







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

2012 Corporate Social Responsibility Report




Contents

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


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Your Feedback

Your feedback on our CSR performance and reporting is important to us and can be sent to us online  or by:

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Full details of HKEx's corporate governance and CSR recognition and ratings are available on the HKEx website .

About this Report

Report Profile

This Report describes HKEx's CSR performance during the calendar year of 2012. HKEx views this Report as an important tool for engaging with its stakeholders and continually developing and improving its CSR management and reporting. HKEx's past annual CSR reports are available on the HKEx website [▶](#).

This Report should be read in conjunction with the GRI Content Index [▶](#) and the 2012 Annual Report [▶](#) published on the HKEx website. Where information is already available on the HKEx website, such as HKEx's CSR governance structure and management approach, it is referred to and not repeated in this Report.

Report Scope and Boundary

This Report is primarily focused on HKEx's activities in Hong Kong, where its main operations are located. On 6 December 2012, LME, the world's premier non-ferrous metals market operating in the UK, became an indirect wholly-owned subsidiary of HKEx. Whilst the financial and operational impacts consequent on the acquisition are set out in the 2012 Annual Report, disclosures of LME's CSR performance are not included in this Report but will be made in future CSR reports as considered appropriate, since LME has become a member of the Group for less than a month in 2012.

HKEx adopted the GRI G3.1 Guidelines and the Financial Services Sector Supplement in the preparation of this Report in order to provide readers with a balanced and reasonable representation of the sustainability issues relevant to HKEx. The report content was defined through a process which involved determining the materiality of sustainability issues, prioritising the issues within the Report, and addressing stakeholders' expectations. HKEx's CSR reporting is in compliance with the ESG Reporting Guide introduced by the Stock Exchange as a recommended practice under the Listing Rules effective 1 January 2013. The information reported against the recommended disclosures of the ESG Reporting Guide is referenced in the GRI Content Index [▶](#).

Through our CSR governance structure and management system established with reference to ISO 26000 and ISO 14001, material sustainability issues were determined after taking into account the potential impacts, risks and opportunities, and elements relevant to HKEx's unique business nature and operations. The topics within this Report were prioritised largely according to HKEx's CSR principles and objectives [▶](#), and the outcomes of ongoing engagement activities with key stakeholders, including investors, listed issuers, market participants, regulators, and employees. Details of HKEx's approach to stakeholder engagement are available on the HKEx website [▶](#).

The financial data in this Report was extracted from HKEx's audited consolidated financial statements for the year ended 31 December 2012, where applicable. Year-on-year data for certain indicators is set out where relevant and practicable to facilitate comparison and analysis. Any restatements of information provided in the earlier reports and reasons for such restatements are explained where appropriate. The data measurement techniques and bases of calculations stated in the GRI Indicator Protocols were applied unless otherwise stated. Other relevant standards and best practices adopted for compiling this Report are stated where appropriate.

There were no significant changes from the previous reporting period in terms of scope, boundary, or measurement methods.

Assurance

This Report has been independently verified by the Hong Kong Quality Assurance Agency, and checked by GRI's Report Services which concluded that this Report fulfils the requirement of GRI Application Level A+.

Message from the Chairman

Against a backdrop of continuing global economic uncertainty in 2012, HKEx has been working diligently towards achieving long-term sustainable growth of its business while safeguarding stakeholders' interests, and addressing social and environmental concerns. Significant long-term investments were made during the year with a view to expanding the Group's business in new arenas.

The acquisition of the LME Group is a key strategic initiative for HKEx as it becomes a horizontally and vertically integrated global exchange group, expanding beyond equities into new asset classes. With LME's position as the world's premier exchange for base metal futures and options, and HKEx's strength and relationships in Asia, there is an exciting opportunity to expand LME's presence in Asia. The Board believes that the addition of a strong commodities component to the Group's existing business will help diversify our earnings base, strengthen our foundation for future growth, and reinforce Hong Kong's status as an international financial centre. Other major investments include those for the provision of hosting services, and improvement to the platform infrastructure and market structure to support new products and services, which serve to further enhance the Group's long-term competitiveness in a challenging environment. Details of these initiatives and other projects launched under the Strategic Plan 2010-2012, and HKEx's strategic outlook for the next three years are set out in the 2012 Annual Report.

In addition to new major investments, HKEx continues to operate and maintain fair, transparent and orderly markets with prudent risk management, ensure product and service quality, invest in market education and financial literacy, and last but not least, promote high ESG standards. I am pleased that, with the market's support, the implementation of the ESG Reporting Guide as a recommended practice under the Listing Rules took effect on 1 January 2013 and the amendments to the CG Code to promote board diversity will be effective 1 September 2013.



Pursuant to the CG Code, the ESG Committee's terms of reference were revised to reflect the responsibility to oversee the training and continuous professional development of the Directors and senior management effective 1 January 2012 and a Board Diversity Policy was adopted by the Board in February 2013. A summary of the work done by the ESG Committee, which has been delegated by the Board to oversee all corporate governance and CSR-related matters of the Group, and a detailed account of HKEx's achievements in compliance with the CG Code are set out respectively in the ESG Committee Report and Corporate Governance Report of the 2012 Annual Report.

Amid various business developments and operational changes, we invested significant time and resources to equip our people to deliver their best and to achieve corporate goals. We also maintained effective internal communications to enhance the transparency of the Group's progress. In striving for environmental excellence, we took more targeted actions to reduce the environmental impact of our new Data Centre, which has been designed to meet the LEED gold standard, and to further improve our office waste management practices. With the Group's support in 2012, our employees contributed a total of 2,468 hours of volunteer service and participated in 37 charitable events to care for the elderly and disabled, and to support children and youth development, poverty relief and environmental protection. Moreover, the Stock Code Balloting for Charity Scheme raised a total of \$43.3 million for The Community Chest of Hong Kong. In all respects, our stakeholders have been an integral part of our sustainability journey, and we will continue to build positive relationships with them for mutual benefit.

Our efforts have gained local and international recognition. HKEx continues to be included in the FTSE4Good Index Series, the Hang Seng Corporate Sustainability Index Series, the Dow Jones Sustainability Asia Pacific Index, and the STOXX® Global ESG Leaders indices.

Lastly, I am pleased to note that this is our fifth year of publishing a standalone CSR report to share with our stakeholders our sustainability journey. I take this opportunity to reaffirm our commitment to the sustainable development of the marketplace, workplace, community and environment.

CHOW Chung Kong

Chairman

Hong Kong, 27 February 2013

Board of Directors

As at 27 February 2013, the Board comprises 12 INEDs, namely Mr CHOW Chung Kong (Chairman), Mr Ronald Joseph ARCULLI, 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, 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 the Chief Executive.














Progress Highlights and Future Commitments

HKEx's CSR progress highlights and future commitments under the 4 cornerstones are summarised in the table below. Further details are provided in other sections of this Report.

 **Achieved**

 **In Progress**

 **Future Commitment**

FOCUS	OBJECTIVE	PROGRESS/COMMITMENT
MARKETPLACE		
Sustainable Financial Markets	Operate and maintain fair, transparent and orderly markets with prudent risk management	<ul style="list-style-type: none">  Implemented reform measures to enhance the risk management and strengthen the financial resources of the clearing houses.  Published the Guide on Connected Transaction Rules.  Published the Guide on Enhancing Regulation of the Listed Structured Products Market.  Conducted market consultation on a trading halts model.  Conducted market consultation on Rule amendments consequent on the statutory backing of listed companies' continuing obligation to disclose inside information, and organised a series of seminars with the SFC on the subject for listed companies and market practitioners.  Contributed \$4.4 million to the FRC to support its operations.  To work together with the SFC and the financial community to develop the Listing Rules changes needed to accommodate and complement some of the SFC's consultation conclusions on the regulation of IPO sponsors.
ESG Standards	Educate and engage the market on ESG issues and reporting	<ul style="list-style-type: none">  Organised seminars on the CG Code and Listing Rule amendments in Hong Kong, Shanghai, and Beijing.  Implemented the ESG Reporting Guide as a recommended practice under the Listing Rules. The Guide applies to issuers with financial years ended after 31 December 2012.  Conducted market consultation on board diversity. The amendments to the CG Code will be effective 1 September 2013.
Supply Chain Management	Promote good CSR practices among suppliers and encourage them to follow HKEx's CSR policy and practices	<ul style="list-style-type: none">  Collected CSR information from key suppliers.  Provided key suppliers with HKEx's CSR Information Pack.  To further engage with key suppliers to monitor their CSR practices.

FOCUS	OBJECTIVE	PROGRESS/COMMITMENT
WORKPLACE		
Workforce Quality and Development	Develop young talents	<ul style="list-style-type: none"> ★ Launched HKEx's Management Trainee Programme.
	Equip employees with business knowledge and skills	<ul style="list-style-type: none"> ★ Invested \$5.1 million in employee training. ★ Conducted 10 in-house seminars on HKEx's products and services and 6 China Development Briefing seminars. ★ Organised 6 training courses for senior executives on LME's products, services and regulation. ★ Organised 2 training sessions for LME's directors and senior executives on the relevant rules and regulations in Hong Kong, which have an impact on LME as a subsidiary of the Group.
	Appraise employees' performance for continuous development	<ul style="list-style-type: none"> ★ Conducted the annual performance appraisal exercise for all eligible employees. ★ Conducted a pilot multi-rater evaluation for all senior executives in the 2012 performance appraisal exercise.
	Monitor and improve employees' satisfaction	<ul style="list-style-type: none"> ★ To conduct an employee survey in 2013.
Health and Safety	Maintain a healthy and safe workplace	<ul style="list-style-type: none"> ★ Completed the IAQ inspection and certification for the new Data Centre in Tseung Kwan O in December 2012. ★ To complete the IAQ inspection and certification for the new office in Exchange Square in 2013. ★ To plan for the implementation of OHSAS 18001 at the new Data Centre in Tseung Kwan O in 2013.
Work-life Balance	Encourage work-life balance among employees and raise awareness of work-life balance as a business issue	<ul style="list-style-type: none"> ★ Joined the Work-Life Balance Week 2012 in Hong Kong. ★ Organised 46 sport and interest activities for employees and their family members through HKEx's Staff Social Club.
COMMUNITY		
Community Causes and Partnerships	Support charitable initiatives that create effective and lasting benefits to the Hong Kong community	<ul style="list-style-type: none"> ★ Raised \$1.9 million in donations and mobilised over 1,900 participants to support 37 charitable events. ★ Raised a total of \$43.3 million for The Community Chest of Hong Kong through the Stock Code Balloting for Charity Scheme. ★ To explore the establishment of a sustainable community project.
Community Participation	Support volunteerism within HKEx and in the community	<ul style="list-style-type: none"> ★ Contributed a total of 2,468 hours of employee volunteer service to the community. ★ Supported the Give & Gain Day 2012 campaign in Hong Kong. ★ Continued to support the "Heart to Heart Project" launched by The Hong Kong Federation of Youth Groups. ★ Held the HKEx 4th Annual Volunteer Recognition Ceremony.

FOCUS	OBJECTIVE	PROGRESS/COMMITMENT
ENVIRONMENT		
Environmental Impact of the Business	Reduce the environmental impact of HKEx's new Data Centre	<ul style="list-style-type: none"> ★ Implemented a Building Management System to closely monitor the operating efficiency and environmental performance of the data centre. ★ Installed LED lighting, motion sensors and photocells to minimise energy consumption. ★ Installed high-efficiency water-cooled chiller plant and VSD-controlled MVAC equipment to maintain energy optimisation. ★ Installed water efficient appliances to conserve water. ★ Installed food waste composter and waste foam polystyrene compacter to facilitate waste recycling. ★ To complete the final LEED certification for the data centre by the third quarter of 2013.
	Improve office waste management practices	<ul style="list-style-type: none"> ★ Achieved the "Class of Good" Wastewi\$e Label under the Hong Kong Awards for Environmental Excellence. ★ To set new goals with the aim of achieving "Class of Excellence" in 2013.
	Monitor and minimise resource use	<ul style="list-style-type: none"> ★ Launched electronic Board papers. ★ To launch electronic filing system across offices in 2013. ★ To study the feasibility of enhancing the administration eForms in 2013. ★ To explore the use of electronic voting in general meetings.
Environmental Advocacy	Promote environmental protection within HKEx and in the community	<ul style="list-style-type: none"> ★ Organised an in-house seminar on "Turn Waste into Gold" and an organic farm visit which attracted 128 participants. ★ Sponsored and participated in the "Tree Planting Challenge 2012" organised by Friends of the Earth (HK). ★ Sponsored and participated in the "Walk for Nature 2012" organised by WWF Hong Kong. ★ Donated a total of \$100,000 to Friends of the Earth (HK) to support shareholders' environmental preservation efforts.

