

CORPORATE SOCIAL  
RESPONSIBILITY REPORT

**HKEX**  
香港交易所

2016

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

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## About HKEX




HKEX operates the securities and derivatives markets and is the frontline regulator of listed issuers in Hong Kong. Through its subsidiaries, HKEX provides clearing and settlement services, depository and nominee services, and information services across multiple products and asset classes. HKEX also indirectly owns the LME, an exchange in the UK for the trading of base metals futures and options contracts, and LME Clear which provides clearing and settlement services for all exchange contracts traded on the LME. HKEX is an equal joint-venture partner with the Shanghai and Shenzhen stock exchanges in China Exchanges Services Company Limited, which develops cross-border indices based on products traded on the three markets. Headquartered in Hong Kong, the Group has offices in London, Beijing, Guangzhou, Shanghai, Shenzhen and Singapore. More corporate information about the Group is available on the HKEX Group website [🌐](#).

HKEX is listed on the Main Board of SEHK. It has 23 subsidiary companies which are incorporated in Hong Kong, the UK or the PRC. There were no significant changes during 2016 regarding the Group's size, structure, ownership and supply chain as compared to 2015, other than establishing two subsidiaries in the PRC. A list of HKEX's subsidiaries is available on the HKEX Group website [🌐](#).


At the date of this Report, the Board comprises 12 Independent Non-executive Directors, namely: Mr CHOW Chung Kong (Chairman); Mr Apurv BAGRI; Mr CHAN Tze Ching, Ignatius; Mr Timothy George FRESHWATER; Ms FUNG Yuen Mei, Anita; Mr Rafael GIL-TIENDA; Mr John Barrie HARRISON; Dr HU Zuli, Fred; Dr KWOK Chi Piu, Bill; Mr LEE Kwan Ho, Vincent Marshall; Mrs LEUNG KO May Yee, Margaret; and Mr John Mackay McCulloch WILLIAMSON; and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEX's Chief Executive.

# ABOUT THIS REPORT


## Overview

This Report provides an annual update of the Group's CSR performance for the calendar year of 2016 under the Four Cornerstones – **Marketplace**, **Workplace**, **Community** and **Environment**. It is to be read in conjunction with HKEX's 2016 Annual Report , in particular the Corporate Governance Report contained therein, as well as the Corporate Governance  and the CSR  sections of the HKEX Group website.

## Scope of this Report

This Report covers the Group's operations and aims to provide a balanced representation of the Group's CSR performance under the Four Cornerstones. Except a minor change regarding the list of HKEX's material CSR aspects, there are no significant changes in the scope and aspect boundaries of this Report from that of the 2015 CSR Report  published on 21 March 2016.

## Content of this Report

The content of this Report is defined through a systematic process described on the HKEX Group website . The process includes identifying CSR aspects, assessing the materiality and relevance of the identified CSR aspects and the aspect boundaries, preparing and validating the information reported, and reviewing and addressing stakeholders' feedback on our CSR reporting. This Report includes key issues relevant to different stakeholder groups based on the Group's continual engagement with stakeholders in its daily operations.

## Reporting reference

This Report has complied with all the "comply or explain" provisions and reported on all recommended disclosures of the ESG Reporting Guide. This Report has also been prepared in accordance with the Comprehensive option of the GRI G4 Guidelines and completed the GRI's Materiality Disclosures Service.

The ESG Reporting Guide Content Index and the GRI Content Index that refer to the relevant information contained in this Report, HKEX's 2016 Annual Report and the HKEX Group website are set out in Appendices I and II of this Report respectively.


## Assurance

This Report has been independently verified by the Hong Kong Quality Assurance Agency, with the scope and basis of the verification set out in the Verification Statement of this Report.

## Endorsement and approval

In February 2017, this Report was endorsed by the ESG Committee and approved by the Board.

## Feedback to this Report

We welcome any comments and suggestions you may have on this Report, or on our CSR reporting in general. You may submit your feedback via the online feedback form . Comments and suggestions regarding the Group's CSR performance are also always welcome and can be sent to HKEX's Company Secretary at [ssd@hkex.com.hk](mailto:ssd@hkex.com.hk).


## MESSAGE FROM THE CHAIRMAN



**“ We will continue to work hand in hand with our stakeholders to build a better future and create long-term shared value for our marketplace and communities ... ”**

At HKEX, we recognise that being a recognised exchange controller and the frontline regulator of listed companies, we are held to account for our impacts on the public and to show leadership in CSR best practices. To fulfil our statutory role, we are committed to promoting sustainability in our marketplace to cement Hong Kong’s position as a global financial centre.

In this context, I am pleased to present HKEX’s 2016 *CSR Report* which will update you on our latest initiatives with regard to sustainability. After a series of stakeholder engagement activities throughout the year, Shenzhen-Hong Kong Stock Connect was launched in December, which was a major milestone in our mutual market initiative. We aim to take the mutual market access to the next level by adding new products such as ETFs and expanding into other areas such as primary listings, commodities and more. Meanwhile, we are preparing to establish a commodities platform in Qianhai, Shenzhen – a warehousing logistics system as well as reliable and efficient trading, settlement and risk management platforms.

No less effort has been given to upholding the quality and efficiency of our markets and to ensure their sustainability. To promote the updated *ESG Reporting Guide* in the Listing Rules, we have a new online home in the revamped ESG webpage on the HKEX Market website . A joint consultation on listing regulation to enhance the decision-making and governance structure was conducted for five months in 2016. In light of the great deal of interest and a wide range of views from the market, the SFC and the Exchange are carefully reviewing and analysing the responses received on the proposals.

We have introduced the Closing Auction Session and the Volatility Control Mechanism to enhance the efficiency of our securities and derivatives markets, and implemented measures to strengthen the LME’s warehouse network. LME Clear won the Metals Service Provider of the Year at the Platts Global Metals Award in recognition of its innovations in the metals trading industry in particular the risk management transparency of the new clearing system and the introduction of warrants as collateral and compression services.

We believe that investing in human capital and building a positive, sustainable corporate culture at HKEX are drivers for maintaining a sustainable market. Throughout 2016, we supported our employees through training programmes and staff activities designed to realise their full potential and enhance their engagement and well-being. To fulfil our corporate responsibility, we have introduced two policies – the Group Record Retention Policy and the Group Personal Account Dealing Policy, and further revised the Group Whistleblowing Policy and the Group Anti-bribery and Anti-corruption Policy to ensure a high level of integrity and compliance.

During 2016, the Women’s Exchange undertook a wide range of initiatives to promote gender equality and women’s advancement in the workplace, marketplace and community. We also continued to give back to the communities we serve by raising funds for various causes through programmes such as the Stock Code Balloting for Charity Scheme, participating in community partnerships and encouraging employee volunteering. Through our environmental stewardship efforts, we have also been reducing our energy consumption and waste generation to minimise our carbon footprint and to promote environmental sustainability within and outside our organisation.

2017 is expected to remain challenging for HKEX to meet its strategic initiatives in light of the substantial uncertainties in the global economy and financial markets. We will continue to work hand in hand with our stakeholders to build a better future and create long-term shared value for our marketplace and communities, contributing to prosperity and growth across our markets.

On behalf of the Board, I would like to take this opportunity to thank all our stakeholders for their valuable contribution and continued support throughout the year.

**CHOW Chung Kong**  
Chairman

Hong Kong, 27 February 2017

# HKEX IN 2016 – AT A GLANCE

## MARKETPLACE

**深港通**  
SHENZHEN CONNECT

launched on 5 December 2016, marking another milestone of the HKEX Group's mutual market access programme



Launched the **Volatility Control Mechanism** and the **Close Auction Session** in the Hong Kong securities market

Ranked among world stock exchanges in



IPO funds raised

## WORKPLACE

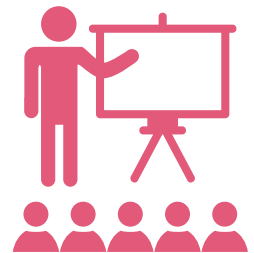


Total workforce increased to **1,663**, of which **43%** are female

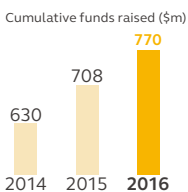
The Group's employees received **>29,000** hours of training



Conducted **>600** training classes and workshops, covering **89%** of the Group's employees



## COMMUNITY



Raised **\$62 million** via the Stock Code Balloting for Charity Scheme for The Community Chest of Hong Kong



Contributed **>3,700** volunteer service hours to the communities we serve

Raised approximately **£107,000** to Little Havens Hospice

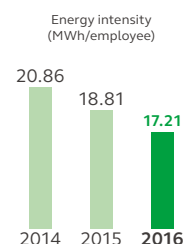


## ENVIRONMENT

**LEED Gold Certification**

for Existing Buildings: Operations and Maintenance at HKEX's Data Centre

Total Scope 1 and Scope 2 GHG emissions **↓ 12%** to **17,499** tonnes CO<sub>2</sub>e




Energy consumption per employee **↓ 9%**

# OUR APPROACH TO CSR



At HKEX, CSR is a business philosophy that creates shared sustainable value with our stakeholders in the economic, social and environmental dimensions. Our CSR vision is to be a responsible corporate citizen committed to the sustainable development of our Marketplace, Workplace, Community and Environment, and to promote socially responsible practices in our marketplace and community.



## CSR framework


Our CSR Policy  and CSR Core Values guide the Group's business and operational decisions to take into account its responsibility to the Four Cornerstones that reflect HKEX's unique business nature. We have formulated our CSR Strategy by setting core principles across the Four Cornerstones with pragmatic objectives to guide our daily operations. We review our CSR Policy and CSR Strategy periodically to ensure their relevance and appropriateness to HKEX's business nature. Our practices and initiatives adopted to achieve our CSR objectives are reported in our annual CSR Reports.

## ESG Committee


The Board has delegated the day-to-day responsibility for all corporate governance and CSR-related matters to the ESG Committee, which comprises HKEX's Chairman and four other Directors including HKEX's Chief Executive. Major roles and functions of the ESG Committee are set out on the HKEX Group website . The ESG Committee meets at least once every year and a summary of its work done during 2016 is available in the ESG Committee Report contained in our 2016 Annual Report .

## CSR Management System

Building on HKEX's CSR governance structure, a CSR Management System has been established to include elements relevant to HKEX's business and operations, with reference to the ISO 26000 Guidance on Social Responsibility and the ISO 14001 Environmental Management System standards.

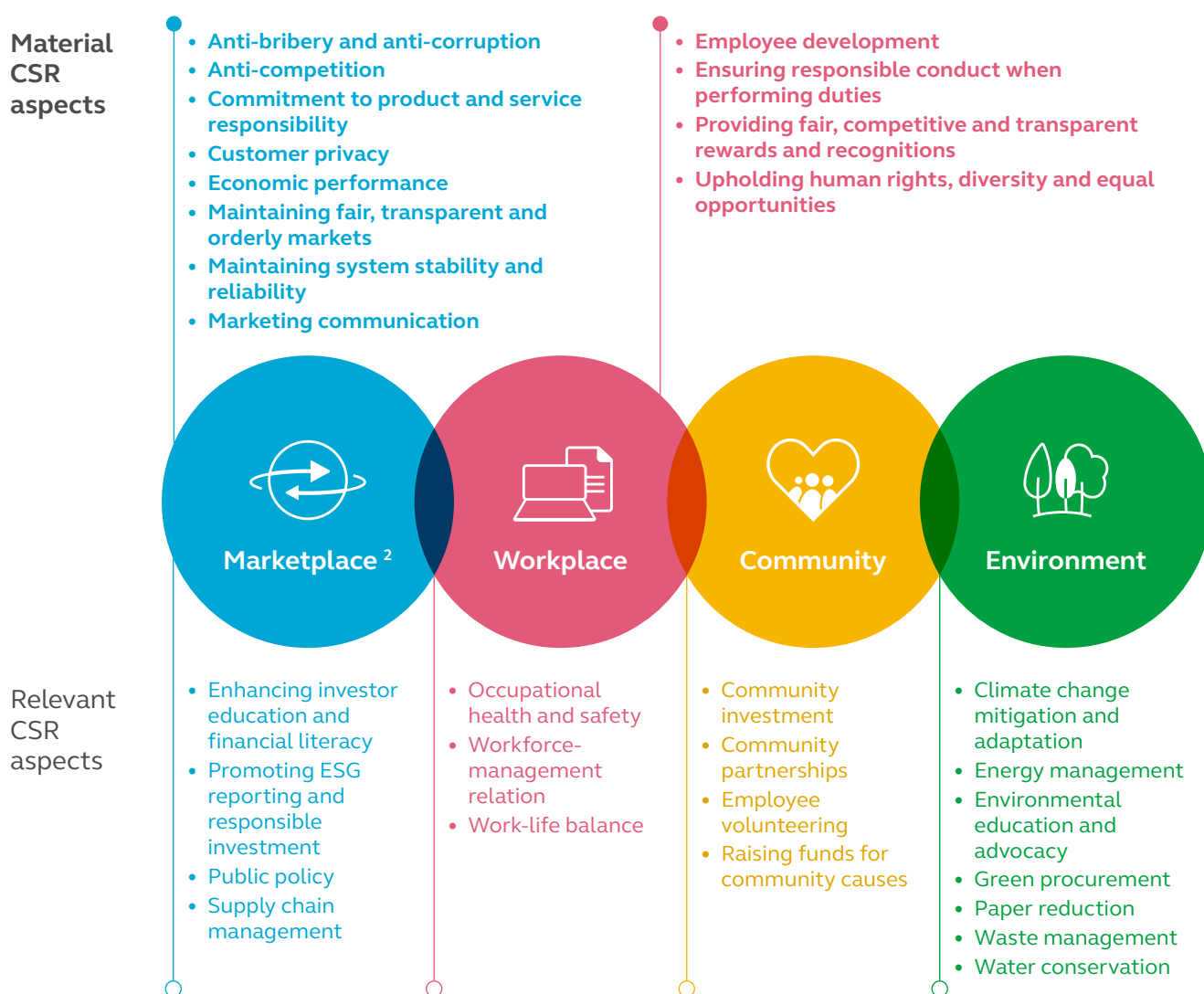
A CSR Working Group which comprises CSR coordinators from divisions and departments within HKEX has been set up under the CSR Management System. Its primary responsibilities are to operate and maintain the CSR Management System and to promote CSR awareness among employees. HKEX's Chief Executive provides quarterly updates to the Board on the CSR initiatives undertaken by the Group. More information about HKEX's approach to CSR is available on the HKEX Group website .

