

**HONG KONG EXCHANGES AND CLEARING LIMITED**

**TERMS OF REFERENCE AND MODUS OPERANDI**  
**OF**  
**THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

**1. Status**

The Corporate Social Responsibility Committee (the “**Committee**”) is a sub-committee of the board (the “**Board**”) of Hong Kong Exchanges and Clearing Limited (the “**Company**”) to which the Board has delegated consideration of the matters set out in paragraph 4 below.

**2. Purpose**

2.1 The Committee is to assist the Board in providing direction on and overseeing the development and implementation of the corporate social responsibility (“**CSR**”) initiatives of the Company and its subsidiaries (the “**Group**”) including:

- (i) corporate sustainability initiatives;
- (ii) environmental protection initiatives; and
- (iii) philanthropic and community investment initiatives.

2.2 Unless the context otherwise implies, references in these terms of reference to “corporate social responsibility” or “CSR” shall be construed to cover each aspect of the Committee’s remit set out in paragraph 2.1.

**3. Administrative Structure**

**(a) Composition**

The Committee shall consist of the Chief Executive of the Company (as an ex-officio member of the Board) and at least four non-executive directors appointed by the Board after considering the recommendations of the Nomination and Governance Committee. Only members of the Committee have the right to attend meetings; however, other members of the Board or senior management<sup>1</sup> may be invited by the chairman of the Committee to attend, as appropriate. External advisers may also be invited to attend Committee meetings.

**(b) Chairman**

The Board shall appoint the chairman of the Committee who should normally be the chairman of the Board. In the absence of the chairman and/or an appointed deputy at any meeting, the Committee will elect one of the members present to act as chairman. The chairman of the Committee should attend the annual general meeting to answer shareholder questions on the Committee’s activities.

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<sup>1</sup> References to “senior management” have the same meaning as “senior management staff” as defined in HKEX’s Human Resources Manual. Paragraph 2.1 of the Human Resources Manual currently defines “senior management staff” as follows: “Senior Management staff herein refers to all members of the Management Committee, Managing Directors who are direct reports to the Chief Executive and/or Board, the Company Secretary and the Group Head of Audit”.

(c) **Reporting Procedures and Frequency of Meetings**

- (i) Minutes will be taken for all meetings and kept by the secretary of the Committee and, when the chairman of the Committee deems appropriate, tabled at meetings of the Board. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- (ii) The Committee shall meet at least three times every year. Additional meetings shall be held at the request of the chairman. Meetings shall be summoned by the secretary of the Committee.
- (iii) The Company Secretary or his/her nominee shall be the secretary of the Committee.
- (iv) The Committee chairman shall report regularly and formally to the Board at the next meeting of the Board following a meeting of the Committee, on matters within its remit.

(d) **Quorum**

3 members shall constitute a quorum. Decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote. Proceedings of meetings of the Committee shall be governed by the provisions of Article 105 of the Articles of Association of the Company.

**4. Areas of Responsibility**

4.1 The Committee's responsibilities shall include the following:

**Oversight of the development of the CSR vision, strategy and policies**

- (a) provide direction on and review the Group's CSR vision, objectives and strategy, and make recommendations to the Board for the approval of the relevant CSR initiatives;
- (b) monitor and review emerging CSR trends and issues, provide guidance on the development of the Group's CSR vision in light of the same, and act as a sounding board on the management of current and emerging sustainability and social responsibility matters affecting the Group;
- (c) monitor and review the Group's CSR policies and practices to ensure that they remain relevant and fit for purpose and compliant with the applicable legal and regulatory requirements and international standards;

**Oversight of the implementation of the CSR vision and strategy**

- (d) oversee the execution of the Group's CSR initiatives and set targets to measure the attainment of the initiatives;
- (e) monitor performance of the Group against set CSR targets and recommend actions as needed to improve performance;

- (f) review management information on employee volunteering or other activities in support of the CSR initiatives, monitor internal and external feedback on the implementation of the CSR initiatives, and make recommendations to improve the coverage and effectiveness of the relevant initiatives;
- (g) monitor and provide guidance on the Group's efforts to support local and international initiatives to promote corporate social responsibility where appropriate;
- (h) provide guidance on the environmental and social impact of how the Group conducts its business;
- (i) with respect to any charitable foundation set up by the Group:
  - (i) review its governance structure, annual budget and work plan and make recommendations to the Board for approval; and
  - (ii) monitor the charitable foundation's work progress, community investment and engagement efforts and provide updates to the Board as appropriate;

**Oversight of the funding of CSR initiatives**

- (j) make recommendations to the Board on the funding of the CSR initiatives including:
  - (i) monetary donations to pursue any philanthropic and community investment initiatives, whether in the name of any charitable foundation of the Group or otherwise;
  - (ii) funding for the establishment and ongoing operation of any charitable foundation of the Group; and
  - (iii) funding as needed to carry out actions within these terms of reference;

**Oversight of the external communications policies**

- (k) review the Group's shareholder communication policy to ensure its effectiveness and recommend any improvements for the Board's approval;
- (l) oversee how the Group engages with its stakeholders and ensure that the appropriate communications policies are in place and working effectively to promote Group's relationship with its stakeholders and protect its reputation;

**Other responsibilities**

- (m) review the annual Corporate Social Responsibility Report and the Corporate, Social Responsibility Committee Report in the Company's annual report and make recommendations to the Board for approval;
- (n) review and evaluate the performance of the Committee and these terms of reference to ensure that it is operating at maximum effectiveness, and recommend any changes it considers appropriate for the Board's approval; and
- (o) do any such things as are necessary to enable the Committee to discharge its responsibilities.

4.2 In carrying out its responsibilities, the Committee shall work and liaise as necessary with all other Board committees, and give due consideration to all relevant laws, rules, regulations and regulatory requirements and guidance applicable to the Group.

## **5. Authority and Powers**

- (a) The Committee may:
  - (i) delegate certain of its responsibilities to sub-committees comprising one or more of its members with such powers as are necessary to discharge the relevant responsibilities;
  - (ii) delegate to the chairman of the Committee authority to make decisions on matters which may need attention between Committee meetings, with such decisions to be reported or ratified in the next meeting of the Committee; and
  - (iii) review or consider matters outside these terms of reference if required to do so by the Board.
  
- (b) The Committee is authorised to:
  - (i) have access to such training and resources (including employees) in order to carry out its duties as it may consider appropriate;
  - (ii) obtain, at the Company's expense, any advice or support from external advisers or experts including CSR consultants and legal advisers; and
  - (iii) have access to any information, record or report from any Group employee in order to perform its duties and request any employee to attend Committee meetings and answer questions as and when required.

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