Performance Statistics

	Year ended/As at 31 December		
	2012	2011	2010
MARKETPLACE INDICATORS			
Economic Performance (\$ million)			
Revenue and other income	7,211	7,855	7,566
Operating expenses ¹	2,115	1,823	1,612
Employee compensation ²	1,173	1,025	887
Dividends	3,671	4,579	4,520
Interest payments	24	0	0
Taxation ³	761	930	924
Stamp duty generated for the Hong Kong Government ⁴	17,493	22,029	22,879
Total assets	80,837	54,028	47,884
Shareholders' funds ⁵	17,764	9,159	8,677

1 Operating expenses in 2012 exclude interest expenses, other finance costs and other non-recurring costs arising from the acquisition of the LME Group.

2 Employee compensation excludes training costs.

3 The figures reported were computed in accordance with the GRI G3.1 Guidelines and are different from those reported in the annual report which included, inter alia, deferred taxation.

4 Stamp duty is generated for the Hong Kong Government in respect of all securities transactions subject to stamp duty and recognised by the Exchange.

5 HKEx's gearing ratio was 15% as at 31 December 2012 (2011: 0, 2010: 0).

- ★ The interest expenses represent the interest payable on the bank borrowings obtained and the convertible bonds issued for the acquisition of the LME Group.
- ★ The 21% decrease in stamp duty generated for the Hong Kong Government was due to a decrease of 23% in the average daily turnover value on the Cash Market.
- ★ HKEx's financial highlights, including key market statistics, are set out in the 2012 Annual Report.

Year ended/As at 31 December

2012 2011 2010

WORKPLACE INDICATORS

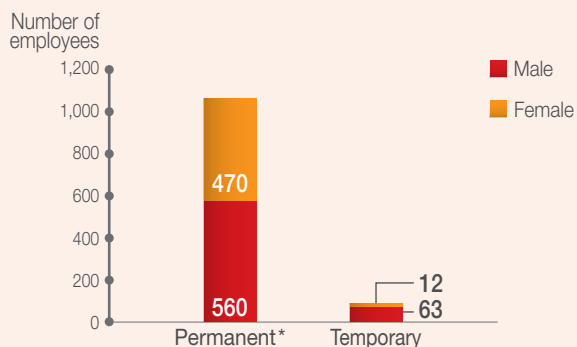
Total Workforce	1,105	997	883
By region (%)			
Hong Kong	99	99	99
Outside Hong Kong	1	1	1
By gender (%)			
Male	56	54	53
Female	44	46	47
By age group (%)			
Below 30	15	15	13
30 to 39	36	35	37
40 to 49	37	39	40
50 to 59	11	10	10
60 or above	1	1	0
By race (%)			
Chinese	97	97	98
Non-Chinese	3	3	2
By employment contract (%)			
Permanent	93	94	98
Temporary	7	6	2
By employment category (%)			
Senior	7	7	7
Middle-level	17	18	17
Supervisory-level	48	43	43
General	28	32	33
% of female employees at senior level	32	32	28
% of senior level employees hired from local community	83	89	95
Average age of employees	40	40	40
Average years of service of employees	9	9	10
No. of employees eligible to retire within the next 5 years ⁶	37	33	26
Ratio of Local Minimum Wage to HKEx's Entry Level Wage ⁷			
By gender			
Male	1:1.02	1:1.02	n/a
Female	1:1.02	1:1.02	n/a

6 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 2012 Corporate Governance Report.

7 Effective 1 May 2011, the statutory minimum wage in Hong Kong is \$28/hour.

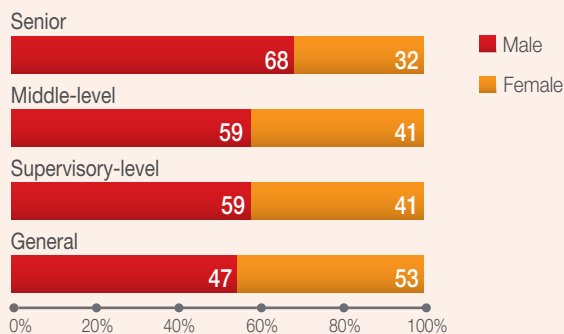
n/a Not applicable

Total workforce in 2012 by employment contract and gender

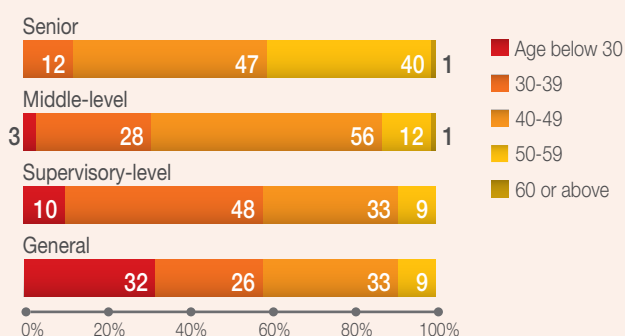


* All permanent employees were employed on a full-time basis.

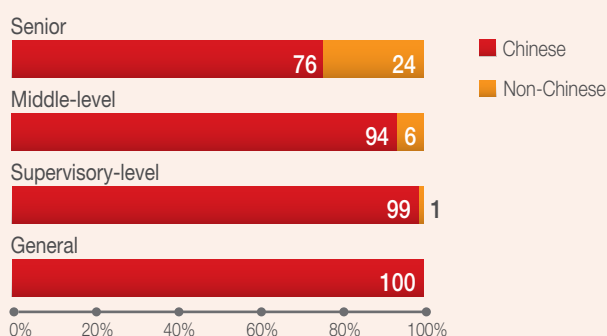
Percentage of employees by employment category and gender as at 31 December 2012



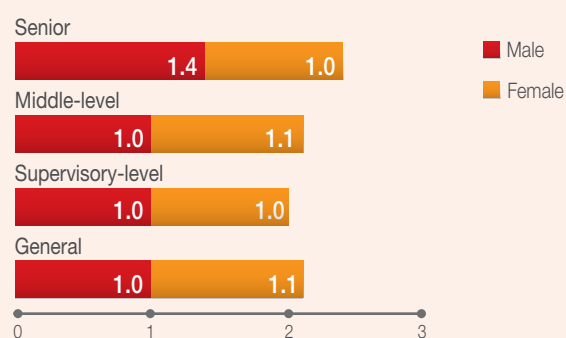
Percentage of employees by employment category and age as at 31 December 2012



Percentage of employees by employment category and race as at 31 December 2012

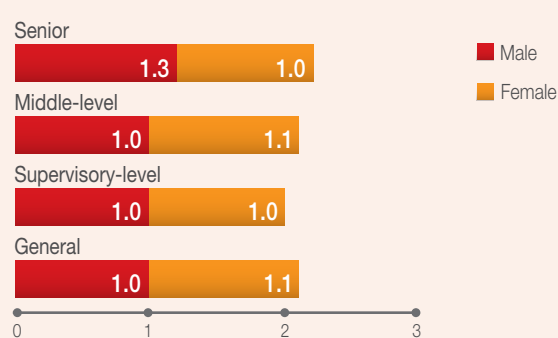


Ratio of basic salary* of women and men by employee category in 2012



* Basic salary is a fixed, minimum amount paid to an employee for performing his/her duties.

Ratio of remuneration* of women and men by employee category in 2012



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

★ Details of employees' remuneration policy, review and packages are set out in the 2012 Remuneration Committee Report.

★ The 11% increase in total workforce was largely due to the Group's business expansion in 2012. To coincide with the 2013-2015 Strategic Plan, 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 and the 2012 Corporate Governance Report.

Year ended/As at 31 December

2012 2011 2010

WORKPLACE INDICATORS

Employee Turnover	120	77	78
Employee Turnover Rate (%)	11	8	9
By region (%)			
Hong Kong	97	97	100
Outside Hong Kong	3	3	0
By gender (%)			
Male	56	49	54
Female	44	51	46
By age group (%)			
Below 30	29	28	19
30 to 39	36	40	32
40 to 49	23	18	32
50 to 59	7	13	7
60 or above	5	1	10
Total No. of New Employee Hires	228	191	111
New Employee Hire Rate (%)	21	19	13
By region (%)			
Hong Kong	99	90	97
Outside Hong Kong	1	10	3
By gender (%)			
Male	66	57	59
Female	34	43	41
By age group (%)			
Below 30	35	39	46
30 to 39	45	42	30
40 to 49	17	17	18
50 to 59	3	2	5
60 or above	0	0	1

	Year ended/As at 31 December		
	2012	2011	2010
WORKPLACE INDICATORS			
Employee Training Costs and Hours			
Total costs of training (\$ million)	5.1	4.5	4.4
Total hours of training received by employees	24,861	22,553	23,265
Average hours of training per employee	25	23	26
Average hours of training per employee by employment category			
Senior	31	22	18
Middle-level	29	28	26
Supervisory-level	27	27	32
General	16	21	23
Average hours of training per employee by gender			
Male	23	23	25
Female	26	28	29
Types of Training and Development			
No. of employees who attended external training	291	211	299
No. of employees who attended internal training	947	884	773
No. of employees who participated in HKEx's e-learning scheme	115	167	157
No. of employees who participated in HKEx's reading scheme	476	549	678
No. of employees who received academic sponsorship	10	6	9
No. of in-house training courses organised	122	93	118
Human Rights Training			
No. of hours of human rights training received by employees	398	348	311
% of employees trained	22	22	16
% of security personnel trained	50	50	50
Anti-Corruption Training			
% of management employees trained during the year	8	11	12
% of non-management employees trained during the year	12	10	12
% of management employees trained as at the end of year	75	75	80
% of non-management employees trained as at the end of year	78	77	74

- ★ At least 95% of employees in each employment category attended training in 2012.
- ★ The 10% increase in total hours of training received by employees and 31% increase in number of in-house training courses organised were largely related to the provision of LME-related trainings for employees in 2012.

Year ended/As at 31 December

2012 2011 2010

WORKPLACE INDICATORS**Health & Safety**

No. of reportable injuries ⁸	3	4	0
No. of reportable occupational diseases	0	0	0
No. of lost days ⁸	7	6.5	0
Occupational disease rate	0	0	0
Occupational injury rate ⁹	0.3	0.4	0
Lost day rate ⁹	0.6	0.7	0
Absentee rate (%) ¹⁰	0.9	0.9	0.9

Family-friendly Practices ¹¹

No. of employees who were entitled to and took maternity/paternity leave by gender

Male	14	16	–
Female	18	13	–

Return to work rate and retention rate by gender

Male	100	100	–
Female	100	100	–

8 The reportable 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 reportable injuries.

9 The occupational injury rate and the lost day rate indicate respectively the number of occupational injuries and the number of lost days due to the occupational injuries per 100 employees during the reporting period.

10 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.

11 In addition to the statutory maternity leave, HKEx has offered paternity leave to eligible male employees since 1 January 2009.