## Recognitions and ratings

HKEX has received various recognitions and awards with respect to its corporate governance and CSR performance, details of which are set out on the HKEX Group website .

## Material and relevant CSR aspects <sup>1</sup>

The Group has identified CSR aspects that are either material or relevant to the Group based on their associated risks to HKEX's business and their impact on HKEX's stakeholders. The material and relevant CSR aspects under the Four Cornerstones are set out below.



- Material CSR aspects are those closely linked to issues that pose high or medium risk(s) to HKEX's operation, or topics that are frequently raised by HKEX's stakeholders during the Group's ongoing engagement activities.
- Relevant CSR aspects are those potentially necessary for inclusion in the CSR Report to communicate the extent to which HKEX contributes to and is affected by the aspects, and to promote greater transparency and accountability.

Notes:

<sup>1</sup> Except those CSR aspects in the "Workplace" category, which are only material or relevant to HKEX's employees, all CSR aspects are material or relevant to HKEX as well as to external stakeholder groups.

<sup>2</sup> "Risk Management and Internal Control" was reported as a material CSR aspect under Marketplace in the HKEX 2015 CSR Report. As part of HKEX's corporate governance practices, "Risk Management and Internal Control" is no longer reported as a standalone CSR aspect under Marketplace in 2016. Further details of HKEX's corporate governance practices are available on the HKEX Group website [HKEX](#).

# STAKEHOLDER ENGAGEMENT

Effective and ongoing stakeholder engagement is an integral part of HKEX's business development and commitment to CSR. By understanding our stakeholders' views, we can better align our business practices with their needs and expectations. This approach enables us to build trust and mutual beneficial relationships with our stakeholders and promote sustainability under the Four Cornerstones.

## Case Study – Shenzhen-Hong Kong Stock Connect

Shenzhen-Hong Kong Stock Connect was successfully launched on 5 December 2016, following months of close collaboration with our regulator and our counterparts in Mainland China, and extensive preparations with different stakeholder groups. The following diagram provides an overview of our stakeholder engagement efforts in order to ensure market readiness and the smooth implementation of the connectivity programme.



### Shenzhen Stock Exchange, ChinaClear and other parties

- Meetings on the operation details, and terms and conditions of the Four-party Agreement which was signed on 11 October 2016

### Investors

- Joint roadshows with Shenzhen Stock Exchange and ChinaClear that reached over 2,300 investors
- About 100 conferences/seminars with Mainland brokers that reached about 10,000 investors



### Market participants

- Briefing sessions in August and September that reached over 280 market participants
- Connectivity testing and market rehearsals in October and November

## 深港通 SHENZHEN CONNECT

### Regulators

- Discussion on key features of the programme
- Approval of rules amendments and operational procedures



### Media and public

- Media briefing in August
- Published updates from time to time on the Mutual Market website including information book and Frequently Asked Questions





## An integrated approach

As part of its business strategy, the Group engages with its stakeholders via different channels on relevant issues including new market initiatives, business development and listing-related matters. The Group identifies and prioritises stakeholders from time to time, and formulates its engagement approach based on the engagement objectives and stakeholders' level of interest and influence. More details of the basis for the Group to identify its stakeholders groups, their key concerns and the Group's engagement approach are available on the HKEX Group website [🌐](#).

## Charters and memberships

HKEX subscribes or endorses a number of externally-developed economic, environmental and social charters, principles, or other initiatives to promote sustainable development under the Four Cornerstones. HKEX also participates in various international or national advocacy organisations by holding positions on their governance bodies, participating in projects or committees, or providing funding. A list of HKEX's charters and memberships is available on the HKEX Group website [🌐](#).

## Highlights of key engagement activities undertaken by the Group in 2016

|  |  |
|--|--|
| Consultation on Listing Regulation           | In June 2016, the SFC and HKEX jointly issued a consultation on "Proposed Enhancements to the Stock Exchange's Decision-Making and Governance Structure for Listing Regulation". In light of the great deal of interest and a wide range of views expressed since the consultation, the consultation period was extended for two months and ended on 18 November 2016. The SFC and the Exchange are reviewing and analysing the responses received to the consultation.  |
| Quality of the Hong Kong stock market        | In the interest of maintaining the reputation and effectiveness of the stock market, the Exchange continued to provide guidance to the market throughout 2016. In June 2016, the Exchange issued a guidance letter on suitability for listing of companies that exhibits "shell" characteristics. In December 2016, the Exchange and the SFC jointly published a news release stating their concern in some cases where rights issues and open offers have not been conducted in a manner that affords fair and equal treatment to all shareholders. The Exchange also published two listing decisions to facilitate market understanding of how it interprets and applies the Listing Rules in relation to highly dilutive offers and share consolidations/subdivisions. More details in respect of the Exchange's regulatory efforts to uphold the quality of Hong Kong market are set out in the 2016 Listing Committee Report <a href="#">📖</a> which is available on the HKEX Market website. |
| Fees on metals trading                       | On the introduction of its new fee schedule in January 2015, the LME was committed to reviewing its tariff periodically. In line with this commitment and following months of discussions with its membership and broader user base, in 2016 the LME and LME Clear announced measures to strengthen metals trading, including rebalancing its member fees for short-dated carries, introducing position transfers caps and implementing an innovative margining methodology, subject to regulatory approval. Additionally, through extensive industry engagement, the LME noted the contribution of physical base metals participants to the formation of the LME prices, and decided to introduce a waiver whereby physical market users will not be charged under its base metals market data usage licence effective 1 January 2017.  |
| LME-registered warehouse rentals and charges | To address the metal industry's concerns over the headline rates charged by LME-registered warehouse operators, the LME conducted a five-week market consultation in July 2016 on the proposal to impose caps on warehouse rents and free-on-truck charges. After reviewing and analysing the feedback received, the LME announced in September 2016 its decision to implement charge-capping on 28 December 2016, and the first capped charge period will commence on 1 April 2017.   |

As an exchange controller, our primary goal is to develop sustainable financial markets in Hong Kong. We aim to achieve and maintain the highest standards of openness, probity and accountability, and to create sustainable value for our shareholders. We are also committed to engaging supply chains that reflect the Group's values and commitment.

## Regulatory regime

As part of its regulatory activities, SEHK reviews issuers' annual reports to monitor their compliance with the Listing Rules, corporate conduct and disclosure of material events and developments. In January 2016, SEHK published a report on its findings and recommendations from its review of issuers' annual reports for the financial year ended in December 2014 to improve transparency and promote a fair, orderly and informed market. More information about regulatory activities performed by SEHK and policy issues dealt with by the Listing Committee in 2016 are set out in the Business Review section of our 2016 Annual Report [📖](#) and the 2016 Listing Committee Report [📖](#).

The SFC and HKEX jointly issued a consultation in June 2016 on "Proposed Enhancements to the Stock Exchange's Decision-Making and Governance Structure for Listing Regulation" which is posted on the HKEX Market website [🌐](#). The SFC and the Exchange are currently reviewing and analysing the responses received to the consultation.

To continue fostering a culture of self-compliance by issuers, in 2016 SEHK published guidance materials on the HKEX Market website [🌐](#), covering various topics including bonus issues of shares, issuers subject to market commentaries or rumours, issues related to "controlling shareholder" and related Listing Rules implications, suitability for listing of companies that exhibit "shell" characteristics, highly dilutive offers, share consolidation/subdivisions and eligibility and suitability requirements for new listings. SEHK also published the Listing Document Simplification Guide and organised three seminars to help sponsors and market practitioners better understand and apply the Guide.

HKEX works closely with the FRC and the HKICPA to promote high-quality financial reporting and better investor protection. In 2016, SEHK referred five cases to the FRC and the HKICPA for their further enquiry and/or investigation of possible audit irregularities and accounting non-compliance. During the year, HKEX provided financial support of \$7.3 million to the FRC, and nominated one of its Directors, T C Chan as its member.

## Corporate governance

As a frontline regulator, one of SEHK's prime roles is to promote good corporate governance among listed issuers. During 2016, SEHK published two reports [🌐](#) on the findings of its reviews of issuers' corporate governance practices in March year-end 2015 annual reports and June year-end 2015 annual reports to provide a more holistic view of issuers' overall compliance with the Corporate Governance Code and Corporate Governance Report. HKEX also acted as one of the supporting organisations for The Greater China INED Forum organised by The Hong Kong Independent Non-Executive Director Association in November 2016 and for the Hong Kong Corporate Governance Excellence Awards 2016, organised by The Chamber of Hong Kong Listed Companies in December 2016.



- HKEX's Chief Executive, Charles Li, delivering his speech on corporate governance at The Greater China INED Forum

## ESG reporting



Following the introduction of the revised ESG Reporting Guide in December 2015, SEHK launched a revamped ESG webpage on the HKEX Market website [in March 2016](#) to provide practical guidance to help issuers prepare ESG reporting. A series of seminars on ESG reporting was conducted for listed issuers and market participants in March 2016. Throughout the year, SEHK representatives also delivered talks on the revised ESG Reporting Guide to professional bodies, universities and NGOs.



Conducted **12**  
issuer seminars on  
ESG reporting  
covering  
**>1,800** participants

As a member of the World Federation of Exchanges, HKEX continued to participate in the annual sustainability survey in 2016 to promote ESG reporting and other sustainability agenda in the capital markets. During the year, SEHK also worked with the GRI on a linkage and gap analysis document between the ESG Reporting Guide and GRI G4 Guidelines (titled as the “Linking G4 and the HKEX ESG Reporting Guide”) when it was first published in June 2016 and subsequently revised in November 2016 following the issue of the new GRI Standards.

## Gender mainstreaming

During the year, HKEX and WE helped promote gender equality in the marketplace through various activities engaging with internal and external stakeholders. In March 2016, WE co-hosted “Ring the Bell for Gender Equality” with Women in ETFs Asia Pacific Chapter, joining 34 other exchanges around the world to celebrate International Women’s Day. In November 2016, WE hosted the FISD Women’s Group Luncheon to discuss issues related to workplace gender equality and public policy reforms. The event was attended by over 50 guests from the financial data industry and another 50 HKEX employees.

On 5 December 2016, the Labour and Welfare Bureau of the Government and the Women’s Commission launched the Gender Focal Point (GFP) Network among over 150 listed companies in Hong Kong to promote gender mainstreaming, a global strategy advocated by the United Nations for the promotion of women’s advancement and gender equality. In support of this initiative, HKEX participated in the launch ceremony which was hosted at HKEX’s trading floor and has nominated two senior executives as representatives for the GFP Network.

## Market education and financial literacy

HKEX works closely with government departments to enhance financial literacy. In January 2016, HKEX supported the International Financial Week organised by the Government and the Hong Kong Trade Development Council.

HKEX continues to support educational and promotional programmes organised by professional organisations and universities. In 2016, HKEX rolled out a series of training workshops across 16 universities in 14 cities across the Mainland and Hong Kong, educating over 4,000 students and junior staff in the financial industry. To promote lifelong learning and create a peer support network for women of lower socio-economic status, WE worked with the Labour and Welfare Bureau of the Government and conducted a seminar under the Capacity Building Mileage Programme in October 2016.


### Business ethics

To promote business ethics and integrity in the financial services industry, HKEX sponsored the Business Ethics Forum 2016 organised by the Hong Kong Securities and Investment Institute in November 2016. HKEX also promotes ethical practices along its supply chain. In December 2016, 27 representatives of HKEX’s suppliers and business partners attended the anti-corruption seminar organised by HKEX under its stakeholder engagement programme.


### Financial technology

HKEX has an ongoing interest in applying new technology to improve its operational efficiency and pursue new businesses. In 2016, HKEX continued its support to the SuperCharger Accelerator, Hong Kong’s first programme dedicated to helping both start-ups and more established financial technology (FinTech) companies. This programme allows HKEX to share knowledge and explore collaboration with some of the leading creative minds in FinTech.

