equip them to deliver their best performance and achieve corporate goals. In 2015, HKEX initiated an employee engagement survey to assess its employees' satisfaction and motivation and collect their comments. The results will be announced after a thorough analysis of employees' responses.

The market is usually consulted (formally or informally) on major initiatives and the views of the respondents are carefully and thoroughly considered to ensure that decisions are made in an informed manner and any changes are acceptable to the market. In 2015, HKEX received strong support from the market for the introduction of a Volatility Control Mechanism and a Closing Auction Session in Hong Kong. The results of its Environmental, Social and Governance Reporting Guide review also received overwhelming support. The relevant consultation conclusions were published.

HKEX uses suppliers that reflect its values and commitment. CSR-related seminars for suppliers and business partners are arranged under an ongoing stakeholder engagement programme. In 2015, over 30 representatives from HKEX's suppliers and business partners supported and attended seminars related to anti-discrimination, prevention of bribery and protection of personal data organised by HKEX.

CSR Reporting

During 2015, HKEX's Chief Executive provided to the Board quarterly CSR progress reports summarising the CSR initiatives undertaken by HKEX. Details of the Group's CSR performance in 2015 are disclosed in the 2015 CSR Report.

Members of the ESG Committee

CHOW Chung Kong (Chairman)
 Rafael GIL-TIENDA
 LEE Kwan Ho, Vincent Marshall
 LI Xiaojia, Charles
 John Mackay McCulloch WILLIAMSON

Hong Kong, 18 February 2016