– Not available

Year ended/As at 31 December

2012 2011 2010

COMMUNITY INDICATORS**Community Investments (\$'000)**

Corporate charitable donations ¹²	811	979	1,298
Employee charitable donations	215	187	262
Corporate sponsorships	4,615	2,290	2,825

Stock Code Balloting for Charity Scheme ¹³

Donation through the Scheme (\$ million)	43	58	70
No. of participating companies	44	60	70

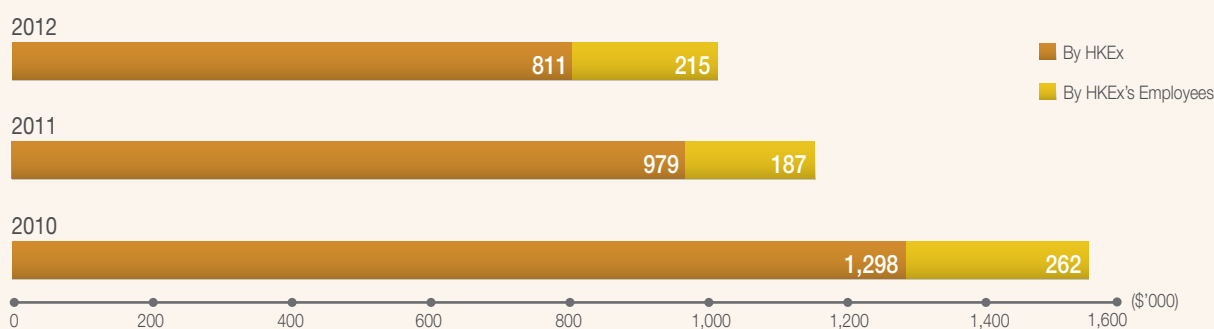
Employee Volunteering

No. of employee volunteer hours	2,468	2,683	2,998
No. of employees who applied for employee volunteering leave ¹⁴	43	45	21
No. of employee volunteering leave days taken ¹⁴	36	36	19

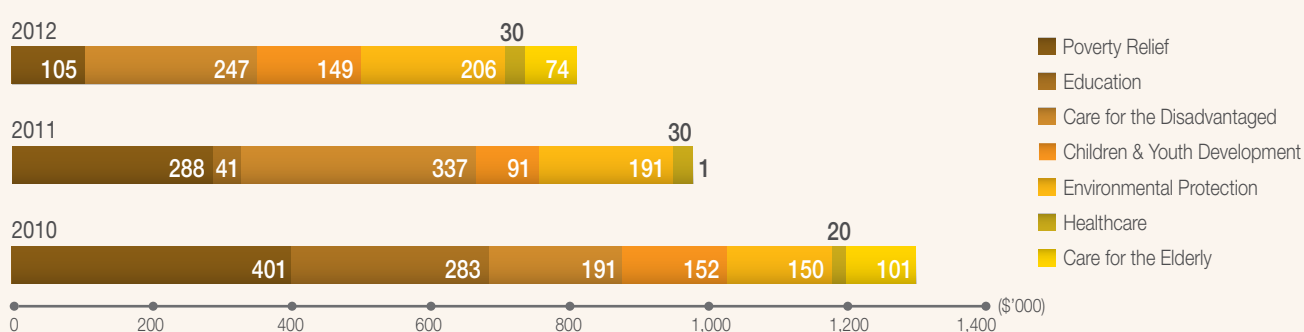
- 12 The figures reported are different from those reported in the annual report due to accounting treatment. The 2012 figure excluded a donation of \$0.9 million raised from the "Pedal Power 2012" charitable event initiated by HKEx's Listing Committee. The 2010 figure excluded a donation of \$1 million to support disaster relief efforts after the Qinghai earthquake.
- 13 The Exchange launched the Stock Code Balloting for Charity Scheme in November 1999 to raise money for worthwhile causes as the demand for auspicious codes for new listings increased and HKEx sought to encourage more donations to charity. Under the scheme, numbers deemed to be auspicious are put into a Special Ballot Pool. A successful Main Board listing candidate donating \$500,000, or a successful GEM listing candidate donating \$300,000, may draw and use a stock code from the Special Ballot Pool. Alternatively, if a successful listing candidate has a special preference for a particular code, it may choose the code without going through the balloting process by donating \$1 million (Main Board) or \$650,000 (GEM).
- 14 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.

★ The increase of 102% in corporate sponsorships was mainly due to a sponsorship of \$2.5 million made to support the 37th International Organization of Securities Commissions (IOSCO, of which HKEx is an affiliate member) Annual Conference held in Beijing in May 2012.

Charitable donations made by HKEx and its employees ¹²



Analysis of HKEx's corporate donations by community causes ¹²



Year ended/As at 31 December

2012 2011 2010

ENVIRONMENTAL INDICATORS

	unit	2012	2011	2010
GHG Emissions (CO₂ equivalent)				
Direct sources				
Corporate fleet ¹⁵	tonnes	23	22	21
Refrigerants ¹⁶	tonnes	993	1,079	411
Indirect sources				
Electricity ¹⁷	tonnes	11,159	10,036	9,439
Business travel ¹⁸	tonnes	471	283	217
Paper consumption ¹⁹	tonnes	65	70	41
Total GHG emissions ²⁰	tonnes	12,711	11,490	10,129
Total GHG emissions per full-time employee (FTE)	tonnes/FTE	11.5	11.5	11.5
Total GHG emissions per floor area	tonnes/m ²	0.52	0.47	0.43
GHG Emissions Avoided (CO₂ equivalent)				
By recycling of paper ²¹	tonnes	(690)	(783)	(1,143)
Resources Consumption				
Electricity	MWh	15,261	11,947	11,237
Unleaded petrol	litres	6,102	5,961	5,682
Diesel	litres	2,446	2,289	2,149
Water ²²	m ³	6,828	–	–
Office paper	tonnes	54	58	53
Paper for printing HKEx's publication ²³	tonnes	30	49	39
FSC certified/recycled paper used ²⁴	%	85	67	82
Direct Energy Consumption ²⁵	GJ	291	280	266
Indirect Energy Consumption ²⁶	GJ	150,422	118,488	111,233
Waste Collected for Recycling				
Paper ²⁷	tonnes	144	172	238
Plastics ²⁸	kg	129	160	–
Metals ²⁹	kg	319	53	–
Polyfoam ³⁰	kg	145	–	–
IT equipment ³¹	pieces	841	940	1,188
Electronic equipment	pieces	21	11	118
Waste Disposed to Landfill				
General office waste	tonnes	63	67	74
Water Discharged ²²	m ³	6,828	–	–
Environmental Protection Expenditures and Investments				
Improvement works	\$ million	0.1	0.2	0.4
Management and review costs	\$ million	0.1	0.1	0.3

- 15 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).
 - 16 Emissions were calculated based on the estimated amount of refrigerants that escaped from the operating phase of the air-conditioning systems (in all data centres and the Exchange Square premises only) and the relevant GWP 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.
 - 17 Emissions were calculated based on the amount of electricity consumed at all office premises (excluded the air-conditioning systems in leased office premises which are centrally managed by the building landlords) and the latest emission factors provided by HKEEx's electricity providers. The purchased electricity was primarily generated from coal and natural gas combustion conducted by HKEEx's electricity providers.
 - 18 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 issued by the WBCSD and WRI.
 - 19 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.
 - 20 The indirect emissions related to water consumption and sewage treatment were negligible and therefore not included in the total GHG emissions.
 - 21 Emissions avoided were calculated based on the amount of paper collected for recycling (included confidential waste paper generated within HKEEx and paper documents delivered by external parties) and the relevant emission factor provided in the Hong Kong GHG Guidelines.
 - 22 As HKEEx 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 is related to the new Data Centre in Tseung Kwan O only, which is owned by HKEEx 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. HKEEx's water supply is provided by the Hong Kong Government's Water Supplies Department and its water discharge is handled by the Hong Kong Government's Drainage Services Department.
 - 23 Included paper used for printing corporate financial statements and brochures, and the Listing Rules.
 - 24 All office paper and paper for printing HKEEx's publication are FSC certified/recycled paper, except the paper used for printing the Listing Rules. HKEEx will continue to explore opportunities to develop its green purchasing practices in this area.
 - 25 Direct energy consumption was calculated based on the amount of fuel purchased for the corporate fleet (which is the primary direct energy source purchased) and the relevant conversion factors provided in the GRI Indicator Protocol. HKEEx does not produce/sell any direct energy sources.
 - 26 Indirect energy consumption was calculated based on the amount of electricity purchased (which is the primary intermediate energy source purchased) and the fuel consumed by our electricity providers for the power generation. The 2011 and 2010 figures have been reinstated to reflect the latest data provided by our electricity providers.
 - 27 Included confidential waste paper generated within HKEEx and paper documents delivered by external parties.
 - 28 The amount of plastic waste collected for recycling was measured in pieces prior to 2011 (2010: 3,756 pieces).
 - 29 The amount of metal waste collected for recycling was measured in pieces prior to 2011 (2010: 3,630 pieces). The 2012 figure included 250kg of metal waste collected from the construction site of the new Data Centre for recycling.
 - 30 HKEEx has collected waste polyfoam for recycling at the new Data Centre since the fourth quarter of 2012.
 - 31 The 2010 figure included 370 pieces of IT equipment which were donated to a charitable organisation for reuse.
- Not available

- ★ The 11% increase in total GHG emissions was largely due to the increase in indirect emissions generated by HKEEx's electricity consumption and business travel. However, the total GHG emissions per full-time employee remained the same.
- ★ The 28% increase in electricity consumption was largely due to the inclusion of the electricity consumption of HKEEx's new Data Centre which came into operation in the fourth quarter of 2012. However, a number of features have been adopted to improve the data centre's environmental performance, details of which are set out in the Environment section of this Report. Business travel increased largely to facilitate the implementation of new business initiatives in 2012.

Stakeholder Engagement

Stakeholder engagement is an integral part of HKEx's business development and CSR commitment. 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 and community. In this regard, the major outcomes and corresponding stakeholder engagement activities are presented below. Details of HKEx's employee and community engagement activities are set out respectively in the Workplace and Community sections of this Report.

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
LISTING MATTERS	
Market Quality and Compliance Issues	
<ul style="list-style-type: none"> Issued 15 Listing Decisions, 10 letters to issuers, 21 Guidance Letters, and 2 sets of FAQs to provide detailed guidance on the interpretation of and compliance with the Listing Rules. 	Listed issuers, listing applicants and market practitioners
<ul style="list-style-type: none"> Organised 1 Meet and Greet Session and 3 breakfast meetings to foster closer communication on market quality and compliance issues. 	Listed issuers and market practitioners
<ul style="list-style-type: none"> Held meetings to discuss IPO-related matters in March 2012. Conducted a focus group meeting to look into pre-IPO investments in May 2012. 	Market practitioners
<ul style="list-style-type: none"> Conducted soft consultation on the operation of the revised Listing Rules to govern the listing and continuing obligations of mineral companies. 	Market practitioners
<ul style="list-style-type: none"> Held meetings to discuss the Independent Financial Adviser regime. 	Market practitioners, independent directors and institutional shareholders
<ul style="list-style-type: none"> Collaborated with the SFC on policy matters that are of common interest, such as streamlining the Joint Policy Statement regarding the listing of overseas companies, and the listing of business trusts. 	SFC
<ul style="list-style-type: none"> Collaborated with the SFC and listed structured products issuers on the publication of the Guide on Enhancing Regulation of the Listed Structured Products Market in July 2012, and a set of Industry FAQs concerning the listed structured products market in October 2012. 	SFC and listed structured products issuers
<ul style="list-style-type: none"> Responded to the Legislative Council's enquiries on the appointment of listed companies' INEDs. 	Legislative Council
<ul style="list-style-type: none"> Assisted the SFC in responding to the Legislative Council's enquiries on: <ul style="list-style-type: none"> the Exchange's work on the CSR performance of listed companies; the financial and audit issues of a number of Hong Kong-listed Mainland private enterprises; and regulation of the listed structured products market. Assisted the SFC in responding to the FSTB's enquiry on the collateral requirements on DWs and CBBCs. 	SFC