### Supply chain

In 2016, HKEX reviewed and updated its Supplier CSR Code of Conduct and the supply chain management guidelines under its CSR Management System. The Supplier CSR Code of Conduct was published on the HKEX Group website  to promote CSR practices among its suppliers.

## CSR plans and progress update

| Plans for 2016  | Progress update   | Plans for 2017  |
|---|---|---|
| To enhance issuers’ understanding of the revised ESG Reporting Guide and provide practical guidance on how to prepare an ESG report by conducting training seminars | ★ Twelve seminars on ESG reporting were conducted in March 2016 and training materials and webcasts of the seminars have been posted on the HKEX Market website  . | <ul style="list-style-type: none"> <li>• To roll out a new training programme for company directors that will cover a broad range of topics aimed at improving the quality of directors and effectiveness of board</li> <li>• To consider and formulate proposals to promote green financing</li> <li>• To further promote “Women on Boards” to encourage tapping of talent pools for listed companies and in the financial industry</li> </ul> |
| To enhance HKEX’s supply chain management by reviewing its Supplier CSR Code of Conduct   | ★ HKEX’s Supplier CSR Code of Conduct was updated and published in 2016. The internal supply chain management guideline was also updated.   |   |
| To facilitate employees’ understanding of the Competition Ordinance and the internal compliance manual by rolling out a training programme                          | ★ A compliance training programme on the Competition Ordinance was rolled out in 2016.  |   |

★ Completed



## WORKPLACE

Our continued success lies in attracting and retaining the best people for the sustainable growth of the Group. We care for our employees' career development and well-being. We are committed to maintaining a quality workplace that values integrity, diversity, collaboration and communication.

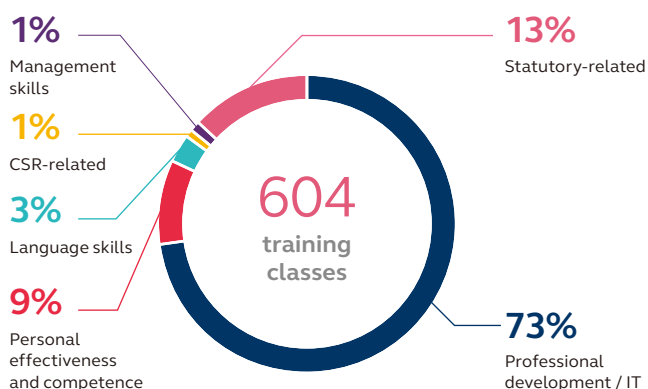
### Training and development

The Group encourages and supports employees to reach their full potential through continuous training and development. In 2016, the Group invested \$8.6 million in employee training and organised 604 training classes with an average of 18 hours per employee.

During the year, the Group also launched a new Learning Management System which can be accessed by all employees on the HKEX intranet to facilitate employees' participation in different learning activities and programmes and better planning of their professional development.

HKEX continued its mentorship programme in 2016 by pairing senior executives as mentors with HKEX's management trainees and selected middle-level colleagues with strong performance to provide guidance and to share experience for the mentees' career growth. A total of 18 pairs of mentors and mentees were matched in 2016.

#### Training conducted in 2016




### Ethical and responsible conduct

We build confidence in our markets by maintaining high standards of integrity and professionalism. In 2016, we introduced two new Group policies – the Group Record Retention Policy and the Group Personal Account Dealing Policy, and further revised the Group Whistleblowing Policy and the Group Anti-Bribery and Anti-Corruption Policy to ensure compliance among our employees. We also rolled out a compliance training programme mandatory to all HKEX employees to remind them of the regulatory obligations of HKEX and the Group's compliance policies. In addition, all the Group's employees were required to complete mandatory online training courses on the Group Whistleblowing Policy. To help our employees guard against corruption and the perception of corruption, we invited the ICAC to give a talk to 75 employees in November 2016 on recommended ways of handling gifts or advantages in the workplace.

To reinforce and enhance our risk management practices, we designated October 2016 as Risk Awareness Month by introducing a coordinated programme of awareness messages and activities to highlight key steps in the Group's risk management process to our employees.

### Family friendliness

HKEX has run its Back-to-Work programme  since 2013 to help high-calibre candidates to return to their careers after taking time off to raise their families. In 2016, seven people joined the programme to work in different departments in HKEX.

During the year, HKEX increased its employees' maternity leave from 10 weeks to 12 weeks and introduced a five-day adoption leave. HKEX's health insurance policy for employees was also extended to cover their domestic partners, regardless of gender.

## Women’s Exchange at HKEX

WE was launched in 2013 to promote gender equality and increase women’s decision-making and leadership roles at HKEX. Throughout 2016, WE organised a series of Leadership and Professional Luncheons to provide opportunities for HKEX employees to develop and strengthen relationships with external and internal stakeholders, as well as to promote leadership and professional development within HKEX, including a luncheon with Trevor Spanner, HKEX Chief Operating Officer and Group Risk Officer in May, a fireside chat with Deborah Glass, the Victorian Ombudsman, in July, and a fireside chat with Christine Loh, Under Secretary for the Environment, HKSAR Government, in August.

On 5 October 2016, WE celebrated its fourth anniversary at its Annual Reception, with Tim Freshwater, HKEX Director, and Laura Cha, Chairman of the Financial Services Development Council, as the keynote speakers promoting gender diversity in the workplace.

**“Better gender diversity would be better for everybody. Stereotypes, like all prejudices, hold organisations back.”**

– Tim Freshwater, HKEX Director



- HKEX Director, Tim Freshwater, delivering his speech at the WE Annual Reception

## Employee engagement

In February 2016, HKEX communicated to its employees the results of the most recent employee engagement survey. The September 2015 survey had a high response rate of 89 per cent. Based on the results and findings of the survey, follow up actions such as focus group meetings have been carried out to formulate action plans for future improvement.

HKEX’s Chief Executive continued to share his vision and provide business and strategic updates to senior colleagues at the Monthly Executive Forum, and to a wider group of staff at the Quarterly Chief Executive’s Presentation. Departmental town halls were organised for management to hear employees’ comments and suggestions. Departmental offsite meetings were also held for team building.

## Physical security, and occupational safety and health

In May 2016, HKEX organised a new training programme, which is mandatory for all employees in HKEX, to help raise the overall awareness and encourage a responsible approach to physical security, and occupational safety and health.

To promote healthy lifestyles, prevent illness and enhance quality of life among employees, HKEX continued to organise workshops and talks under its Employee Wellness Programme on topics including aromatherapy, allergy rhinitis, sleep apnea, common eye diseases and more.

## Work-life balance

To promote a better work-life balance and create a community spirit among employees, HKEX's Staff Social Club and the LME's Sports and Social Committee organised and coordinated a variety of activities in 2016, including:

- Annual dinner
- Soccer tournament
- Make-up tutorial
- Cocktail making masterclass
- Music and dance extravaganza
- Wine tasting evening
- Dart night



• Dragon boat racing



• Bring Kids to Work Day

## CSR plans and progress update

### Plans for 2016

To extend employees' maternity leave from 10 weeks to 12 weeks

To introduce an adoption leave

To introduce a new Executive Education Programme to promote leadership development

To enhance employees' training and development, in particular related to ethics and regulatory compliance issues

### Progress update

★ HKEX's maternity leave policy was amended on 1 January 2016. In 2016, 17 HKEX's employees took maternity leave.

★ Adoption leave was introduced on 1 January 2016.

☆ Three senior executives participated in the programme in 2016 to acquire new skills and professional knowledge for their career development.

☆ A mandatory compliance training programme was rolled out and attended by over 680 HKEX employees in 2016.

### Plans for 2017

- To implement a Group Prevention of Financial Crime Policy and a Group Compliance Policy and to review the Conflicts of Interest Policy to ensure all Group employees are performing duties with a high degree of integrity and honesty

- To help further enhance risk and compliance culture within the Group through the performance objective setting process

☆ On-going    ★ Completed



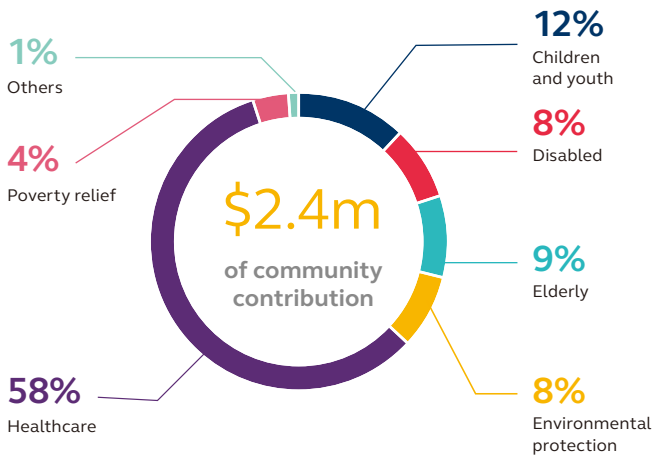
# COMMUNITY

As a socially responsible corporate citizen, we are committed to creating shared benefits with the communities we serve. Going beyond corporate philanthropy, we support long-term community investment by establishing community partnerships and encouraging our employees to participate in volunteer work.

## Fundraising

In 2016, the Group contributed a total of \$2.4 million for different community causes. Our employees actively participated in various fundraising events and contributed a total of about \$170,000 to different charitable organisations. To encourage employees' donations, HKEX and the LME matched their donations to the Women's Foundation and the Little Havens Hospice respectively in 2016. HKEX also raised \$62 million for The Community Chest of Hong Kong via its Stock Code Balloting for Charity Scheme, resulting in total funds of \$770 million raised under the Scheme since its launch in 1999.

### Community contribution in 2016



• HKEX's team dressing in super-hero costumes and raising funds in the CENTRAL Rat Race 2016

## Community partnerships

With the strong support of its volunteering team, the Group engaged with various organisations to address the communities' needs throughout the year.

### Caring for the elderly and disabled

Partnering with the Senior Citizen Home Safety Association (SCHSA), the Tung Wah Group of Hospitals and the Hong Kong Association of Senior Citizens, HKEX volunteers participated in activities to support elderly services including home visits and gatherings, as well as the provision of simple home maintenance. In particular, HKEX sponsored 83 elders to use the 24-hour Personal Emergency Link Service run by the SCHSA free of charge for one year.

In October 2016, the Listing Committee led a Hike for Hong Kong event which raised over \$400,000 for a HandsOn Hong Kong programme, the Soup for the Soul, to address pressing social needs of elderly citizens who are immobile or living alone in Hong Kong.



## LME partners with Little Havens Hospice

In 2016, the LME started a new charity partnership with Little Havens Hospice , a charitable organisation that provides end-of-life care for children and also respite facilities for their parents.

In 2016, the LME made donations to Little Havens Hospice from its corporate budget and proceeds from a charity sale of the iconic red upholstered seats used in the former Ring in Leadenhall Street. By the end of 2016, the LME had donated approximately £107,000 to the Hospice which comprised direct donations from the LME and funds raised by the LME employees. Beyond financial support, the LME's employees were encouraged to undertake on-site visits assisting with the maintenance of the grounds around the Hospice and to raise funds for the Hospice through sponsored challenges such as half marathons and office cake sales.



- An LME employee taking part in a charity mud run in aid of Little Havens Hospice

## Supporting children and youth

For the sixth consecutive year, the Listing Committee held the Pedal Power event and raised over \$1 million for specially-selected students from local secondary schools to participate in leadership courses with Outward Bound Hong Kong.

Under its 2016 Summer Internship Programme, HKEX recruited 74 interns and assistants from different universities and offered them an opportunity to learn about HKEX's business and the financial markets and to gain practical work experience.

## Promoting gender equality

In July 2016, WE screened the documentary film "She Objects" to HKEX employees, followed by a panel discussion with Rita Ching, Deputy CEO of the Women's Foundation (TWF), and Nicola Fan, the Director of the Film, who shared their views on media gender stereotypes. The film seeks to promote the positive portrayal of women, challenge bullying and stereotypes, and celebrate diversity in the media going forward. WE raised \$42,000 for, and worked together with, TWF to screen the documentary and run media literacy and critical thinking workshops in Hong Kong secondary schools.

## Employee volunteering

Throughout 2016, a total of 290 participants, comprising the Group's employees and their guests, delivered various volunteer services in the community.

In July 2016, the eighth HKEX Annual Volunteer Recognition Ceremony cum Dinner was held to recognise HKEX employees who participated in volunteer services in 2015. HKEX also earned the Social Welfare Department's Gold Award in appreciation of its contribution of more than 3,600 hours of volunteer services in Hong Kong in 2015.