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
LISTING MATTERS (continued)	
Market Quality and Compliance Issues (continued)	
<ul style="list-style-type: none"> Responded to the FSTB's enquiries on a number of listing-related matters, including the CSR performance of listed companies with examples of compliance. 	FSTB
<ul style="list-style-type: none"> Conducted a Joint Financial Reporting Forum with the FRC and HKICPA on reviews of published financial statements. 	FRC and HKICPA
<ul style="list-style-type: none"> Conducted presentations to the HKICS, HKIoD and HKSI on the recent developments in listing policy and the agenda ahead. 	HKICS, HKIoD and HKSI
Trading Halt Policy	
<ul style="list-style-type: none"> Conducted soft consultations on the proposed trading halt arrangements prior to the issuance of the consultation paper on trading halts in July 2012. 	EPs and broker associations
<ul style="list-style-type: none"> Completed the market consultation, which received 58 submissions, in October 2012. Working with the SFC on the consultation conclusions. 	SFC, investors, issuers and market participants
Listing Documents Simplification	
<ul style="list-style-type: none"> Worked with the SFC on simplifying listing documents and other related documents. 	SFC
<ul style="list-style-type: none"> Organised a half-day seminar on listing documents simplification and plain language in March 2012. 	Over 150 attendees from law firms and sponsors
Good Corporate Governance	
<ul style="list-style-type: none"> Made presentations to financial and professional bodies on the CG Code and Listing Rule amendments. 	ACCA, CHKLC, HKICPA, HKIRA and HKSI
<ul style="list-style-type: none"> Conducted a series of seminars on the CG Code and Listing Rule amendments in Hong Kong, Shanghai and Beijing in January 2012 to provide practical guidance on compliance. 	519 participants from listed issuers and Mainland regulatory agencies
<ul style="list-style-type: none"> Gave a talk on corporate governance for the Financial Investigation Course at the ICAC in June 2012. 	Investigators of the ICAC Operations Department
<ul style="list-style-type: none"> Liaised with the HKICPA on the production of its: <ul style="list-style-type: none"> Technical Bulletin AATB 2 regarding the participation of auditors at annual general meetings (a corporate governance enhancement made by the Exchange in the CG Code); and Practice Note 750 "Review of financial information under the Hong Kong Listing Rules for a very substantial disposal". 	HKICPA
<ul style="list-style-type: none"> Supported the HKICPA's Best Corporate Governance Disclosure Awards 2012 and the 2012 HKMA Best Annual Reports Awards by serving on their respective judging panels. 	HKICPA and HKMA

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
LISTING MATTERS (continued)	
Disclosure of Inside Information	
<ul style="list-style-type: none"> Continued to provide input on and support to the FSTB's proposed statutory codification of rules on inside information disclosure. 	FSTB
<ul style="list-style-type: none"> Conducted a market consultation on the consequential Listing Rule amendments in August 2012 and published the consultation conclusions in November 2012. 	Investors, issuers and market participants
<ul style="list-style-type: none"> Conducted a series of free seminars with the SFC in December 2012 on the statutory backing of issuer's obligations to disclose inside information and the consequential Listing Rule amendments, and on connected transactions. 	About 1,700 participants from listed issuers, market practitioners and other organisations
<ul style="list-style-type: none"> Conducted presentation to the HKICPA on the consequential Listing Rule amendments. 	HKICPA
ESG Reporting	
<ul style="list-style-type: none"> Discussed ESG reporting with various professional organisations prior to the completion of the market consultation on the ESG Reporting Guide. 	Association for Sustainable and Responsible Investment in Asia, Business Environment Council, GRI (China) and HKGCC
<ul style="list-style-type: none"> Completed the market consultation, which received 106 submissions, in April 2012. Published the consultation conclusions in August 2012 and announced that the Guide will be implemented as a recommended practice and applicable to issuers with financial years ending after 31 December 2012. 	Issuers, market practitioners, professional bodies, business associations, NGOs, institutional investors and individuals
Board Diversity	
<ul style="list-style-type: none"> Solicited views on board diversity prior to the issuance of the consultation paper on proposed amendments to the CG Code concerning board diversity in September 2012. 	Interested groups of practitioners and issuers
<ul style="list-style-type: none"> Completed the market consultation, which received 139 submissions, in November 2012. Published the consultation conclusions in December 2012 and announced that the amendments to the CG Code will be effective 1 September 2013. 	Issuers, market practitioners, professional bodies, industry groups, NGOs, institutional investors and individuals

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
DEVELOPMENT OF OTC CLEARING	
<ul style="list-style-type: none"> Organised seminars, training workshops and meetings to introduce the design of OTC Clear's operations and risk management frameworks, and to facilitate the on-boarding of OTC Clear's Clearing Members. Conducted surveys on interest rate derivatives, non-deliverable forwards and OTC equity derivatives to estimate the trading volume of these products in Hong Kong and to facilitate potential business volume projection and plan for product expansion. 	OTC Clear's potential Clearing Members
<ul style="list-style-type: none"> Conducted soft consultations on the OTC Clear Rulebooks to take into account market comments. 	OTC Clear's potential Clearing Members and industry body
<ul style="list-style-type: none"> Organised seminars on the services provided by technology vendors and trade registration platforms to potential Clearing Members. 	Technology vendors, approved trade registration platforms and OTC Clear's potential Clearing Members
<ul style="list-style-type: none"> Completed the development of OTC Clear's clearing platform and prepared for the conduct of simulation tests and market rehearsals with potential Clearing Members in the first quarter of 2013. 	System vendor and OTC Clear's potential Clearing Members
<ul style="list-style-type: none"> Worked with the regulators on the application of the "Recognised Clearing House" status. 	SFC and Hong Kong Monetary Authority
LAUNCH OF HKEX ORION PROGRAMME	
<ul style="list-style-type: none"> Communicated with the market on the Central Gateway Service via meetings, briefing sessions, technical seminars, exhibitions and a simulator package to collect views and comments, and to facilitate market readiness. 	Different tiers of EPs, broker associations and technology vendors
<ul style="list-style-type: none"> Held the Hosting Ecosystem Founding Members Conference in May 2012 to provide audiences with an overview of the services. 	Over 400 attendees, including EPs, information vendors and technology vendors



HKEx's Chief Executive, Mr Charles Li (centre), Senior Vice President of Platform Development & Strategy, Mr Julian Ragless (right), and Head of Hosting Services, Mr Jonathan Leung (left) unveil HKEx Orion in a news conference in the Exchange Auditorium on 28 March 2012.





HKEx's Chairman, Mr C K Chow, delivering an opening address at the Exchange Technology Forum.


MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
SHARE KNOWLEDGE OF EXCHANGE TECHNOLOGY	
<ul style="list-style-type: none"> Organised a 2-day Exchange Technology Forum in Hong Kong in June 2012 with a focus on current and future technologies that impact the day-to-day business of exchanges. 	About 200 representatives from regional exchanges, leading international brokerages in Hong Kong, and major brokerages in the Mainland
RMB BUSINESS DEVELOPMENT	
<ul style="list-style-type: none"> Conducted soft consultation on Dual Tranche Dual Counter (DTDC) RMB IPO in June 2012. 	Market practitioners
<ul style="list-style-type: none"> Issued circulars in April, May and July 2012 on the preparation work regarding the launch of the RMB Currency Futures. Conducted 3 briefing sessions and 2 readiness tests on the key trading, clearing and risk management arrangements for the RMB Currency Futures from June to August 2012 prior to its successful launch in September 2012. 	EPs and CPs
<ul style="list-style-type: none"> Organised a 2-day practice session on the DTDC model in June 2012 to facilitate better understanding of its operation. 	CPs and Custodian Participants
<ul style="list-style-type: none"> Attended SWIFT's Offshore CNY Best Practice Working Group on a regular basis to provide information on RMB product issuance, trading and clearing to facilitate the formulation of best practices on using SWIFT messages for offshore RMB transactions, and to keep abreast of market developments, industry standards, and operational best practices concerning RMB transactions. 	Members of SWIFT's CNY Best Practice Working Group
<ul style="list-style-type: none"> Issued circulars in July 2012 to announce the extension of the product type coverage of the RMB Equity Trading Support Facility (TSF) to facilitate the development and growth of listed RMB products in the secondary market. Conducted a practice session on the use of RMB Equity TSF in July 2012 for the Participants to refresh their knowledge of the internal TSF operations and verify their readiness to process TSF transactions. 	Registered and potential TSF Participants
INFORMATION FOR THE MARKET ON THE ACQUISITION OF THE LME GROUP	
<ul style="list-style-type: none"> Issued clear and timely announcements concerning the acquisition on the HKEx website and HKExnews website. 	All
<ul style="list-style-type: none"> Held a media briefing with live webcast to provide stakeholders with information about the acquisition. 	Media, investment/research institutions and shareholders
<ul style="list-style-type: none"> Organised a 2-day workshop in partnership with LME to provide reporters with an overview of LME. 	Media

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
COOPERATION WITH EXCHANGES AND AUTHORITIES	
<ul style="list-style-type: none"> Collaborated with the other BRICS Exchanges Alliance members on the cross-listing of benchmark equity index derivatives, which commenced in March 2012 and marked the implementation of the first phase of the alliance. 	BRICS Exchanges Alliance members
<ul style="list-style-type: none"> Hosted a seminar on the BRICS Exchanges Alliance Update and a cocktail reception together with BSE Ltd. in September 2012 as part of the joint marketing programme. 	BSE Ltd. and market participants
<ul style="list-style-type: none"> Established Hong Kong-based China Exchanges Services Company Limited through a joint venture with the Shanghai Stock Exchange (SHSE) and the Shenzhen Stock Exchange (SZSE) in September 2012 to develop cross-border financial products and related services. 	SHSE and SZSE
<ul style="list-style-type: none"> Organised tailor-made training programmes on Hong Kong's securities markets for relevant Mainland regulators to foster closer dialogue and potential cooperation. 	China Securities Regulatory Commission
<ul style="list-style-type: none"> Entered into Memorandums of Understanding with other stock exchanges and government authorities. Details are set out in the Business Review section of the 2012 Annual Report. 	Stock exchanges and government authorities



HKEx's Chairman, Mr C K Chow (centre right), and LME's Chief Executive, Mr Martin Abbott (centre left) celebrate the completion of HKEx's acquisition of the LME Group with staff inside the iconic LME "Ring" on 6 December 2012.

MAJOR ACTIVITIES AND OUTCOMES	STAKEHOLDERS INVOLVED
BUSINESS INFORMATION FOR INVESTORS	
<ul style="list-style-type: none"> Organised 5 HKEx non-deal roadshows overseas (including in Canada, Singapore, the UK and the US). Presented at: <ul style="list-style-type: none"> the 15th Credit Suisse Asian Investment Conference held in Hong Kong in March 2012; the 19th CLSA Investors' Forum in Hong Kong in September 2012; the Citi Global Financial Conference in Hong Kong in November 2012; and a number of investor presentations hosted by financial institutions. Organised briefings and presentations to explain the Group's final and interim results to analysts. 	Investment/ research institutions
<ul style="list-style-type: none"> Provided a summary of the analysts' views on the Group's performance before and after results announcement to Board members on a quarterly basis since August 2012. 	Board members
<ul style="list-style-type: none"> Organised media workshops that covered RMB IPO models, RMB bonds, RMB Currency Futures, and structured products regulation to help increase understanding of HKEx's markets and products. 	Media
<ul style="list-style-type: none"> Provided up-to-date and comprehensive information about HKEx and the financial markets in Hong Kong to visitors to the Exchange Exhibition Hall. 	Over 19,500 visitors
<ul style="list-style-type: none"> Provided free public access to listed companies' announcements via computer terminals in HKEx's Public Viewing Room. 	Over 1,400 visitors
<ul style="list-style-type: none"> Handled over 15,200 enquiries (including written and phone enquiries) and 12 complaints from the public. Launched Charles Li Direct  on the HKEx website in January 2012 to facilitate communication with market practitioners and the investing public. Launched HKEx Mobile (m.hkex.com.hk), a new mobile website compatible with most popular smartphone operating systems, in April 2012 to promote greater access to up-to-date HKEx news and market information. Launched the HKEx Group website  in December 2012 to give an overview of the HKEx Group, including LME, the Group's first overseas member, and China Exchanges Services Company Limited, a joint-venture company. 	All
<ul style="list-style-type: none"> Established an indirect wholly-owned subsidiary, Ganghui Financial Information Services (Shanghai) Limited, in connection with plans to launch a market data hub in Shanghai in 2013. The hub will enable Mainland investors to access HKEx's markets data through a reliable, scalable and cost-effective infrastructure. 	Mainland investors

★ Details of HKEx's approach to stakeholder engagement, major stakeholder groups, and regular engagement practices and objectives are available on the HKEx website .

★ Details of HKEx's shareholder engagement are set out in the 2012 Corporate Governance Report.



FAIR, TRANSPARENT AND ORDERLY MARKETS WITH PRUDENT RISK MANAGEMENT

Enhance the Risk Management and Financial Resources of Clearing Houses

Following the market consultation and extensive engagement programme on clearing houses' risk management reform in 2011, all the reform measures were successfully implemented by November 2012. The measures incorporate the benchmarking analysis of international standards and practices, customised features for the unique characteristics of the Hong Kong market, and operational refinements in response to the feedback received during the consultation. The reform is a major milestone in enhancing the long-term stability and competitiveness of the Hong Kong financial markets.



HKEx's Chief Executive, Mr Charles Li (centre), is joined by Chief Operating Officer, Mr Gerald Greiner (left), and Head of Risk Management, Mr Kevin King (right) at a media briefing on the conclusions from HKEx's consultation on clearing house risk management reform.

Facilitate Understanding of the Connected Transaction Requirements

In April 2012, HKEx published a Guide on Connected Transaction Rules with an aim of assisting issuers in understanding and complying with the Listing Rules on connected transactions. The Guide also covers the related interpretations published in Listing Decisions and FAQs.

Promote the Use of Depositary Receipt

To promote an alternative means for listing in Hong Kong through depositary receipts, HKEx co-organised a half-day seminar with market practitioners in June 2012. A Guidance Letter on pre-release and pre-cancellation of Hong Kong depositary receipt was subsequently published in July 2012 to clarify how the mechanism works and the related regulatory matters.

Reinforce the Regulation of the Listed Structured Products Market

In July 2012, HKEx published a Guide on Enhancing Regulation of the Listed Structured Products Market, which serves to foster higher standards across structured products issuers, enhance service levels of liquidity providers, and promote the healthy long-term development of Hong Kong's listed structured products market.

Improve the Trading Halts Model

In October 2012, HKEx completed the market consultation on a proposed model for implementing trading halts. In addition to bringing HKEx into line with international market practices, revised trading halts would significantly reduce the duration of periods when shares cannot be traded and result in more accurate intraday securities price discovery, and may help investors holding products such as structured products, stock options and stock futures close out their positions to avoid bearing risk overnight. They would also help avoid any disadvantages to Hong Kong investors in terms of information access and trading when an issuer is listed in Hong Kong and overseas.

Support the Statutory Codification of Inside Information Disclosure

In November 2012, HKEx published the consultation conclusions on proposed amendments to the Listing Rules to complement the enactment of the Securities and Futures (Amendment) Ordinance 2012, which codified listed companies' obligation to disclose inside information into law. To assist listed companies and their advisers to be better prepared for the implementation of the statutory disclosure regime, HKEx together with the SFC organised a series of free seminars on the subject in Hong Kong, Shanghai, and Beijing, which attracted about 1,700 participants in total.

Regulation of IPO Sponsors

HKEx welcomes the publication of the SFC's consultation conclusions on the regulation of IPO Sponsors in December 2012 and fully supports the SFC's initiatives to enhance the regulatory regime for sponsor of IPOs which will strengthen Hong Kong as an international financial centre. HKEx will work together with the SFC and the financial community to develop the Listing Rules changes needed to accommodate and complement some of the consultation conclusions.

Review the Implementation of the Rules on Mineral Companies

In June 2010, the SEHK adopted new Listing Rules to govern the listing and continuing obligations of mineral companies. In 2012, the Exchange conducted a review on the implementation of those rules, including issuers' compliance and market feedback. The Exchange also reviewed developments in this area, and concluded that no change needs to be made at this point.

HIGH STANDARDS OF ESG

Educate the Market on the CG Code

The Exchange conducted a series of engagement activities to educate the market on the CG Code and Listing Rule amendments and to provide practical guidance on compliance. Details are set out in the Stakeholder Engagement section of this Report.

Implement ESG Reporting

In light of the welcoming responses to the consultation, the ESG Reporting Guide for companies listed in Hong Kong was introduced, which will be implemented as a recommended practice under the Listing Rules. The Guide applies to issuers with financial years ending after 31 December 2012. Subject to further consultation, the Exchange plans to raise the obligation level of some recommended disclosures in the Guide to "comply or explain" by 2015.

Encourage Board Diversity

In support of board diversity, the then Chairman, Mr Ronald Arculli, and HKEx's Chief Executive, Mr Charles Li, joined the Chairmen's Breakfast and the Women on Boards Executive Forum respectively during the Women on Boards Week organised by Community Business and The Women's Foundation in March 2012.

In December 2012, the Exchange published its consultation conclusions on proposed amendments to the CG Code concerning board diversity. With overwhelming market support, the Exchange announced that the amendments to the CG Code will be effective 1 September 2013.

Support Responsible Investment

To demonstrate our commitment to promote sustainability in the market and continuous improvement in our sustainability performance, HKEx continues to respond to the annual Carbon Disclosure Project investor information request and satisfied the annual performance assessment for staying in the Dow Jones Sustainability Indexes, the FTSE4Good Index Series, the Hang Seng Corporate Sustainability Index Series, and the STOXX® Global ESG Leaders indices.

HKEx is committed to following responsible investment practices for its internally managed funds. In addition to adopting some of the key principles of the United Nations Principles for Responsible Investment as part of its investment policy and guidelines, HKEx continued to request disclosure and annual updates on ESG issues from the companies in which it invests. Consideration of ESG issues is also one of the evaluation criteria in HKEx's external investment manager selection process.



PRODUCT AND SERVICE QUALITY, AND STREAMLINED PROCESSES

Simplify Listing Documents and Related Documents

Details of the engagement activities conducted to simplify listing documents and related documents are set out in the Stakeholder Engagement section of this Report. A Guidance Letter on how to draft the “Summary and Highlights” section of a listing document has been published to assist market practitioners to prepare the section in a concise and easy to read manner. The Exchange is also working on the simplification of application forms and a number of sections in listing documents.

Develop RMB Business

With the SFC’s approval and market participants’ support, HKEx continued to develop RMB-denominated financial products. The trading and clearing infrastructure has also been enhanced to support the trading and clearing of those products.

Invest in Technology

HKEx is committed to using and maintaining technology effectively and efficiently in developing and delivering products and services. Key initiatives included the enhancement of CCMS, various IT security enhancements following an IT security risk and infrastructure review, new Data Centre construction and IT office consolidation, and the HKEx Orion Programme.

MARKET EDUCATION AND FINANCIAL LITERACY

Promote Self-compliance with Listing Rules

Details of the engagement activities conducted to promote self-compliance with the Listing Rules are set out in the Stakeholder Engagement section of this Report.

Support Academic Research and Continuous Professional Training

To support academic research in the financial markets, HKEx continued to be the real-time market data sponsor for the simulated market environment in the Trading Laboratory of The Chinese University of Hong Kong, and was the principal sponsor of The Hong Kong Society of Financial Analyst University Investment Research Challenge 2012.

Throughout the year, HKEx and the HKSI jointly organised Continuous Professional Training courses for EPs on HKATS operations and trading procedures. Briefing sessions and seminars on derivatives were organised under HKEx’s joint promotion programme with EPs.

In addition, HKEx participated in a number of events organised by different international and local organisations to help promote the financial industry and introduce the regulatory requirements in Hong Kong.

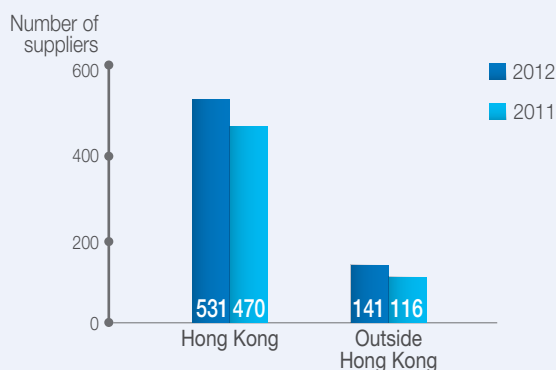
SUPPLY CHAIN MANAGEMENT

Implementation of Supply Chain Management Guidelines

As part of the implementation of HKEx’s Supply Chain Management Guidelines, CSR information was collected from key suppliers by means of a Suppliers’ CSR Questionnaire which covered 4 areas: environmental performance, health and safety, labour practices, and business ethics. Concurrently, the CSR Information Pack for Key Suppliers, which contains HKEx’s CSR Policy, Corporate Suppliers Policy Statement and Supplier CSR Code of Conduct, was sent to them for their acknowledgement.

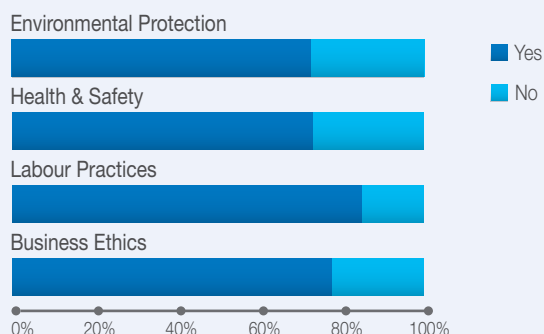
A list of key suppliers together with an analysis of their CSR information has been made available on the HKEx Intranet and is updated by the CSR Working Group periodically. The majority of HKEx's key suppliers are professional service providers and financial services/IT companies. HKEx will consider appropriate ways to further engage with them going forward to promote CSR management and performance, taking into account their business nature and HKEx's product and service requirements.

Number of suppliers by region

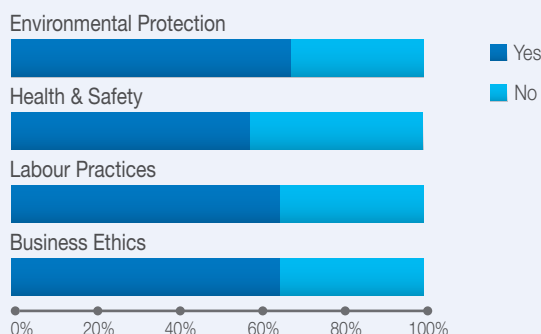


Analysis of Key Suppliers' CSR Information 2012

Percentage of key suppliers with system in place to identify and monitor the applicable legislations in each of the CSR areas

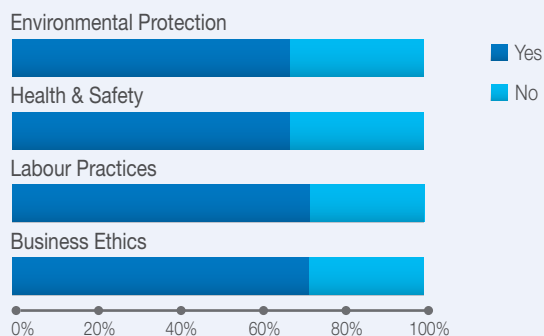


Percentage of key suppliers with a management system approach* to address each of the CSR areas

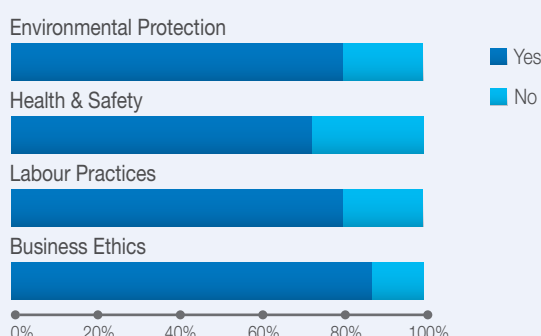


* A management system approach includes having policies, goals, procedures, and review process in place.