**"HKEX volunteers have been generous with their time throughout the past year to make Hong Kong a better place to live for all members of society. They have given their time to help the environment, improve our communities, and provide friendship and kindness to those most in need."**

– C K Chow, HKEX Chairman

### Highlights of HKEX's volunteer activities in 2016

The timeline features a central horizontal line with months labeled: JAN, MAR, APR, MAY, AUG, SEP, OCT, NOV. Above the line are three photos: a group of women in traditional Chinese attire (Jan), a group of people in red and blue shirts (May), and a group of people in red and blue shirts (Nov). Below the line are icons for beneficiaries: a family (Jan), an elderly person (Mar), a person with a cane (Apr), a person with a cane (May), a person with a wheelchair (Aug), a person with a wheelchair (Sep), a person with a wheelchair (Oct), and a person with a wheelchair (Nov). Text descriptions of activities are placed around the timeline, including 'Lunar New Year Family Celebration', '“Loving You” to celebrate the Mother’s Day', 'Elderly Visit to celebrate the Mid-Autumn Festival', 'Hong Kong Water Race', 'Earth Day Beach Clean-up', 'Elderly Visit', 'Barrier Free Travel', 'Sham Shui Po District Orienteering Day 2016', 'Walk for Nature', 'Visit to deprived families', 'Step Out for Children', and 'Stargaze Camp for All & Blind'. A photo of the 'Hong Kong Water Race 2016' finish line is shown under January, and a photo of the 'Step Out for Children' activity is shown under August.

Beneficiaries of the event: Elderly Children Disabled Environment Deprived family

### CSR plans and progress update

| Plans for 2016  | Progress update   | Plans for 2017   |
|---|---|--|
| To explore the feasibility of making donation to a high-impact charitable event | ★ HKEX was one of the Gold Sponsors of the UNICEF Charity Run 2016. | <ul style="list-style-type: none"> <li>To review HKEX's charity investment strategy</li> <li>To support the Government in enhancing the financial literacy of women of low socio-economic status in Hong Kong</li> <li>To help advocate a culture of celebrating diversity and positive portrayal of women among secondary school students in Hong Kong</li> </ul> |
| To increase resources devoted in corporate donations                            | ★ The corporate donations budget was increased in 2016.             |  |
| To commence a new charity partnership with Little Havens Hospice in the UK      | ★ The partnership was commenced in 2016.                            |  |

★ Completed



## ENVIRONMENT

At HKEX we recognise the importance of environmental protection as the starting point for sustainability. We continue to work to reduce the environmental impact of our operations and to promote environmental protection within the Group, the marketplace and the community.

### Paper reduction

To promote environmentally-friendly practices in the marketplace, HKEX encourages the use of electronic IPO (eIPO) services by investors to apply for shares relating to new listings in the primary market. In 2016, 64 per cent of issuers arranged eIPO services during their new listing.

To encourage its shareholders to receive corporate communications electronically, HKEX donates, based on the number of shareholders choosing the paperless option for receiving corporate communication, up to \$100,000 to an NGO with a focus on environmental protection. Internally, HKEX implements in-house measures to minimise paper consumption. During 2016, internal communications relating to employee learning and development, compliance and more were transformed into paperless systems.

### Carbon disclosure

As a listed company in Hong Kong, HKEX continues to support the Government's initiative to promote carbon auditing and the disclosure of GHG emissions data at the Carbon Footprint Repository for Listed Companies in Hong Kong. The Group also continues to participate in the CDP's climate change programme by providing its climate change management and GHG emissions data. In October 2016, HKEX and the EPD co-organised the "Carbon Audit Seminar for Listed Companies" to promote listed companies' awareness and reporting on environmental issues including climate change.



**"Investors and other stakeholders benefit from greater transparency around a company's ESG practices because they can provide an important window into the quality of a company's management, and its ability to manage and capitalise on ESG-related risks and opportunities..."**

– HKEX's representative at the Carbon Audit Seminar for Listed Companies

### Energy-saving and greenhouse gas emissions reduction

At HKEX, energy consumption accounts for a major part of our GHG emissions. During 2016, we undertook various energy-saving measures to improve energy efficiency and reduce energy consumption in operations. For example, automatic lighting control and lighting power density limitation were implemented in new offices in Hong Kong according to the latest Building Energy Code.

To further enhance building energy management, an energy-tracking system was installed at various office premises and the Data Centre of HKEX to provide real-time energy consumption statistics.

## Green building certification at HKEX's Data Centre

HKEX's Data Centre was built as a green building and awarded the LEED Gold Certification for Core and Shell in 2013. By adopting a holistic asset management approach throughout the life cycle of the Data Centre, we have been optimising the operation and maintenance practices at the building with a view to achieving environmental excellence and sharing best practices among other listed companies and financial institutions in Hong Kong. Various enhancements have been made since 2013 to increase the energy and water efficiency of the Data Centre and to keep the building up and running in an environmental friendly manner. These features include:

- Water-cooled air-conditioning systems;
- Rainwater recycling system for irrigation;
- LED lighting with motion/photocell sensors;
- Variable speed drives for pumps and fans;
- Green roof/walls; and
- Charging stations for electric vehicles.

In recognition of the environmental efforts made, HKEX's Data Centre was awarded the LEED Gold Certification for Existing Buildings: Operations and Maintenance in February 2016.



## Waste management

During the year, HKEX achieved the Wastewise Label – Class of Excellence under the Hong Kong Awards for Environmental Excellence for collecting and recycling 1,933 pieces of compact discs. To reduce food waste, kitchen waste was collected and converted into compost for planting at HKEX's Data Centre. In London, since the LME has moved to the new offices with enhanced waste recycling facilities, the amount of recyclables collected at the LME's offices in 2016 increased by 88 per cent compared to 2015.

In 2016, HKEX continued to support the Wood Recycling and Tree Conservation Scheme organised by the Hong Kong Environmental Protection Association by recycling three peach blossom trees used for Chinese New Year decorations.

## Advocacy and education

During 2016, we conducted environmental inspections at our Hong Kong offices according to the relevant guidelines of our CSR Management System. Findings and recommendations related to energy saving, resource saving, office waste reduction and water conservation were provided to our employees to raise their environmental awareness and further improve the overall office environmental performance.

During the year, HKEX participated in the following events to advocate environmental protection and raise environmental awareness in the workplace and community.

- In March 2016, HKEX's representatives participated in the Hong Kong Water Race 2016 to promote water conservation. We also participated in the WWF's Earth Hour 2016 by turning off non-essential lights in our Hong Kong offices for an hour to support energy conservation.
- In April 2016, to celebrate the Earth Day, 18 HKEX volunteers and 11 guests joined HandsOn Hong Kong to protect the growing environment for mangroves at Ha Pak Nai beach cleanup in April 2016.

- In November 2016, HKEX acted as one of the sponsors of the WWF’s “Walk for Nature @ Mai Po 2016” to promote conservation of Hong Kong’s natural environment. A total of 67 HKEX volunteers and their family members participated in the event to explore the natural beauty of the Mai Po Nature Reserve.



• HKEX’s volunteers participating in the WWF’s Walk for Nature 2016

## CSR plans and progress update

### Plans for 2016

To achieve certification in the “LEED for Existing Buildings: Operations and Maintenance” at the Data Centre

To reduce 350 MWh of electricity consumption by implementing various energy saving measures

To improve waste recycling by collecting at least 1,580 pieces of compact discs

To further reduce paper use by enhancing the paperless system for internal communications

### Progress update

★ The Data Centre received the LEED Gold Certification in February 2016.

☆ A number of energy saving initiatives were implemented in 2016 resulting in a reduction of approximately 277 MWh of electricity consumption.

★ In 2016, HKEX collected and recycled 1,933 pieces of compact discs, which was 22 per cent above the target.

☆ In 2016, a number of internal communication systems relating to employee learning and development, compliance and more were transformed into paperless systems.

### Plans for 2017

- To develop a new mandatory electronic filing and publication system for all Disclosure of Interests notices in accordance with the SFC’s requirements and specifications under the amended Part XV of the SFO
- To replace the T8 fluorescent tube with LED lamp in HKEX’s Exhibition Hall and offices in Exchange Square, which will reduce about 23,000 kWh of electricity consumption or 18 tonnes CO<sub>2</sub>e of GHG emission
- To expand the kitchen waste recycling capacity by introducing a larger food waste composter at the Data Centre and to collect at least 20 pieces of obsolete facsimile machines for reuse/recycling

☆ On-going    ★ Completed

# CSR PERFORMANCE SUMMARY

The data measurement techniques and calculation methods used for this Report are stated where appropriate. Past data and information for certain indicators have been restated with effects and reasons reflected and explained where appropriate. Unless otherwise stated, the figures provided in this section are reported for the corresponding year(s) specified below or as at 31 December of the corresponding year(s).

## Marketplace

### 1 Economic performance



In 2016, the Group did not receive any financial assistance from any government. During the year, the Hong Kong securities and futures markets closed for two days due to typhoon, resulting in an estimated loss in revenue equivalent to less than one per cent of the Group's total revenue.

| Indicators   | 2016   | 2015   | 2014   |
|--|--------|--------|--------|
| Direct economic value (\$m)                                |        |        |        |
| Generated <sup>1</sup>                                     | 11,116 | 13,375 | 9,849  |
| Distributed <sup>2</sup>                                   | 9,819  | 11,986 | 8,670  |
| Retained <sup>3</sup>                                      | 1,297  | 1,389  | 1,179  |
| Current tax (\$m)  |        |        |        |
| Hong Kong  | 876    | 1,157  | 885    |
| UK   | 231    | 283    | (8)    |
| Stamp duty generated for the Government <sup>4</sup> (\$m) | 19,792 | 31,562 | 22,556 |

<sup>1</sup> Direct economic value generated means the Group's revenue and other income as disclosed in the Consolidated Financial Statements of HKEX's Annual Report.

<sup>2</sup> Direct economic value distributed covers the Group's operating expenses, interest expenses, dividends and total current tax as disclosed in the Consolidated Financial Statements of HKEX's Annual Report, and the corporate charitable donations as set out in the Community section below.

<sup>3</sup> Direct economic value retained means the direct economic value generated less the direct economic value distributed.

<sup>4</sup> Stamp duty is generated for the Government in respect of all securities transactions which are subject to stamp duty and recognised by SEHK.

### 2 Supply chain management



In 2016, 92 per cent of HKEX's key suppliers and 85 per cent of the LME's and LME Clear's key suppliers were local suppliers. During the year, 22 key suppliers providing IT or property management services to HKEX have completed a questionnaire regarding their CSR performance.

During the year, the Group was not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

| Indicators                                       | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of key suppliers <sup>1</sup>             | 93   | 226  | 223  |
| By region  |      |      |      |
| Asian countries other than the PRC and Hong Kong | 1    | 3    | 1    |
| Australia  | 0    | 1    | 1    |
| European countries other than the UK             | 3    | 4    | 3    |
| Hong Kong  | 47   | 108  | 96   |
| PRC  | 1    | 1    | 3    |
| UK   | 40   | 101  | 114  |
| US   | 1    | 8    | 5    |
| Total payments to key suppliers (\$bn)           | 1.3  | 1.6  | 1.9  |

<sup>1</sup> The definition of "key suppliers" was revised in 2016 to refer to suppliers of products and/or services to the Group whose contract sum exceeded \$3 million (or £240,000), while the definition of "key suppliers" in 2014 and 2015 refers to suppliers whose contract sum amounted to \$1 million (or £83,000) or above. Hence, the figures in 2016 are not directly comparable to those in 2014 and 2015.

G4-22

### 3 Customer privacy

HKEX continues to strengthen its information security controls to protect its stakeholders' data privacy in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). In 2016, HKEX maintained its ISO 27001 certification for the information security management system of its enterprise data centre. As part of the control measures, annual information security training was arranged for HKEX's employees. There were no incidents and substantiated complaints concerning breaches of customer privacy or losses of customer data in 2016.

### 4 Products and services responsibility

In 2016, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, including but not limited to, product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that would have a significant impact on the Group.

| Indicator                                  | 2016  | 2015   | 2014   |
|--|-------|--------|--------|
| Number of enquiries and complaints handled | 7,801 | 13,265 | 14,255 |

### 5 Anti-bribery and anti-corruption

In 2016, no significant risks relating to corruption were identified. There were no confirmed incidents in relation to corruption or public legal cases brought against the Group or its employees concerning corruption. There were also no confirmed incidents where contracts with business partners were terminated or not renewed due to violations relating to corruption during the year. No whistleblowing disclosures related to anti-bribery and anti-corruption were received during the year. In 2016, five Directors, which accounts for 38 per cent of the Board members, received training on anti-corruption.

### 6 Public policy

The Group takes a neutral stance in political matters. It did not make donations to any political parties in 2016.

### 7 Anti-competition

Updated information regarding the class action lawsuits that were filed in the US against the LME, LMEH and HKEX alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with aluminium prices and zinc prices is set out in note 43 to the Consolidated Financial Statements of HKEX's 2016 Annual Report [\[link\]](#). Save for this, the Group was not aware of any legal actions against it for anti-competitive behaviour, anti-trust or monopoly practices.

### 8 System stability and reliability

In 2016, all HKEX market systems maintained 100 per cent system reliability in serving their users. On 22 July 2016, the opening of the LME's electronic trading platform experienced a delay due to changes undertaken by a third-party telecom network provider, which affected the LME's member network. However, telephone trading of the LME products was able to continue as normal.