Percentage of key suppliers with a written policy in place to address each of the CSR areas



Percentage of key suppliers with relevant training provided to employees in each of the CSR areas



- ★ Details of HKEx's ongoing marketplace management practices and performance are available on the HKEx website [▶](#).
- ★ Details of HKEx's corporate governance principles and practices, including a detailed account of HKEx's achievements in compliance with the CG Code, are set out in the Corporate Governance section of the HKEx website [▶](#).
- ★ Further details of the business initiatives described in this section are set out in the Business Review section of the 2012 Annual Report.



WORKFORCE QUALITY AND DEVELOPMENT

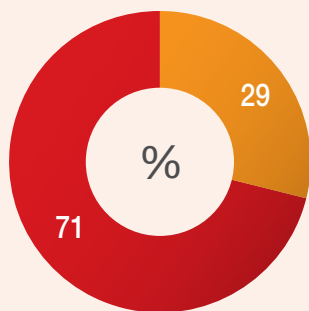
Develop Young Talents

In July 2012, HKEx launched a Management Trainee Programme designed to help young talents grow and to groom them into future leaders or professionals at HKEx. The 28-month programme includes a combined structure of both exposure and on-the-job professional/technical skills training with rotational postings. A total of 7 talented fresh graduates from various universities have been recruited and ongoing assessment of their performance is conducted to ensure that only those who meet the high standards of performance can stay in the programme.



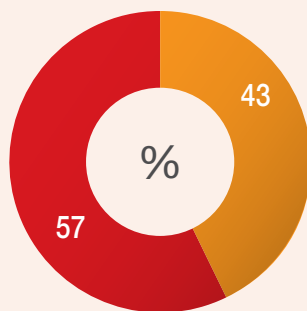
HKEx's Head of Human Resources, Ms Sylvia Hoosen (fourth from right) with the management trainees.

Analysis of management trainees by gender



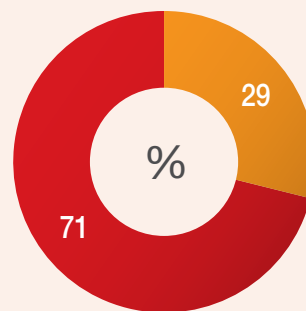
■ Male
■ Female

Analysis of management trainees from local/overseas universities



■ Overseas Graduates
■ Local Graduates

Analysis of management trainees by area of study

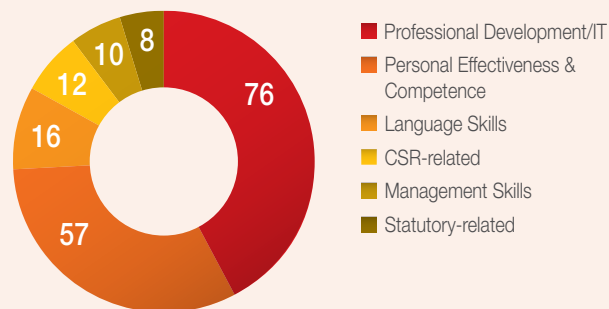


■ Accounting/Finance/Economics
■ Business Administration/Management

Equip Employees with Business Knowledge and Skills

To ensure that employees are familiar with the products and services offered by HKEx and to strengthen the cooperation between business units, a total of 10 in-house seminars conducted by representatives from different Divisions/Departments were held between March and October 2012. The seminars covered major new initiatives such as HKEx's hosting services, RMB Currency Futures, and BRICS futures, and attracted 533 participants in total.

Number of training courses conducted in 2012 by topic



Moreover, to equip employees to support the development of HKEx's RMB business, a total of 6 China Development Briefing seminars were conducted between April and September 2012, which attracted 419 participants in total.

In view of the acquisition of the LME Group, a total of 6 training courses on LME's products, services and regulation were held in September and November 2012 for HKEx's senior executives, which attracted 403 participants in total. HKEx also organised 2 training sessions for LME's directors and senior executives on the relevant rules and regulations in Hong Kong, which will have an impact on LME as a subsidiary of the Group.

During 2012, HKEx conducted 179 training courses in total.

Appraise Employees' Performance for Continuous Development

HKEx's annual performance appraisal exercise was successfully conducted for all eligible employees (all permanent employees who joined before 31 August 2012) to appraise past performance, review personal and career development and training progress, and set future work objectives and improvement goals. To facilitate open and effective interaction between supervisors and subordinates during the exercise, HKEx conducted workshops for the appraisers on performance appraisal interviewing skills as well as briefing sessions for the appraisees on taking ownership of their development and performance.

To improve the effectiveness of HKEx's existing performance evaluation process, HKEx's Senior Management Committee decided to conduct a pilot multi-rater evaluation for all senior executives in the 2012 performance appraisal exercise, given their extensive interactions within and across business functions. Feedback from peers, subordinates, internal clients and project team members were sought and incorporated, on a confidential basis, in the overall performance evaluation and determination of the performance rating for senior executives. HKEx will carefully review the benefits of this performance evaluation approach and determine if it should be extended to cover a wider population in the future.

Support Career Development and Lifelong Learning

To assist employees in managing their career development, HKEx conducted workshops on career management and critical thinking to help employees understand their career inclinations and equip them with career management skills as well as solid and systematic critical thinking skills to manage change. Besides, to support employees' lifelong learning, HKEx offered sponsorship to pursue academic studies.

Promote Ethical and Responsible Conduct


In view of the dual role of HKEx as a regulator and a listed company, anti-corruption, privacy and data protection as well as conflicts of interest are important compliance risk areas in its daily operations. Talks covering personal data protection and the Personal Data (Privacy) (Amendment) Ordinance, the anti-discrimination ordinances, and integrity and corruption prevention were delivered to employees respectively by the Office of the Privacy Commissioner for Personal Data, the Equal Opportunities Commission (EOC), and the ICAC. A total of 276 participants attended the talks.

EMPLOYEES' RIGHTS AND WELFARE

Maintain a Healthy and Safe Workplace

HKEx ensured that all employees who were required to work in the construction site of the new Data Centre in Tseung Kwan O had received sufficient safety training provided by the Construction Industry Council Training Academy and passed the examination to obtain the Construction Industry Safety Card (commonly known as the Green Card) for entry to the site.

To equip employees with relevant knowledge and advice on health and safety, HKEx organised a health talk on prevention of upper limb disorders, a talk on diet and obesity, and a series of stress management training sessions, which attracted 225 participants in total.

Good IAQ in the office safeguards the health of employees and contributes to their comfort and well-being. In this respect, HKEx continued to undertake IAQ inspection and certification for its offices under the IAQ Certification Scheme launched by the Hong Kong Government. The results are set out on the HKEx website .

Improve Employees' Well-being

To reinforce HKEx's commitment to work-life balance and to raise awareness of work-life balance as a business issue, the Company supported the Work-Life Balance Week launched by Community Business in October 2012 for the third consecutive year. During the week, HKEx organised a number of in-house activities, including a talk on healthy eating, a work-life balance seminar, and 2 exercise classes for employees, which attracted 219 participants in total.

To promote sports and team spirit among employees, HKEx participated in the Corporate Games 2012 organised by the Hong Kong Government's Leisure and Cultural Services Department, and the Supervisory Cup Basketball Competition 2012 jointly organised by the Hong Kong Monetary Authority, the Mandatory Provident Fund Schemes Authority, the SFC and HKEx. HKEx was the 1st Runner-up in 2 swimming categories in the former event, and the Champion in the Men's Division and 2nd Runner-up in the Women's Division in the latter.

To support employees' financial well-being, HKEx invited JP Morgan Asset Management and the Institute of Financial Planners of Hong Kong to conduct 6 in-house seminars on financial planning and family wealth management, which attracted 401 participants in total.

To enhance work-life balance, personal development, and employee relations, HKEx's Staff Social Club, which is funded by the Company and consists of various sport and interest clubs, organised a variety of activities for employees. The sport clubs, covering badminton, basketball, running, soccer, table tennis, and volleyball, organised a series of training classes, competitions and other activities. The interest clubs – dance club, parental club, and wine club, arranged a variety of talks, courses, and gatherings. In addition, company-wide events such as the HKEx Staff Annual Dinner, HKEx Staff Movie Night, and HKEx 7-a-side Soccer Challenge Cup, and external programmes on cookery, ceramic painting, chocolate tasting, studio photo-taking, coffee latte art, and floral design were held. The 46 different types of activities organised during 2012 received overwhelming interest, with 1,443 participants in total.



HKEx's employees attend a talk on healthy eating during the Work-Life Balance Week.

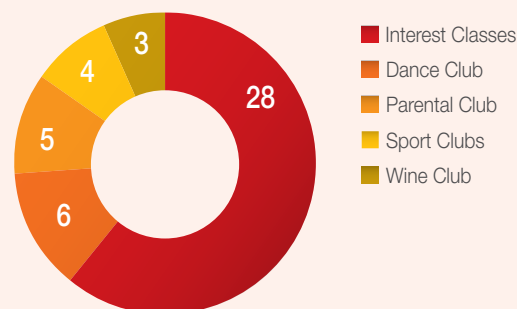


HKEx's employees and their children at a baking class organised by HKEx's Parental Club to celebrate Mother's Day.



HKEx's employees at a chocolate tasting and coffee interest class.

Number of Staff Social Club activities in 2012 by type



Uphold Human Rights and Equal Opportunities

As guided by the Universal Declaration of Human Rights and the Codes of Practice on Employment as promulgated by the EOC, HKEx is committed to protecting human rights in the workplace and complying with the anti-discrimination ordinances in Hong Kong. In December 2012, an employee registered a complaint with the EOC alleging sexual discrimination by another employee. Thus far, HKEx had not received any formal notification regarding the complaint from the EOC but internal meetings were held with the concerned parties to review the complaint and seek internal settlement.

The Women's Exchange (WEx) was established in October 2012. WEx's mission is to promote gender diversity and increase women's decision-making and leadership roles at HKEx. WEx is open to all employees and is funded by the Company. The agenda of WEx is to influence and improve existing workplace policies, and lead professional and community development initiatives aimed at supporting the growth and success of women in Hong Kong. An organising committee will be formed to organise a series of events based on the theme for 2013 "Breaking Through the Glass Ceiling".

TEAM COLLABORATION

Promote Teamwork and Encourage Open and Transparent Communication






In addition to the employee well-being activities described above, which also promote a sense of belonging and team solidarity among employees, HKEx organised training programmes to equip employees with good communication and interpersonal skills to facilitate their teamwork and cooperation. Important information about the Company, such as the latest strategic directions, business and operational developments, and financial performance, was communicated to employees via a number of effective channels, including:

- 2 offsite meetings for Directors and HKEx management (held in January and November 2012); and 2 HKEx management offsite meetings (held in January 2012 and January 2013);
- 5 executive forum meetings; and
- 3 employee briefings by HKEx's Chief Executive.

These communication channels provided employees with the opportunity to raise questions and give feedback, resulting in enhanced transparency of the Company's progress and decision-making process. Senior management followed up on employee suggestions and recommendations as appropriate.

HKEX'S NEW DATA CENTRE – A WORKPLACE THAT CATERS FOR EMPLOYEES' NEEDS

In October 2011, a survey on the general administrative and support services that would be new and specific to the operation of the new Data Centre was conducted for about 250 employees concerned in order to understand their needs. Taking into account the views and suggestions collected from the survey, the following services and facilities have been implemented at the data centre, which came into operation in the fourth quarter of 2012:

Responses from the Survey	Services/facilities Implemented
<ul style="list-style-type: none"> Almost 100% indicated the tendency to use shuttle bus service travelling to and from the data centre. 	<ul style="list-style-type: none"> Regular free shuttle bus service to and from the nearby transport interchanges in operation.
<ul style="list-style-type: none"> About 60% indicated the tendency to use canteen service for breakfast occasionally and for lunch. 	<ul style="list-style-type: none"> Subsidised canteen service in operation for breakfast and lunch with a variety of food choices available. 
<ul style="list-style-type: none"> The majority was satisfied with the existing system furniture for general administrative offices. 	<ul style="list-style-type: none"> Existing system furniture with the use of ergonomically designed office chairs. 
<ul style="list-style-type: none"> Under amenities, users indicated overwhelming preference for having massage chairs in the activity room and treadmills in the gym room. Vibrant vegetation was voted as the most preferred option for the landscaped area. 	<ul style="list-style-type: none"> Amenity areas available, including relaxation areas, game theatre, reading area, gym room, roof garden, and outdoor walkways.   

As at the end of 2012, the data centre was about 60% occupied. The above services/facilities will be reviewed for any further improvement necessary as and when appropriate.

- ★ Details of HKEx's ongoing workplace management practices and performance are available on the HKEx website [▶](#).
- ★ Details of employees' remuneration and benefits, including policy and review, are set out in the 2012 Remuneration Committee Report and the Human Resources Manual [▶](#).
- ★ HKEx's Employment Policy and Equal Opportunities Policy are set out in the Human Resources Manual [▶](#).



During the year, HKE_x supported many charitable events and organised its own volunteer activities to address different community causes as set out below.

Event Calendar

Jan		Feb
<p>15th ACCA Charity Fun Day – Rickshaw Race</p> <p>▲ Champion Award</p> <p>▲ Top Donation Achiever Award</p>	<p>★ Visit to the Elderly in Need – Lunar New Year 2012</p> <p>● Senior Citizen Home Safety Association</p>	<p>★ Visit to the “Dialogue in the Dark” exhibition</p>
	<p>The 2012 Community Chest Corporate Challenge</p>	<p>Standard Chartered Hong Kong Marathon – Corporate Challenge 2012</p> <p>▲ 2nd Runner-up Award in Full Marathon Category</p>
	<p>Jan – Dec</p> <p>★ Soup Delivery Service for the Elderly in Central & Western District</p> <p>● St. James’ Settlement</p>	
Mar		Apr
<p>BT Outward Bound Adventure Race 2012</p>	<p>★ Fun Day Out with Underprivileged Families – Visit to Noah’s Ark</p> <p>● The Urban Peacemaker Evangelistic Fellowship</p>	<p>HKE_x Cup Race</p>
<p>The Community Chest Skip Lunch Day 2012</p>		<p>Hong Kong United Youth Association Tournament 2012</p> <p>▲ Champion of Silver Plate Division</p>
<p>WWF Earth Hour 2012</p>		<p>Friends of the Earth (HK) Tree Planting Challenge 2012</p>
May		
<p>★ Give & Gain Day 2012 – “Fight Hunger, Fight Poverty”</p> <p>● St. James’ Settlement People’s Food Bank</p> <p>● Foodlink Foundation Limited</p>	<p>★ Care for the Disabled – Trip to Hong Kong Wetland Park and Ping Shan Heritage Trail</p> <p>● Hong Chi Association</p>	
	<p>Pedal Power 2012</p> <p>● Outward Bound Hong Kong</p>	

Jun  ★ EM Kid Home Programme – Sports Day 2012 ● HKSXH Lady MacLehose Centre 		 The Community Chest Green Day 2012 <hr/>  Jun & Jul ★ Heart to Heart Project ● The Hong Kong Federation of Youth Groups		 Jun – Nov ★ Big Brothers and Sisters Programme 2012 ● The Boys' and Girls' Clubs Association of Hong Kong	
Jul  ★ Friends of Private Homes for the Elderly Programme ● Senior Citizen Home Safety Association	Sep  ★ Mid-Autumn Festival Gathering – Care for the Elderly ● The Urban Peacemaker Evangelistic Fellowship 	 ★ Mooncake Transfer Programme ● St. James' Settlement People's Food Bank <hr/>  The Community Chest Dress Casual Day 2012			
Oct  CENTRAL Rat Race 2012 ▲ Winner of Rat Race Cup ▲ Top Five Speedy Rats Award Champion 		 ★ Home Maintenance for Elderly Programme ● Tung Wah Group of Hospitals – Fong Shu Chuen District Elderly Community Centre <hr/>  MTR HONG KONG Race Walking 2012 – Corporate Team Challenge		Nov  ★ ORBIS Moonwalkers 2012 ▲ 2nd Runner-up for Top Fundraising Award <hr/>  ★ WWF Walk for Nature 2012 <hr/>  UNICEF Charity Run 2012	
Dec  ★ Haven of Hope – Care for the Elderly Winter Visit 2012 ● Haven of Hope Christian Service		 HKEx Community Shield 2012 – Charity Football Match			

Community Cause:

- | | |
|--|---|
|  Children & Youth |  Ethnic Minority |
|  Disability |  Health |
|  Elderly |  Poverty |
|  Environmental Protection |  Sports |

Notes:

- ▲ Awards received by HKEx
- NGOs which HKEx partnered with to organise charitable/volunteer events
- ★ Activities organised or supported by the HKEx Volunteer Team

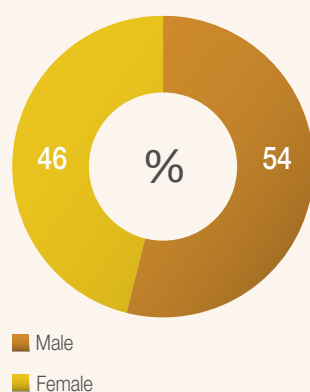


COMMUNITY CAUSES AND PARTNERSHIPS

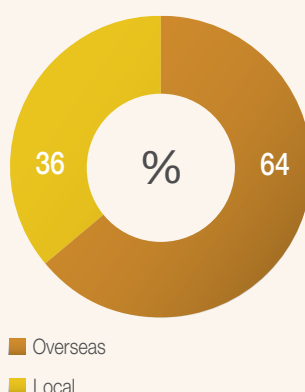
Hands-on Work Experience for University Students

The HKEx Summer Internship Programme offers university students an opportunity to learn about HKEx’s business, gain valuable insight into the financial markets, and develop practical work experience. In the 8-week programme, the students work on specific assignments, taking into account their background and interests as well as HKEx’s requirements, and are expected to fully integrate into the Division/Department and make valuable contributions to the team. A mentor is assigned to the interns in each Division/Department to provide them with appropriate guidance during their internship and a performance review is conducted at the end of the internship to provide them with constructive feedback, and to collect their views for further improvement of the programme. In 2012, 39 interns were recruited from various universities to join the programme.

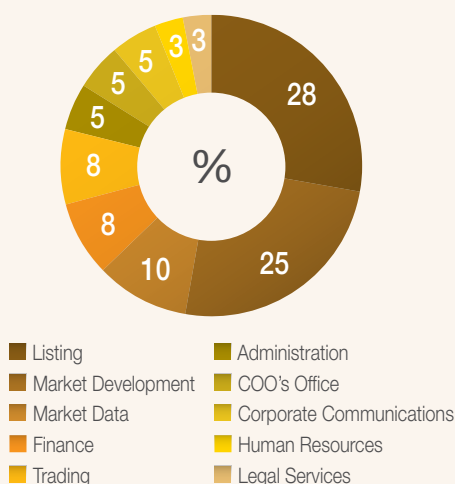
Analysis of summer interns by gender



Analysis of summer interns from local/overseas universities



Analysis of summer interns by assigned division/department



Interns of the HKEx Summer Internship Programme 2012 with HKEx’s Head of Relationship Management, Mr Ryan Wuebbels (centre right), who gave a high-level briefing to the interns during their orientation programme.

“The internship helped me to develop practical statistical research skills, writing and translation abilities. The seminars held by HKEx and the China Securities Regulatory Commission offered me a chance to gain insight into the relationship between Hong Kong and the growth of China’s financial markets.” – Summer Intern, Listing Division

“The internship was a good opportunity to meet new people. I enjoyed having conversations with department heads and other senior colleagues during the “brown bag lunch” and was very much inspired.” – Summer Intern, Market Development Division

Children and Youth Development

With the support of the Company, the Big Brothers and Sisters Mentoring Programme was extended for one more year with the aim of strengthening the mentoring relationship between HKEx volunteers and the underprivileged children at The Boys' and Girls' Clubs Association of Hong Kong – Jockey Club Yau Tong Children and Youth Integrated Services Centre. Through a series of tailor-made activities, including “A Walk through Time – Exploring the Central and Western District”, “Social Integration Fun Tour”, “Outing to Tree Top Cottage”, and “Overnight Outdoor Camping”, the participants were able to learn more about the culture and history of Hong Kong, develop mutual understanding and acceptance of people with different abilities, and appreciate the importance of environmental protection. The activities also contributed to the children's personal growth and social exposure.



HKEx volunteers and their mentees learn how to set up a camp at the “Overnight Outdoor Camping” activity.



HKEx volunteers serve the disabled at the “Social Integration Fun Tour”.

On 26 May 2012, the Exchange's Listing Committee and Outward Bound Hong Kong held their “Pedal Power” fundraising event for the second consecutive year. A total of 46 participants cycled the 18 km main route or 30 km “elite” route from Tai Mei Tuk to the Hong Kong Science Park, and raised over \$900,000 in donations to allow nearly 300 specially selected students from local secondary schools to experience a 5-day Outward Bound leadership course designed to help them develop confidence and reach their full potential.

Caring for the Elderly

Caring for the elderly, particularly the well-being of elderly living in poverty, is a major concern in the Hong Kong community. Partnering with the Haven of Hope Christian Service, Senior Citizen Home Safety Association, St. James' Settlement People's Food Bank, the Tung Wah Group of Hospitals, and the Urban Peacemaker Evangelistic Fellowship on separate occasions, HKEx sent volunteers and/or sponsored provisions to care for 568 elderly living in Kwai Chung, Sham Shui Po, Shau Kei Wan, Shek Kip Mei, Tseung Kwan O, and Tuen Mun. 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

On 18 May 2012, HKEx organised a “Fight Hunger, Fight Poverty” programme in support of the Give & Gain Day 2012 campaign. Partnering with St. James’ Settlement People’s Food Bank, HKEx volunteers helped pack the 3.88 tonnes of rice donated by the Company for distribution to about 1,200 short-term food assistance service users, and presented over 150 healthy food gift packs sponsored by the Company to the elderly receiving free hot meal service at the People’s Food Bank Kindness Centre in Shek Kip Mei. In addition, HKEx volunteers supported the Foodlink Foundation Limited’s surplus bread collection programme by collecting over 400 packages of surplus bread from 18 Maxim’s Cakes shops for delivery to about 300 beneficiaries, including low-income families, the elderly, and disadvantaged youth. All in all, nearly 50 HKEx volunteers, including senior executives, contributed about 130 hours of community service to the above activities.



HKEx volunteers with the elderly at the St. James’ Settlement People’s Food Bank Kindness Centre.

Support Volunteerism

For the third consecutive year, HKEx participated in the Give & Gain Day campaign to encourage employees to serve the community by volunteering, raise awareness of the benefits of employee volunteering among companies in Hong Kong, and show support for the international volunteer movement. Moreover, HKEx continued to support the “Heart to Heart Project” launched by The Hong Kong Federation of Youth Groups to promote youth volunteerism in Hong Kong. Through the project, HKEx not only provided funding for the participating schools to organise their own volunteer service in their surrounding neighbourhood, but also sent HKEx volunteers to support and encourage the school students during their volunteer service.