## Workplace



### 1 Employment

As of 31 December 2016, the Group had a total of 1,663 employees, a six per cent increase from 2015 mainly due to organic growth and increased headcounts for strategic initiatives. Apart from this, there was no significant variation in employment numbers.

| Indicators  | 2016  | 2015  | 2014  |
|---|-------|-------|-------|
| Number of employees                               | 1,663 | 1,568 | 1,420 |
| By gender   |       |       |       |
| Female  | 711   | 676   | 612   |
| Male  | 952   | 892   | 808   |
| By age group                                      |       |       |       |
| Below 30  | 264   | 262   | 208   |
| 30 to 50  | 1,179 | 1,071 | 1,025 |
| Over 50   | 220   | 235   | 187   |
| By region   |       |       |       |
| Hong Kong   | 1,306 | 1,267 | 1,158 |
| UK  | 270   | 283   | 244   |
| Others <sup>1</sup>                               | 87    | 18    | 18    |
| By employment contract and gender                 |       |       |       |
| Permanent (Female)                                | 690   | 651   | 594   |
| Permanent (Male)                                  | 913   | 851   | 767   |
| Temporary/Fixed term (Female)                     | 21    | 25    | 18    |
| Temporary/Fixed term (Male)                       | 39    | 41    | 41    |
| Permanent employees by employment type and gender |       |       |       |
| Full-time (Female)                                | 683   | 647   | 590   |
| Full-time (Male)                                  | 913   | 849   | 764   |
| Part-time (Female)                                | 7     | 4     | 4     |
| Part-time (Male)                                  | 0     | 2     | 3     |

<sup>1</sup> The 2016 figure refers to 81 employees stationed in the Mainland and six employees stationed in Singapore.



### 2 New hires and employee turnover

| Indicators                       | 2016     | 2015     | 2014     |
|----------------------------------|----------|----------|----------|
| Number and rate (%) of new hires | 275 (17) | 265 (17) | 325 (23) |
| By gender                        |          |          |          |
| Female                           | 107 (15) | 122 (18) | 117 (19) |
| Male                             | 168 (18) | 143 (16) | 208 (26) |
| By age group                     |          |          |          |
| Below 30                         | 86 (33)  | 94 (36)  | 131 (63) |
| 30 to 50                         | 184 (16) | 158 (15) | 178 (17) |
| Over 50                          | 5 (2)    | 13 (6)   | 16 (9)   |
| By region                        |          |          |          |
| Hong Kong                        | 168 (13) | 186 (15) | 193 (17) |
| UK                               | 32 (12)  | 77 (27)  | 125 (51) |
| Others                           | 75 (86)  | 2 (11)   | 7 (39)   |





## 2 New hires and employee turnover (continued)

| Indicators  | 2016     | 2015    | 2014     |
|---|----------|---------|----------|
| Number and rate (%) of employee turnover                          | 181 (11) | 148 (9) | 195 (14) |
| By gender   |          |         |          |
| Female  | 74 (10)  | 72 (11) | 77 (13)  |
| Male  | 107 (11) | 76 (9)  | 118 (15) |
| By age group  |          |         |          |
| Below 30  | 36 (14)  | 33 (13) | 36 (17)  |
| 30 to 50  | 115 (10) | 87 (8)  | 132 (13) |
| Over 50   | 30 (14)  | 28 (12) | 27 (14)  |
| By region   |          |         |          |
| Hong Kong   | 131 (10) | 107 (8) | 156 (13) |
| UK  | 44 (16)  | 40 (14) | 34 (14)  |
| Others  | 6 (7)    | 1 (6)   | 5 (28)   |
| Average year of services  | 8        | 7       | 8        |
| Number of employees eligible to retire within the next five years | 56       | 47      | 62       |



## 3 Diversity

| Indicators              | 2016   |      |           |          |         |
|-------------------------|--------|------|-----------|----------|---------|
|                         | Gender |      | Age group |          |         |
|                         | Female | Male | Below 30  | 30 to 50 | Over 50 |
| Percentage of employees |        |      |           |          |         |
| Senior                  | 34     | 66   | 0         | 71       | 29      |
| Middle-level            | 41     | 59   | 4         | 83       | 13      |
| Supervisory-level       | 41     | 59   | 27        | 63       | 10      |
| General                 | 53     | 47   | 31        | 58       | 11      |



## 4 Return to work and retention after parental leave

| Indicators   | 2016     | 2015     | 2014     |
|--|----------|----------|----------|
| Number of employees who took parental leave <sup>1</sup>   |          |          |          |
| Female   | 29       | 33       | 22       |
| Male   | 27       | 35       | 16       |
| Number and rate (%) of employees who returned to work after parental leave ended                 |          |          |          |
| Female   | 29 (100) | 32 (97)  | 22 (100) |
| Male   | 27 (100) | 35 (100) | 16 (100) |
| Number and rate (%) of employees who remained employed 12 months after the end of parental leave |          |          |          |
| Female   | 31 (97)  | 18 (82)  | 17 (94)  |
| Male   | 34 (97)  | 14 (88)  | 25 (96)  |

<sup>1</sup> All employees are entitled to parental leave upon fulfilling certain criteria set out in the relevant policies.



## 5 Remuneration

| Indicators   | 2016         |              |
|--|--------------|--------------|
|  | Basic salary | Remuneration |
| Ratio of basic salary <sup>1</sup> and remuneration <sup>2</sup> of female employees to male employees |              |              |
| Hong Kong  |              |              |
| Senior   | 0.9          | 0.9          |
| Middle-level   | 1.0          | 1.0          |
| Supervisory-level  | 1.0          | 1.0          |
| General  | 1.1          | 1.1          |
| UK   |              |              |
| Senior   | 0.8          | 0.8          |
| Middle-level   | 0.9          | 0.9          |
| Supervisory-level  | 0.8          | 0.8          |
| General  | 0.9          | 0.9          |

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

2 Remuneration includes basic salary, performance bonus and share award.

| Indicators   | 2016 | 2015 | 2014 |
|--|------|------|------|
| Ratio of the annual total compensation <sup>1</sup> for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)                              |      |      |      |
| Hong Kong  | 46   | 61   | 63   |
| UK   | 12   | 17   | 19   |
| Ratio of percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) |      |      |      |
| Hong Kong <sup>2</sup>   | N/A  | 1    | 2    |
| UK <sup>3</sup>  | N/A  | 6    | 5    |

1 Annual total compensation includes basic salary, performance bonus and share award.

2 There was a decrease in the annual total compensation for the highest-paid individual and the median annual total compensation for all employees (excluding the highest paid individual) in Hong Kong in 2016.

3 There was a decrease in the annual total compensation for the highest-paid individual in the UK in 2016.



## 6 Occupational health and safety

In 2016, the Group did not receive any prosecutions in relation to occupational health and safety. The Group did not have any work-related fatalities between 2014 and 2016.

| Indicators                                 | 2016  | 2015  | 2014  |
|--|-------|-------|-------|
| Number of reportable injuries <sup>1</sup> | 0     | 3     | 2     |
| Injury rate <sup>2</sup>                   | 0     | 0.2   | 0.1   |
| Number of reportable occupational diseases | 0     | 0     | 0     |
| Occupational disease rate <sup>3</sup>     | 0     | 0     | 0     |
| Number of lost days                        | 0     | 17    | 106   |
| Lost day rate <sup>4</sup>                 | 0     | 1.1   | 7.6   |
| Number of absentee days                    | 4,362 | 3,914 | 3,534 |
| Absentee rate <sup>5</sup>                 | 1.1   | 1.0   | 1.0   |

1 Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong or as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the UK where appropriate.

2 The injury rate is calculated based on the number of injuries per 200,000 hours worked (100 employees working 40 hours per week for 50 weeks).

3 The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.

4 The lost day rate is calculated based on the number of lost days per 200,000 hours worked.

5 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.



## 7 Training and development

| Indicators   | 2016     | 2015      | 2014     |
|--|----------|-----------|----------|
| Total cost of training (\$m)   | 8.6      | 8.7       | 5.7      |
| Total number of hours of training received by employees                                      | 29,171   | 23,356    | 22,598   |
| Average hours of training per employee and percentage (%) of employees who received training | 18 (89)  | 15 (89)   | 16 (88)  |
| By gender <sup>1</sup>   |          |           |          |
| Female   | 19 (90)  | 16 (89)   | 17 (N/A) |
| Male   | 16 (88)  | 14 (89)   | 15 (N/A) |
| By employee category   |          |           |          |
| Senior   | 13 (82)  | 15 (86)   | 17 (88)  |
| Middle-level   | 19 (89)  | 17 (89)   | 18 (88)  |
| Supervisory-level  | 18 (90)  | 14 (88)   | 16 (88)  |
| General  | 16 (92)  | 13 (89)   | 13 (87)  |
| Type of training   |          |           |          |
| Number of employees attending external training  | 426      | 282       | 245      |
| Number of employees attending internal training  | 1,231    | 1,116     | 1,080    |
| Number of employees undertaking e-learning   | 1,603    | 1,450     | 1,168    |
| Number of employees receiving academic sponsorship   | 17       | 15        | 18       |
| Number and percentage (%) of employees who received anti-corruption training <sup>2</sup>    |          |           |          |
| Hong Kong  |          |           |          |
| Senior   | 70 (59)  | 72 (69)   | N/A      |
| Middle-level   | 287 (53) | 437 (96)  | N/A      |
| Supervisory-level  | 291 (67) | 386 (93)  | N/A      |
| General  | 184 (63) | 273 (90)  | N/A      |
| UK   |          |           |          |
| Senior   | 25 (69)  | 33 (100)  | N/A      |
| Middle-level   | 75 (66)  | 108 (100) | N/A      |
| Supervisory-level  | 78 (94)  | 94 (100)  | N/A      |
| General  | 21 (47)  | 52 (100)  | N/A      |
| Number of employees attending training on the following topics <sup>2</sup>                  |          |           |          |
| Anti-competition   | 65       | 4         | N/A      |
| Human rights   | 637      | 21        | N/A      |
| Occupational health and safety   | 1,395    | 663       | N/A      |
| Percentage of permanent employees who received formal performance appraisals <sup>3</sup>    | 100      | 100       | 100      |
| Percentage of permanent employees who received multi-rater performance evaluation            | 20       | 16        | 17       |

<sup>1</sup> The record of the percentage of employees who received training by gender has been kept since 2015.

<sup>2</sup> The relevant records have been kept since 2015.

<sup>3</sup> Excludes employees who joined the Group on or after 1 September of the reporting year



## 8 Compliance and grievance

In 2016, there were no confirmed non-compliance incidents or grievances in relation to human rights and labour practices standards and regulations that would have a significant impact on the Group.

## Community

### 1 Community investment and employee volunteering



| Indicators  | 2016  | 2015  | 2014  |
|---|-------|-------|-------|
| Corporate charitable donations <sup>1</sup> (\$m)             | 2.1   | 2.4   | 2.0   |
| Employee charitable donations (\$m)                           | 0.2   | 0.4   | 0.3   |
| Corporate sponsorships (\$m)                                  | 0.8   | 1.2   | 0.8   |
| Number of community initiatives undertaken <sup>2</sup>       |       |       |       |
| Children and youth  | 6     | 9     | N/A   |
| Disabled  | 5     | 10    | N/A   |
| Elderly   | 5     | 4     | N/A   |
| Environmental protection                                      | 3     | 3     | N/A   |
| Healthcare  | 4     | 3     | N/A   |
| Poverty relief  | 3     | 7     | N/A   |
| Number of employee volunteering hours <sup>3</sup>            | 3,782 | 3,620 | 2,842 |
| Number of employee volunteering leave days taken <sup>4</sup> | 92    | 64    | 72    |

1 In 2016, in addition to corporate charitable donations of \$2.1m, the Group has allocated about \$0.3m to the HKEX volunteer team in support of different community causes, including elderly services.

2 The relevant records have been kept since 2015.

3 Includes volunteering hours from guests of HKEX's employees

4 Employees were granted additional paid leave (a one-day or half-day paid leave for performing at least eight hours or four hours of volunteer service respectively) per year in recognition of their efforts in serving the community.

## Environment

Unless otherwise specified, the environmental data covers the Group's operation in Hong Kong and London only, excluding its offices in the Mainland and Singapore due to their relatively small environmental footprint.

### 1 Emissions <sup>1</sup>



| Indicators   | 2016   | 2015   | 2014   |
|--|--------|--------|--------|
| Total GHG emissions <sup>2</sup> (Scope 1 and 2) (tonnes)                      | 17,499 | 19,818 | 19,635 |
| Total GHG emissions (Scope 1 and 2) per floor area (tonnes/m <sup>2</sup> )    | 0.33   | 0.38   | 0.36   |
| Total GHG emissions (Scope 1 and 2) per employee (tonnes/employee)             | 10.52  | 12.64  | 13.83  |
| Total GHG emissions (Scope 1, 2 and 3) (tonnes)                                | 19,357 | 21,358 | 20,286 |
| Total GHG emissions (Scope 1, 2 and 3) per floor area (tonnes/m <sup>2</sup> ) | 0.37   | 0.41   | 0.37   |
| Total GHG emissions (Scope 1, 2 and 3) per employee (tonnes/employee)          | 11.64  | 13.62  | 14.29  |
| Direct emissions (Scope 1) (tonnes)  | 38     | 52     | 36     |
| Corporate fleet  | 23     | 22     | 23     |
| Diesel <sup>3</sup>  | 15     | 30     | 12     |
| Refrigerants   | 0      | 0      | 1      |
| Indirect emissions (Scope 2) (tonnes)  | 17,461 | 19,766 | 19,599 |
| Electricity  | 17,461 | 19,722 | 19,533 |
| Gas <sup>4</sup>   | N/A    | 44     | 66     |
| Indirect emissions (Scope 3) (tonnes)  | 1,858  | 1,540  | 651    |
| Business travel <sup>5</sup>   | 873    | 652    | 526    |
| Paper consumption  | 93     | 92     | 125    |
| Staff commuting <sup>6</sup>   | 876    | 796    | N/A    |
| Waste to landfill <sup>7</sup>   | 16     | N/A    | N/A    |
| GHG emissions avoided by recycling of paper (tonnes)                           | 494    | 627    | 824    |

- 1 Due to its business nature, the significant air emissions of the Group are the GHG emissions, arising mainly from the use of electricity and fuels derived from fossil fuels.
- 2 The Group's GHG inventory includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. GHG emissions data is presented in carbon dioxide equivalent and was based on the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices" issued by the EPD in Hong Kong, and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by Department for Environment, Food & Rural Affairs in the UK.
- 3 Diesel was consumed for backup generators in the Data Centre.
- 4 Gas was consumed by the LME for heating in 2014 and 2015 but was no longer used after the LME moved to the new offices in 2016. Emissions data in 2014 and 2015 was based on the amount of gas consumed and the relevant emission factor.
- 5 Emission data relating to air travel by HKEX's directors and employees was based on the International Civil Aviation Organization Carbon Emissions Calculator. Emission data relating to land and sea travel was based on the estimated distance travelled and the relevant emission factors.
- 6 HKEX has reported the GHG emissions arising from the shuttle bus services provided to its employees working at the Data Centre since 2015.
- 7 The relevant data has been reported since 2016.

## 2 Energy consumption <sup>1</sup>



| Indicators  | 2016   | 2015   | 2014   |
|---|--------|--------|--------|
| Total energy consumption (MWh)                                | 28,618 | 29,495 | 29,620 |
| Total energy consumption per floor area (MWh/m <sup>2</sup> ) | 0.54   | 0.57   | 0.54   |
| Total energy consumption per employee (MWh/employee)          | 17.21  | 18.81  | 20.86  |
| Direct energy consumption (MWh)                               | 135    | 191    | 130    |
| Unleaded petrol   | 60     | 58     | 65     |
| Diesel  | 75     | 133    | 65     |
| Indirect energy consumption (MWh)                             | 28,483 | 29,304 | 29,490 |
| Electricity   | 28,483 | 29,067 | 29,133 |
| Gas <sup>2</sup>  | N/A    | 237    | 357    |
| Expense on energy consumption <sup>3</sup> (\$m)              | 37     | 38     | 39     |

- 1 Energy consumption data was based on the amount of electricity and fuels consumed and the relevant conversion factors provided by the International Energy Agency.
- 2 Gas was consumed by the LME for heating in 2014 and 2015 but was no longer used after the LME moved to the new offices in 2016.
- 3 Energy expenses included air-conditioning cost, electricity tariffs, gas tariffs (for heating) and fuel costs (for vehicles and backup generators). Air-conditioning cost incurred did not reflect the actual amount of electricity consumption for air-conditioning since it was charged at a rate proportional to the floor area of leased offices.

## 3 Paper consumption



| Indicators  | 2016 | 2015 | 2014 |
|---|------|------|------|
| Total paper consumption (tonnes)                      | 99   | 98   | 104  |
| Office paper  | 75   | 74   | 77   |
| Paper for printing publications <sup>1</sup>          | 24   | 24   | 27   |
| FSC certified or recycled paper used <sup>2</sup> (%) | 85   | 81   | 87   |

- 1 Includes paper used for printing corporate financial statements and brochures and the Listing Rules
- 2 All office paper and almost all paper for printing the Group's publications are FSC certified or recycled paper, except the paper used for printing the Listing Rules. The Group will continue to explore opportunities to develop its green purchasing practices in this area.

## 4 Water consumption <sup>1</sup>



| Indicators   | 2016   | 2015   | 2014   |
|--|--------|--------|--------|
| Total water consumption (m <sup>3</sup> )                                | 35,859 | 37,819 | 37,321 |
| Total water consumption per floor area (m <sup>3</sup> /m <sup>2</sup> ) | 1.30   | 1.16   | 1.13   |

<sup>1</sup> In 2014 and 2015, except the Data Centre which is owned by the Group, HKEX operated in leased office premises in Hong Kong of which both the water supply and discharge were solely controlled by the respective building management which did not provide water withdrawal and discharge data or sub-meter for individual occupant. Hence, the data for those two years was collected from the Data Centre and the LME offices only. In 2016, the LME has moved to a new leased office premise of which the water supply and discharge are also solely controlled by the respective building management which did not provide water withdrawal and discharge data or sub-meter for individual occupant. Hence, the data for 2016 was collected from the Data Centre only and is not directly comparable to data for 2014 and 2015.

## 5 Effluent and waste management



| Indicators   | 2016   | 2015   | 2014   |
|--|--------|--------|--------|
| Total water discharged <sup>1</sup> (m <sup>3</sup> )                    | 35,859 | 37,819 | 37,321 |
| Total waste disposed to landfill (tonnes)                                | 64     | 99     | 102    |
| Total waste disposed to landfill per floor area (tonnes/m <sup>2</sup> ) | 0.001  | 0.002  | 0.002  |
| Total waste disposed to landfill per employee (tonnes/employee)          | 0.04   | 0.06   | 0.07   |
| Waste disposed to landfill (tonnes)                                      |        |        |        |
| General office waste   | 58     | 92     | 97     |
| Food waste disposed to landfill  | 6      | 7      | 5      |
| Waste collected for recycling  |        |        |        |
| Food waste (tonnes)  | 2      | 2      | 3      |
| Mixed recycling (tonnes)   | 32     | 17     | 34     |
| Paper <sup>2</sup> (tonnes)  | 103    | 130    | 172    |
| Used lead-acid batteries <sup>3</sup> (tonnes)                           | 7      | 7      | 12     |
| Metals (kg)  | 677    | 555    | 465    |
| Plastics (kg)  | 366    | 214    | 244    |
| Polyfoam (kg)  | 215    | 132    | 230    |
| Wooden board (kg)  | 521    | 292    | 73     |
| Glass <sup>4</sup> (kg)  | 146    | N/A    | N/A    |
| Electronic equipment (pieces)  | 1,015  | 762    | 525    |

- <sup>1</sup> The amount of water discharged represents the amount of water consumed according to the water bills received.
- <sup>2</sup> Includes confidential waste paper generated within the Group and paper documents submitted by external parties
- <sup>3</sup> Used lead-acid batteries are classified as hazardous wastes.
- <sup>4</sup> The relevant data has been reported since 2016.

## 6 Compliance and grievance



In 2016, there were no confirmed non-compliance incidents or grievances in relation to environmental protection that would have a significant impact on the Group.

# VERIFICATION STATEMENT



## 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 2016 Corporate Social Responsibility (CSR) Report (the Report). The Report states HKEX's performance and efforts towards sustainable development for the period from 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2016.

The aim of this verification is to provide a reasonable assurance of the statements, information and data stated in the Report to confirm its accuracy, reliability, materiality and objectivity. The Report has been prepared in accordance with the Environmental, Social and Governance (ESG) Reporting Guide of The Stock Exchange of Hong Kong Limited (SEHK) and the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines – Comprehensive Option. This verification covers statements, information and data, including quantitative data of direct (scope 1) and indirect (scope 2 and 3) greenhouse gas emissions, presented in the Report.

## Independence

HKQAA was not involved in collecting and calculating data, or in the development of the Report. HKQAA's verification exercises are independent from HKEX. There is no relationship between HKEX and HKQAA beyond the contractual agreement for providing the verification service.

## Methodology

The process used in this verification was based on current best practices. HKQAA has conducted the verification of the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised) – “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board.

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

## Conclusion

Based on the results of the verification exercises, HKQAA reasonably assures that the Report has been prepared in accordance with the SEHK's ESG Reporting Guide and the Comprehensive Option of the GRI G4 Sustainability Reporting Guidelines.

The Report provides concise and precise descriptions of the efforts that HKEX made over 2016 towards sustainable development. Thorough and mature stakeholder engagement process and materiality assessment have been conducted to formulate the contents of the Report. As verified, the statements, information and data presented in the Report outline a structured, balanced and consistent representation of the overall CSR performance of HKEX.











In conclusion, the Report enables effective and transparent communication between HKEX and its stakeholders. HKQAA confirms that the principles for defining report contents as set out in the SEHK's ESG Reporting Guide and the GRI G4 Sustainability Reporting Guidelines, including stakeholder inclusiveness, sustainability context, materiality and completeness, have been well adhered to. 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











A handwritten signature in black ink, appearing to read 'Connie', is written over a light blue horizontal line.

Connie Sham  
Head of Audit  
February 2017













# APPENDIX I – ESG REPORTING GUIDE CONTENT INDEX

| Subject Areas, Aspects, General Disclosures and KPIs    | Description  | This Report or 2016 Annual Report (AR)  (page number)/ HKEX Group Website (Website)/Remarks  |
|---|--|---|
| <b>A. Environmental</b>                                 |  |   |
| <b>Aspect A1: Emissions</b>                             |  |   |
| General Disclosure                                      | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste   | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• This Report – CSR Performance Summary (page 29)</li> <li>• Website – CSR (Environment) section </li> </ul>  |
| KPI A1.1  | The types of emissions and respective emissions data   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 27)</li> </ul>   |
| KPI A1.2  | Greenhouse gas emissions in total and, where appropriate, intensity  | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 27)</li> </ul>   |
| KPI A1.3  | Total hazardous waste produced and, where appropriate, intensity   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 29)</li> </ul>   |
| KPI A1.4  | Total non-hazardous waste produced and, where appropriate, intensity   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 29)</li> </ul>   |
| KPI A1.5  | Description of measures to mitigate emissions and results achieved   | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• Website – CSR (Environment) section </li> </ul>  |
| KPI A1.6  | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved  | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• This Report – CSR Performance Summary (page 29)</li> <li>• Website – CSR (Environment) section </li> </ul>  |
| <b>Aspect A2: Use of Resources</b>                      |  |   |
| General Disclosure                                      | Policies on the efficient use of resources including energy, water and other raw materials   | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• Website – CSR (Environment) section </li> </ul>   |
| KPI A2.1  | Direct and/or indirect energy consumption by type in total and intensity   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 28)</li> </ul>   |
| KPI A2.2  | Water consumption in total and intensity   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 29)</li> </ul>   |
| KPI A2.3  | Description of energy use efficiency initiatives and results achieved  | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> </ul>  |
| KPI A2.4  | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved   | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• Website – CSR (Environment) section </li> </ul>   |
| KPI A2.5  | Total packaging material used for finished products and, if applicable, with reference to per unit produced  | Not applicable to the Group's business  |
| <b>Aspect A3: The Environment and Natural Resources</b> |  |   |
| General Disclosure                                      | Policies on minimising the issuer's significant impact on the environment and natural resources  | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• Website – CSR (Environment) section </li> </ul>   |
| KPI A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them   | <ul style="list-style-type: none"> <li>• This Report – Environment (pages 18 to 20)</li> <li>• Website – CSR (Environment) section </li> </ul>   |
| <b>B. Social</b>  |  |   |
| <b>Employment and Labour Practices</b>                  |  |   |
| <b>Aspect B1: Employment</b>                            |  |   |
| General Disclosure                                      | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare | <ul style="list-style-type: none"> <li>• This Report – Workplace (pages 12 to 14)</li> <li>• This Report – CSR Performance Summary (page 26)</li> <li>• AR – Remuneration Committee Report (pages 79 to 85)</li> <li>• Website – CSR (Workplace) section </li> <li>• Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |



| Subject Areas, Aspects, General Disclosures and KPIs | Description  | This Report or 2016 Annual Report (AR) (page number)/ HKEX Group Website (Website)/Remarks  |
|--|--|---|
| KPI B1.1   | Total workforce by gender, employment type, age group and geographical region  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 23)</li> </ul>   |
| KPI B1.2   | Employee turnover rate by gender, age group and geographical region  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 24)</li> </ul>   |
| <b>Aspect B2: Health and Safety</b>                  |  |   |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | <ul style="list-style-type: none"> <li>This Report – Workplace (page 13)</li> <li>This Report – CSR Performance Summary (page 25)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |
| KPI B2.1   | Number and rate of work-related fatalities   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 25)</li> </ul>   |
| KPI B2.2   | Lost days due to work injury   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 25)</li> </ul>   |
| KPI B2.3   | Description of occupational health and safety measures adopted, how they are implemented and monitored   | <ul style="list-style-type: none"> <li>This Report – Workplace (page 13)</li> <li>Website – CSR (Workplace) section </li> </ul>  |
| <b>Aspect B3: Development and Training</b>           |  |   |
| General Disclosure                                   | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities   | <ul style="list-style-type: none"> <li>This Report – Workplace (pages 12 to 14)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>   |
| KPI B3.1   | The percentage of employees trained by gender and employee category  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> </ul>   |
| KPI B3.2   | The average training hours completed per employee by gender and employee category  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> </ul>   |
| <b>Aspect B4: Labour Standards</b>                   |  |   |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> <li>Website – CSR (Workplace) section </li> </ul>  |
| KPI B4.1   | Description of measures to review employment practices to avoid child and forced labour  | <ul style="list-style-type: none"> <li>Website – CSR (Workplace) section </li> </ul>   |
| KPI B4.2   | Description of steps taken to eliminate child and forced labour practices when discovered  | <ul style="list-style-type: none"> <li>Website – CSR (Workplace) section </li> </ul>   |
| <b>Operating Practices</b>                           |  |   |
| <b>Aspect B5: Supply Chain Management</b>            |  |   |
| General Disclosure                                   | Policies on managing environmental and social risks of the supply chain  | <ul style="list-style-type: none"> <li>This Report – Marketplace (page 11)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| KPI B5.1   | Number of suppliers by geographical region   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> </ul>   |
| KPI B5.2   | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored   | <ul style="list-style-type: none"> <li>This Report – Marketplace (page 11)</li> <li>This Report – CSR Performance Summary (page 21)</li> <li>Website – CSR (Marketplace) section </li> </ul>   |