RECOGNITION FOR EMPLOYEES’ VOLUNTEER SERVICE

The HKEx 4th Annual Volunteer Recognition Ceremony was held on 31 August 2012 to recognise employees who served the community through volunteering with the HKEx Volunteer Team in 2011. During the ceremony, HKEx’s Chairman and Head of Human Resources presented Volunteer Awards issued by HKEx, Certificates for Volunteer Service issued by the Hong Kong Government’s Social Welfare Department, and Certificates for Caring Ambassador issued by The Hong Kong Council for Social Service to 27 employees and 4 divisions/departments according to their individual contributions and joint efforts.



HKEx’s Chairman, Mr C K Chow (front row, fourth from right), and Head of Human Resources, Ms Sylvia Hoosen (front row, fifth from right), with the awardees at the HKEx 4th Annual Volunteer Recognition Ceremony.

Representatives from HKEx’s NGO partners, namely Foodlink Foundation Limited, Hong Chi Association, and St. James’ Settlement, attended the ceremony and shared about their work in the community and the value of HKEx’s partnership and support.

HKEx received the Gold Award for Volunteer Service and the 2nd Runner-up of Highest Service Hour Award 2011 (Private Organisations – Category 2) issued by the Hong Kong Government’s Social Welfare Department for its contribution of over 2,600 service hours in 2011.

★ Details of HKEx’s ongoing community investment practices and performance are available on the HKEx website [▶](#).



ENVIRONMENTAL PRACTICES IN NEW DATA CENTRE

HKE_x's new Data Centre came into operation in the fourth quarter of 2012. It achieved precertification under the US Green Building Council's LEED for core and shell development gold level in August 2011, and is expected to receive the final certification by the third quarter of 2013.

Below are some of the main features adopted to improve the data centre's environmental performance.



Building Management System (BMS)

The BMS at the data centre not only ensures redundant power supply and continuous cooling for IT equipment, it also plays a key role in facilitating on-site employees to closely monitor the operating efficiency and environmental performance of the data centre 24 hours a day.

Energy Efficiency

- 100% LED lighting fixtures with automatic control by means of the BMS
- Motion sensors or photocells installed for lighting
- Daylight utilisation at the peripheral zones of office areas (lighting is automatically turned off when natural light is sufficient)
- High-efficiency water-cooled chiller plant with full BMS control
- VSD-controlled pumping and air-conditioning equipment
- Temperature level and airflow management in the data hall

Water Conservation

- Harvest and recycle rainwater for landscape irrigation
- Reuse of bleed-off water from cooling towers for toilet flushing
- Use of water efficient appliances (eg, sensor faucet, dual flush toilet, urinal sensor)
- Highly efficient irrigation technology in green wall system



Rainwater tank



Resources and Waste Management

- Compost food waste collected from the canteen
- Compress waste foam polystyrene collected to facilitate recycling
- Designated refuse chamber to collect e-waste for recycling
- Facilities in the office areas to collect waste paper, plastics and metals for recycling
- Use of materials with recycled content (eg, recycled composite wood decking)



Food waste composter



Waste foam polystyrene compactor



E-waste collection chamber

Indoor Environmental Quality

- IAQ inspection and certification
- Activated carbon filters to remove air contaminants
- CO₂ monitors in office areas

Other Green Measures

- Use of non-ozone depleting refrigerant, non-VOC paints and adhesives, etc.
- Use of environmentally-friendly NOVEC 1230 for the fire suppression system
- Preservation of urban greenery by means of roof garden, green walls, planted areas, etc.
- Use of electric vehicle charging stations in the car park



Roof garden



Electric vehicle charging stations in the car park

ENVIRONMENTAL EDUCATION

To further enhance employees' knowledge of environmental protection practices, an in-house seminar, "Turn Waste into Gold", conducted by Friends of the Earth (HK) and a visit to Mapopo Organic Farm were organised in September and October 2012 respectively. There were 128 participants in total. During the activities, employees learned about waste management strategies such as waste reduction and turning waste into useful resources.

HKEx sponsored 3 corporate charity teams with a total of 12 employees to participate in the "Tree Planting Challenge 2012" organised by Friends of the Earth (HK) in April 2012. The Company raised \$46,000 in donations and the teams planted 114 seedlings in Tai Lam Country Park to support the event's mission, "Plant a Wish for a Better Climate".

HKEx continued to be one of the sponsors of WWF Hong Kong's annual fundraising event "Walk for Nature 2012" at Mai Po. A total of 54 employees and their family members joined the walk to explore the rich biodiversity of wetlands and learn about environmental conservation. The Company and employees raised a total of \$62,800 in donations to support the work of WWF Hong Kong.



HKEx's employees at an eco-briefing at Mapopo Organic Farm.



HKEx's corporate charity team members at the "Tree Planting Challenge 2012".

OFFICE ENVIRONMENTAL PRACTICES

Office Environmental Inspection

For the second consecutive year, HKEx's CSR Working Group carried out an office environmental inspection across the Company to identify the extent to which office environmental practices have been implemented and any corrective or improvement actions necessary. With reference to HKEx's CSR Management System Manual, 29 individual inspections were conducted across HKEx's offices. The inspection covered 4 areas, namely energy conservation, resources saving, office waste reduction and recycling, and water conservation. A summary of findings with recommendations for improvement was communicated to all employees and posted on the HKEx Intranet. HKEx will continue to engage with its employees to promote and monitor the implementation of office environmental practices.

Comparing the findings of the inspections conducted in 2012 and 2011, HKEx's overall performance in all 4 areas has improved, in particular the extent to which the office environmental practices have been fully implemented, as shown below.



Wastewi\$e Label

Under the Hong Kong Awards for Environmental Excellence, HKEx achieved the “Class of Good” Wastewi\$e Label in recognition of its performance in waste avoidance, waste recycling, and green purchasing during the 12-month period ended 31 July 2012. HKEx has set new goals for the next assessment period with the aim of achieving “Class of Excellence” in 2013.

Wastewi\$e Goals for 2011/12	Results
Waste Avoidance To reduce the consumption of the following items: Lunar New Year red packets by 5% Disposable batteries by 50%	✓ Consumption was reduced by 53% ✗ Target not met ¹
Waste Recycling To collect the following items for recycling: At least 1,000kg of waste corrugated carton At least 800 pieces of obsolete computer equipment At least 200 waste fluorescent tubes At least 100 waste rechargeable batteries At least 150 mooncake tins or other metal gift containers At least 240 tonnes of waste paper	✓ Exceeded target by 16% ✓ Target met ✓ Exceeded target by 820% ✓ Exceeded target by 142% ✓ Exceeded target by 53% ✗ Target not met ²
Green Purchasing To print Lunar New Year red packets on paper with at least 50% recycled content	✓ Paper with 100% recycled content was used

- 1 Target not met was due to the increased demand of resources to meet the needs of additional business initiatives during the assessment period.
- 2 Target not met was due to a number of factors such as the waste management practices and the increased use of electronic means of communication adopted by employees.

INITIATIVES TO REDUCE PAPER

Electronic IPO services

HKEx continued to promote the provision of electronic IPO (eIPO) services to new listings which allow potential investors to apply for new shares electronically. In 2012, 70% of new listing issuers (85% of Main Board issuers and 8% of GEM issuers) made eIPO services an option to potential investors.

Listing Documents Simplification

HKEx continued its efforts to simplify listing documents and related documents, which will help, amongst other things, reduce paper consumption.

Electronic Board Papers

HKEx adopted the “BoardPad” in February 2013 for Board meetings to allow Board members access to Board papers through an electronic platform and switch to paperless meeting mode. After a trial period, the “BoardPad” may be extended to Board Committee meetings.

Electronic Filing

HKEx will implement an electronic filing system in 2013 to reduce the use of paper. The system will reduce the demand to print and file paper records, and enable document sharing and search which will reduce the need for making duplicates.

Electronic Corporate Communications

HKEx donated a total of \$100,000 to Friends of the Earth (HK) in respect of shareholders’ election to receive corporate communications from the Company electronically. Compared to 2011, there was a 4% increase in the number of shareholders who opted for receiving corporate communications via electronic methods.

Electronic Voting in General Meetings

HKEx is exploring the use of electronic voting in general meetings for the purposes of saving time for counting votes and reducing the use of voting papers at the meetings.

★ Details of HKEx’s ongoing environmental management practices and performance are available on the HKEx website .



Assurance Statement



香港品質保證局

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) has been commissioned by Hong Kong Exchanges and Clearing Limited (HKEx) to conduct an independent verification of its 2012 Corporate Social Responsibility (CSR) Report (herein referred to as “the Report”). The Report stated HKEx’s CSR performance and efforts towards sustainable development for the period from 1st January 2012 to 31st December 2012.

The aim of this verification was to provide assurance of the information, including HKEx’s Greenhouse Gas (GHG) emissions, stated in the Report is accurate, reliable, material and objective.

Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000;
- International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board; and
- The Global Reporting Initiative (GRI) G3.1 Guidelines and Financial Services Sector Supplement

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Conclusion

Based on the outcome of the verification process, it is opined that the Report fulfils the A+ application level of the GRI G3.1 Guidelines.

The information presented in the Report provided a structured, balanced and consistent representation of HKEx’s CSR performance in the context of sustainable development. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of HKEx’s initiatives, targets, progress and performance on its sustainable development achievements.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Senior Manager
January 2013



Statement GRI Application Level Check

GRI hereby states that **Hong Kong Exchanges and Clearing Limited** has presented its report “2012 Corporate Social Responsibility Report ” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 8 February 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Hong Kong Exchanges and Clearing Limited has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Glossary

ACCA	Association of Chartered Certified Accountants
Board	HKEx's board of directors
BRICS	Refers to Brazil, Russia, India, China and South Africa, in connection with the BRICS Exchanges Alliance
CBBCs	Callable Bull/Bear Contracts
CCMS	The Common Collateral Management System
CG Code	Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Main Board Listing Rules
CHKLC	The Chamber of Hong Kong Listed Companies
CNY	ISO currency code denoting the RMB
CPs	Clearing Participants
CSR	Corporate Social Responsibility
Directors	HKEx's Directors
DWs	Derivative Warrants
EMSD	Electrical and Mechanical Services Department, Hong Kong Government
EPD	Environmental Protection Department, Hong Kong Government
EPs	Exchange Participants
ESG	Environmental, Social and Governance
FAQs	Frequently Asked Questions
FRC	Financial Reporting Council
FSC	Forest Stewardship Council
FSTB	Financial Services and the Treasury Bureau
GEM	The Growth Enterprise Market
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GRI G3.1 Guidelines	GRI G3.1 Sustainability Reporting Guidelines
Group	HKEx and its subsidiaries
GWP	Global Warming Potential
HKATS	The Hong Kong Futures Automated Trading System
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HKGCC	The Hong Kong General Chamber of Commerce
HKICPA	Hong Kong Institute of Certified Public Accountants
HKICS	The Hong Kong Institute of Chartered Secretaries

HKIoD	The Hong Kong Institute of Directors
HKIRA	The Hong Kong Investor Relations Association
HKMA	The Hong Kong Management Association
HKSI	Hong Kong Securities and Investment Institute (formerly known as Hong Kong Securities Institute)
Hong Kong Government	The Government of the Hong Kong Special Administrative Region of the People's Republic of China
IAQ	Indoor Air Quality
ICAC	Independent Commission Against Corruption
INEDs	Independent Non-executive Directors
IPO(s)	Initial Public Offering(s)
ISO	International Organization of Standardization
IT	Information Technology
LEED	Leadership in Energy and Environmental Design
Listing Rule(s) or Rule(s)	Main Board Listing Rules 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 (formerly known as The London Metal Exchange Limited)
LME Group	LME Holdings Limited and its subsidiaries
Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MVAC	Mechanical Ventilation and Air-Conditioning
NGO(s)	Non-governmental Organisation(s)
OHSAS	Occupational Health and Safety Assessment Series
OTC	Over-the-counter
RMB	Renminbi
SEHK or Stock Exchange or Exchange	The Stock Exchange of Hong Kong Limited
SFC	Securities and Futures Commission
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UK	United Kingdom
US	United States of America
VSD	Variable Speed Drive
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
\$/HKD	Hong Kong Dollar

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