## APPENDIX I – ESG REPORTING GUIDE CONTENT INDEX





| Subject Areas, Aspects, General Disclosures and KPIs | Description  | This Report or 2016 Annual Report (AR)  (page number)/ HKEX Group Website (Website)/Remarks   |
|--|--|--|
| <b>Aspect B6: Product Responsibility</b>             |  |  |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress | <ul style="list-style-type: none"> <li>• This Report – Marketplace (pages 9 to 11)</li> <li>• This Report – CSR Performance Summary (page 22)</li> <li>• AR – Directors’ Report (pages 88 to 93)</li> <li>• Website – CSR (Marketplace) section </li> </ul>   |
| KPI B6.1   | Percentage of total products sold or shipped subject to recalls for safety and health reasons  | Not applicable to the Group’s business   |
| KPI B6.2   | Number of products and service related complaints received and how they are dealt with   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 22)</li> <li>• Website – CSR (Marketplace) section </li> </ul>   |
| KPI B6.3   | Description of practices relating to observing and protecting intellectual property rights   | <ul style="list-style-type: none"> <li>• Website – CSR (Marketplace) section </li> </ul>  |
| KPI B6.4   | Description of quality assurance process and recall procedures   | <ul style="list-style-type: none"> <li>• Website – CSR (Marketplace) section </li> </ul>  |
| KPI B6.5   | Description of consumer data protection and privacy policies, how they are implemented and monitored   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 22)</li> <li>• AR – Risk Committee Report (pages 76 to 78)</li> <li>• Website – CSR (Marketplace) section </li> </ul>  |
| <b>Aspect B7: Anti-corruption</b>                    |  |  |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering  | <ul style="list-style-type: none"> <li>• This Report – Marketplace (page 11)</li> <li>• This Report – Workplace (page 12)</li> <li>• This Report – CSR Performance Summary (page 22)</li> <li>• AR – Risk Committee Report (pages 76 to 78)</li> <li>• AR – Directors’ Report (pages 88 to 93)</li> <li>• Website – CSR (Marketplace) section </li> </ul>   |
| KPI B7.1   | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases  | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 22)</li> </ul>  |
| KPI B7.2   | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored  | <ul style="list-style-type: none"> <li>• This Report – Marketplace (page 11)</li> <li>• This Report – Workplace (page 12)</li> <li>• Website – CSR (Marketplace) section </li> <li>• Website – CSR (Workplace) section </li> <li>• Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |
| <b>Community</b>                                     |  |  |
| <b>Aspect B8: Community Investment</b>               |  |  |
| General Disclosure                                   | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities’ interests   | <ul style="list-style-type: none"> <li>• This Report – Community (pages 15 to 17)</li> <li>• Website – CSR (Community) section </li> </ul>  |
| KPI B8.1   | Focus areas of contribution  | <ul style="list-style-type: none"> <li>• This Report – Community (pages 15 to 17)</li> <li>• This Report – CSR Performance Summary (page 27)</li> <li>• Website – CSR (Community) section </li> </ul>   |
| KPI B8.2   | Resources contributed to the focus areas   | <ul style="list-style-type: none"> <li>• This Report – Community (pages 15 to 17)</li> <li>• This Report – CSR Performance Summary (page 27)</li> </ul>  |








# APPENDIX II – GRI CONTENT INDEX

















| Indicators                   | Description   | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|------------------------------|---|--|
| General Standard Disclosures |   |  |
| Strategy and Analysis        |   |  |
| G4-1                         | Statement from the most senior decision-maker of the organisation   | <ul style="list-style-type: none"> <li>This Report – Message from the Chairman (page 3)</li> </ul>   |
| G4-2                         | Description of key impacts, risks, and opportunities  | <ul style="list-style-type: none"> <li>This Report – Message from the Chairman (page 3)</li> <li>This Report – Marketplace (pages 9 to 11)</li> <li>This Report – Workplace (pages 12 to 14)</li> <li>This Report – Community (pages 15 to 17)</li> <li>This Report – Environment (pages 18 to 20)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> <li>AR – Note 47 to the Consolidated Financial Statements (pages 157 to 173)</li> </ul> |
| Organisational Profile       |   |  |
| G4-3                         | Name of the organisation  | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> </ul>  |
| G4-4                         | Primary brands, products, and services  | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>AR – Directors' Report (pages 88 to 93)</li> <li>Website – About HKEX section </li> </ul>  |
| G4-5                         | Location of the organisation's headquarters   | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>AR – Note 1 to the Consolidated Financial Statements (page 106)</li> <li>Website – About HKEX section </li> </ul>  |
| G4-6                         | Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>AR – Note 25 to the Consolidated Financial Statements (pages 129 to 130)</li> <li>Website – About HKEX section </li> </ul>   |
| G4-7                         | Nature of ownership and legal form  | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – About HKEX section </li> </ul>  |
| G4-8                         | Markets served  | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>AR – Note 4 to the Consolidated Financial Statements (pages 109 to 111)</li> <li>Website – About HKEX section </li> </ul>  |
| G4-9                         | Scale of the organisation   | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> <li>This Report – CSR Performance Summary (page 23)</li> <li>AR – Financial Highlights (page 4)</li> </ul>   |
| G4-10                        | Employee statistics   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (pages 23 to 24)</li> </ul>   |
| G4-11                        | Percentage of total employees covered by collective bargaining agreements   | <ul style="list-style-type: none"> <li>Website – CSR (Workplace) section </li> </ul>   |
| G4-12                        | Organisation's supply chain   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-13                        | Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain  | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Shareholder Information (pages 177 to 178)</li> </ul>   |
| G4-14                        | Whether and how the precautionary approach or principle is addressed by the organisation  | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> <li>Website – Corporate Governance (Accountability and Audit) section </li> </ul>   |
| G4-15                        | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses   | <ul style="list-style-type: none"> <li>This Report – Stakeholder Engagement (page 8)</li> <li>Website – CSR (Charters and Memberships) section </li> </ul>   |
| G4-16                        | Memberships of associations and advocacy organisations  | <ul style="list-style-type: none"> <li>This Report – Stakeholder Engagement (page 8)</li> <li>Website – CSR (Charters and Memberships) section </li> </ul>   |












## APPENDIX II – GRI CONTENT INDEX

| Indicators  | Description  | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|---|--|---|
| <b>Identified Material Aspects and Boundaries</b> |  |   |
| G4-17   | Entities included in the organisation's consolidated financial statements  | <ul style="list-style-type: none"> <li>This Report – About HKEX (page 1)</li> </ul>   |
| G4-18   | Process for defining the report content and the aspect boundaries  | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> </ul>  |
| G4-19   | Material aspects identified in the process for defining report content   | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 6)</li> </ul>  |
| G4-20   | Aspect boundary within the organisation for each material aspect   | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 6)</li> </ul>  |
| G4-21   | Aspect boundary outside the organisation for each material aspect  | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 6)</li> </ul>  |
| G4-22   | Effect of any restatements of information provided in previous reports, and the reasons for such restatements  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> </ul>   |
| G4-23   | Significant changes from previous reporting periods in the scope and aspect boundaries   | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> <li>This Report – Our Approach to CSR (page 6)</li> </ul>  |
| <b>Stakeholder Engagement</b>                     |  |   |
| G4-24   | List of stakeholder groups engaged by the organisation   | <ul style="list-style-type: none"> <li>This Report – Stakeholder Engagement (pages 7 to 8)</li> </ul>   |
| G4-25   | Basis for identification and selection of stakeholders with whom to engage   | <ul style="list-style-type: none"> <li>This Report – Stakeholder Engagement (pages 7 to 8)</li> </ul>   |
| G4-26   | Approach to stakeholder engagement   | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> <li>This Report – Stakeholder Engagement (pages 7 to 8)</li> </ul>   |
| G4-27   | Key topics and concerns that have been raised by stakeholder groups through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting | <ul style="list-style-type: none"> <li>This Report – Stakeholder Engagement (pages 7 to 8)</li> </ul>   |
| <b>Report Profile</b>                             |  |   |
| G4-28   | Reporting period   | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> </ul>  |
| G4-29   | Date of most recent previous report  | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> </ul>  |
| G4-30   | Reporting cycle  | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> </ul>  |
| G4-31   | Contact point for questions regarding the report or its contents   | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> </ul>  |
| G4-32   | 'In accordance' option the organisation has chosen, GRI Content Index, reference to the External Assurance Report  | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> <li>This Report – Verification Statement (page 30)</li> <li>This Report – GRI Content Index (pages 34 to 40)</li> </ul>  |
| G4-33   | Policy and current practice with regard to seeking external assurance for the report   | <ul style="list-style-type: none"> <li>This Report – About this Report (page 2)</li> <li>This Report – Verification Statement (page 30)</li> </ul>  |
| <b>Governance</b>                                 |  |   |
| <b>Governance Structure and Composition</b>       |  |   |
| G4-34   | Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts                      | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 5)</li> <li>AR – Board and Committees (pages 12 to 13)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – Corporate Governance (Corporate Governance Structure) section </li> <li>Website – CSR (Governance and Management) section </li> </ul> |
| G4-35   | Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees   | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 5)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – CSR (Governance and Management) section </li> </ul>   |

















| Indicators  | Description   | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|---|---|---|
| G4-36   | Executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body  | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 5)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – CSR (Governance and Management) section </li> </ul>   |
| G4-37   | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body  | <ul style="list-style-type: none"> <li>This Report – Our Approach to CSR (page 5)</li> <li>This Report – Stakeholder Engagement (pages 7 to 8)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – CSR (Governance and Management) section </li> <li>Website – CSR (Stakeholder Engagement) section </li> </ul> |
| G4-38   | Composition of the highest governance body and its committees   | <ul style="list-style-type: none"> <li>AR – Board and Committees (pages 12 to 13)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – About HKEX (Board and Committees) section </li> </ul>  |
| G4-39   | Indicate whether the Chair of the highest governance body is also an executive officer  | <ul style="list-style-type: none"> <li>AR – Board and Committees (pages 12 to 13)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> </ul>   |
| G4-40   | Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members   | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Nomination Committee Report (pages 70 to 72)</li> </ul>  |
| G4-41   | Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Indicate whether conflicts of interests are disclosed to stakeholders  | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – Corporate Governance (Corporate Governance Statement) section </li> </ul>  |
| Highest Governance Body's Role in Setting Purpose, Values, and Strategy |   |   |
| G4-42   | Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts   | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – Terms of Reference of HKEX's Board </li> </ul>   |
| Highest Governance Body's Competencies and Performance Evaluation       |   |   |
| G4-43   | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics   | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – Terms of Reference of the ESG Committee </li> </ul>  |
| G4-44   | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environment and social topics, including, as a minimum, changes in membership and organisational practice | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – ESG Committee Report (pages 86 to 87)</li> <li>Website – Corporate Governance (Board Evaluation) section </li> </ul>  |
| Highest Governance Body's Role in Risk Management                       |   |   |
| G4-45   | Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, and the implementation of due diligence processes  | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> </ul>  |
| G4-46   | Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics   | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Audit Committee Report (pages 73 to 75)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> </ul>  |
| G4-47   | Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities   | <ul style="list-style-type: none"> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> </ul>  |

## APPENDIX II – GRI CONTENT INDEX










| Indicators   | Description   | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|--|---|---|
| <b>Highest Governance Body's Role in Sustainability Reporting</b>                                  |   |   |
| G4-48  | Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered   | <ul style="list-style-type: none"> <li>• This Report – About this Report (page 2)</li> <li>• AR – ESG Committee Report (pages 86 to 87)</li> </ul>  |
| <b>Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance</b> |   |   |
| G4-49  | Process for communicating critical concerns to the highest governance body  | <ul style="list-style-type: none"> <li>• This Report – Our Approach to CSR (page 5)</li> <li>• AR – Audit Committee Report (pages 73 to 75)</li> <li>• AR – Risk Committee Report (pages 76 to 78)</li> <li>• AR – ESG Committee Report (pages 86 to 87)</li> </ul>   |
| G4-50  | Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them  | <ul style="list-style-type: none"> <li>• AR – Audit Committee Report (pages 73 to 75)</li> <li>• AR – Risk Committee Report (pages 76 to 78)</li> </ul>   |
| <b>Remuneration and Incentives</b>   |   |   |
| G4-51  | Remuneration policies for the highest governance body and senior executives. How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives   | <ul style="list-style-type: none"> <li>• AR – Remuneration Committee Report (pages 79 to 85)</li> <li>• Website – Corporate Governance (Remuneration Policy) section </li> </ul>   |
| G4-52  | Process for determining remuneration. Indicate whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Indicate any other relationships which the remuneration consultants have with the organisation                         | <ul style="list-style-type: none"> <li>• AR – Remuneration Committee Report (pages 79 to 85)</li> <li>• Website – Corporate Governance (Remuneration Policy) section </li> </ul>   |
| G4-53  | How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals   | <ul style="list-style-type: none"> <li>• AR – Corporate Governance Report (pages 56 to 69)</li> <li>• AR – Remuneration Committee Report (pages 79 to 85)</li> <li>• Website – Corporate Governance (Remuneration Policy) section </li> </ul>  |
| G4-54  | Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country   | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 25)</li> </ul>   |
| G4-55  | Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country | <ul style="list-style-type: none"> <li>• This Report – CSR Performance Summary (page 25)</li> </ul>   |
| <b>Ethics and Integrity</b>  |   |   |
| G4-56  | Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics  | <ul style="list-style-type: none"> <li>• This Report – Message from the Chairman (page 3)</li> <li>• This Report – Marketplace (pages 9 to 11)</li> <li>• This Report – Workplace (pages 12 to 14)</li> <li>• AR – Corporate Governance Report (pages 56 to 69)</li> <li>• Website – Corporate Governance (Board Process) section </li> <li>• Website – CSR (Marketplace) section </li> <li>• Website – CSR (Workplace) section </li> <li>• Website – Director's Handbook </li> <li>• Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |
| G4-57  | Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines   | <ul style="list-style-type: none"> <li>• AR – Corporate Governance Report (pages 56 to 69)</li> <li>• Website – CSR (Marketplace) section </li> <li>• Website – CSR (Workplace) section </li> </ul>   |
| G4-58  | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines   | <ul style="list-style-type: none"> <li>• This Report – Workplace (page 12)</li> <li>• AR – Corporate Governance Report (pages 56 to 69)</li> <li>• Website – CSR (Marketplace) section </li> <li>• Website – CSR (Workplace) section </li> <li>• Website – Key Policies and Guidelines for HKEX Employees </li> </ul>  |

| Indicators                    | Description   | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|-------------------------------|---|---|
| Specific Standard Disclosures |   |   |
| Economic Performance          |   |   |
| G4-DMA                        | Disclosures on management approach  | <ul style="list-style-type: none"> <li>AR – Financial Review (pages 50 to 54)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-EC1                        | Direct economic value generated and distributed   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> <li>AR – Financial Highlights (page 4)</li> <li>AR – Financial Review (pages 50 to 54)</li> <li>AR – Directors' Report (pages 88 to 93)</li> <li>AR – Consolidated Income Statement (page 101)</li> </ul>   |
| G4-EC2                        | Financial implications and other risks and opportunities for the organisation's activities due to climate change                                      | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> <li>Website – CSR (Environment) section </li> </ul>  |
| G4-EC3                        | Coverage of the organisation's defined benefit plan obligations   | <ul style="list-style-type: none"> <li>AR – Remuneration Committee Report (pages 79 to 85)</li> <li>AR – Note 9 to the Consolidated Financial Statements (page 115)</li> </ul>  |
| G4-EC4                        | Financial assistance received from government   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 21)</li> </ul>   |
| Employment                    |   |   |
| G4-DMA                        | Disclosures on management approach  | <ul style="list-style-type: none"> <li>This Report – Workplace (pages 12 to 14)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>   |
| G4-LA1                        | Total number and rate of new employee hires and employee turnover by age group, gender and region   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (pages 23 to 24)</li> </ul>  |
| G4-LA2                        | Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation             | <ul style="list-style-type: none"> <li>AR – Remuneration Committee Report (pages 79 to 85)</li> <li>Website – Corporate Governance (Employees' Remuneration Structure) section </li> <li>Website – CSR (Workplace) section </li> </ul>  |
| G4-LA3                        | Return to work and retention rates after parental leave, by gender  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 24)</li> </ul>   |
| Training and Education        |   |   |
| G4-DMA                        | Disclosures on management approach  | <ul style="list-style-type: none"> <li>This Report – Workplace (pages 12 to 14)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>  |
| G4-LA9                        | Average hours of training per year per employee by gender, and by employee category   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> </ul>   |
| G4-LA10                       | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | <ul style="list-style-type: none"> <li>This Report – Workplace (pages 12 to 14)</li> <li>This Report Performance Summary (page 26)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |
| G4-LA11                       | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category                              | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> </ul>   |

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| Indicators                                  | Description  | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks   |
|---|--|---|
| <b>Diversity and Equal Opportunity</b>      |  |   |
| G4-DMA                                      | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – Workplace (pages 12 to 13)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>   |
| G4-LA12                                     | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 24)</li> <li>AR – Board and Committees (pages 12 to 13)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> </ul>  |
| <b>Equal Remuneration for Women and Men</b> |  |   |
| G4-DMA                                      | Disclosures on management approach   | <ul style="list-style-type: none"> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>   |
| G4-LA13                                     | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 25)</li> </ul>   |
| <b>Non-discrimination</b>                   |  |   |
| G4-DMA                                      | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – Workplace (page 12)</li> <li>Website – CSR (Workplace) section </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>  |
| G4-HR3                                      | Total number of incidents of discrimination and corrective actions taken   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 26)</li> </ul>   |
| <b>Anti-corruption</b>                      |  |   |
| G4-DMA                                      | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – Message from the Chairman (page 3)</li> <li>This Report – Marketplace (page 11)</li> <li>This Report – Workplace (page 12)</li> <li>AR – Corporate Governance Report (pages 56 to 69)</li> <li>AR – Audit Committee Report (pages 73 to 75)</li> <li>AR – Directors’ Report (pages 88 to 93)</li> <li>Website – CSR (Marketplace) section </li> <li>Website – CSR (Workplace) section </li> <li>Website – Director’s Handbook </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul> |
| G4-SO3                                      | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> </ul>   |
| G4-SO4                                      | Communication and training on anti-corruption policies and procedures  | <ul style="list-style-type: none"> <li>This Report – Marketplace (page 11)</li> <li>This Report – Workplace (page 12)</li> <li>This Report – CSR Performance Summary (pages 22 and 26)</li> <li>Website – CSR (Marketplace) section </li> <li>Website – CSR (Workplace) section </li> <li>Website – Director’s Handbook </li> <li>Website – Key Policies and Guidelines for HKEX Employees </li> </ul>  |
| G4-SO5                                      | Confirmed incidents of corruption and actions taken  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Directors’ Report (pages 88 to 93)</li> </ul>  |
| <b>Anti-competitive Behaviour</b>           |  |   |
| G4-DMA                                      | Disclosures on management approach   | <ul style="list-style-type: none"> <li>Website – CSR (Marketplace) section </li> </ul>   |
| G4-SO7                                      | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Note 43 to the Consolidated Financial Statements (page 153)</li> </ul>   |



| Indicators                                 | Description  | This Report or 2016 Annual Report (AR)  (page number)/<br>HKEX Group Website (Website)/Remarks  |
|--|--|--|
| <b>Compliance – Social</b>                 |  |  |
| G4-DMA                                     | Disclosures on management approach   | <ul style="list-style-type: none"> <li>AR – Directors' Report (pages 88 to 93)</li> <li>Website – CSR (Marketplace) section </li> </ul>   |
| G4-SO8                                     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Directors' Report (pages 88 to 93)</li> </ul>   |
| <b>Product and Service Labelling</b>       |  |  |
| G4-DMA                                     | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – Marketplace (pages 9 to 11)</li> <li>This Report – CSR Performance Summary (page 22)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-PR3                                     | Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements | <ul style="list-style-type: none"> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-PR4                                     | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> </ul>  |
| G4-PR5                                     | Results of surveys measuring customer satisfaction   | <ul style="list-style-type: none"> <li>Website – CSR (Marketplace) section </li> </ul>   |
| <b>Marketing Communication</b>             |  |  |
| G4-DMA                                     | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – Marketplace (pages 9 to 11)</li> <li>Website – CSR (Marketplace) section </li> <li>Website – CSR (Stakeholder Engagement) section </li> </ul> |
| G4-PR6                                     | Sale of banned or disrupted products   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Directors' Report (pages 88 to 93)</li> </ul>   |
| G4-PR7                                     | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Directors' Report (pages 88 to 93)</li> </ul>   |
| <b>Customer Privacy</b>                    |  |  |
| G4-DMA                                     | Disclosures on management approach   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Risk Committee Report (pages 76 to 78)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-PR8                                     | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data  | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> </ul>  |
| <b>Compliance – Product Responsibility</b> |  |  |
| G4-DMA                                     | Disclosures on management approach   | <ul style="list-style-type: none"> <li>AR – Chairman's Statement (pages 5 to 6)</li> <li>Website – CSR (Marketplace) section </li> </ul>  |
| G4-PR9                                     | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services   | <ul style="list-style-type: none"> <li>This Report – CSR Performance Summary (page 22)</li> <li>AR – Directors' Report (pages 88 to 93)</li> </ul>   |

# GLOSSARY

|                                    |   |
|------------------------------------|---|
| Board                              | HKEX's board of directors   |
| CDP                                | An NGO formerly known as the Carbon Disclosure Project  |
| ChinaClear                         | China Securities Depository and Clearing Corporation Limited  |
| CO <sub>2</sub> e                  | Carbon dioxide equivalent   |
| CSR                                | Corporate Social Responsibility   |
| Data Centre                        | HKEX's data centre at Tseung Kwan O, Hong Kong  |
| Director(s)                        | HKEX's director(s)  |
| EPD                                | Environmental Protection Department, Government   |
| ESG                                | Environmental, Social and Governance  |
| ESG Reporting Guide                | Appendix 27 to the Main Board Listing Rules   |
| ETFs                               | Exchange Traded Funds   |
| Exchange or SEHK or Stock Exchange | The Stock Exchange of Hong Kong Limited   |
| FISD                               | Financial Information Services Association of the Software and Information Industry Association   |
| Four Cornerstones                  | Marketplace, Workplace, Community and Environment   |
| FRC                                | Financial Reporting Council   |
| FSC                                | Forest Stewardship Council  |
| GHG                                | Greenhouse gas  |
| Government                         | The Government of HKSAR   |
| GRI                                | Global Reporting Initiative   |
| GRI G4 Guidelines                  | GRI G4 Sustainability Reporting Guidelines  |
| Group                              | HKEX and its subsidiaries   |
| HKEX                               | Hong Kong Exchanges and Clearing Limited  |
| HKICPA                             | Hong Kong Institute of Certified Public Accountants   |
| HKSAR                              | Hong Kong Special Administrative Region of the PRC  |
| ICAC                               | Independent Commission Against Corruption   |
| INED                               | Independent Non-executive Director  |
| IPO                                | Initial Public Offering   |
| ISO                                | International Organization for Standardization  |
| IT                                 | Information Technology  |
| KPI(s)                             | Key performance indicator(s)  |
| kWh                                | Kilowatt-hour   |
| LED                                | Light-emitting diode  |
| LEED                               | Leadership in Energy and Environmental Design   |
| Listing Rules                      | Main Board Listing Rules and Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited |
| LME                                | The London Metal Exchange   |
| LME Clear                          | LME Clear Limited   |
| LMEH                               | LME Holdings Limited  |

|                                  |  |
|----------------------------------|--|
| Main Board Listing Rules         | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| MWh                              | Megawatt-hour  |
| NGO(s)                           | Non-governmental organisation(s)   |
| PRC                              | People's Republic of China   |
| SFC                              | Securities and Futures Commission  |
| SFO                              | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| Shenzhen-Hong Kong Stock Connect | A mutual market access programme that links the stock markets in Shenzhen and Hong Kong, enabling investors in Hong Kong and Mainland China to trade and settle shares listed on the other market via the exchange and clearing house in their home market |
| UK                               | United Kingdom   |
| UNICEF                           | United Nations Children's Fund   |
| US                               | United States of America   |
| WE                               | Women's Exchange, a staff club of HKEX   |
| WWF                              | World Wide Fund for Nature Hong Kong   |
| \$/HKD                           | Hong Kong dollar   |
| \$bn                             | Hong Kong dollar in billion  |
| \$m                              | Hong Kong dollar in million  |
| £                                | Pound sterling   |



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