

Advancing

in a Changing World

HKEX

香港交易所

Corporate Social
Responsibility Report
2023

Stock codes: 388 (HKD counter) and 80388 (RMB counter)



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2023 at a Glance



Progressing sustainability across our markets

- Launched a market consultation on climate-related disclosure enhancements
- Enhanced our Board Diversity and Inclusion in Focus repository
- Tripled the registered participants of Core Climate, our voluntary carbon marketplace
- Introduced new listing rules for specialist technology companies
- Adopted responsible sourcing requirements across all LME-listed metal brands
- Enhanced LMEpassport with new certifications, metrics and standards

Promoting talent development, diversity and wellness

- Revamped our Graduate Associate Programme
- Organised an inaugural HKEX Open Day to attract young talent
- Ran the HKEX Global Wellness Challenge and its first-ever Wellness Marketplace
- Conducted our biennial People Survey
- Hosted our annual Strike the Gong for Gender Equality campaign
- Celebrated World Mental Health Day and Pride Month



Supporting and empowering people in our communities

- Contributed more than 2,260 volunteering hours for different good causes
- Donated \$95 million to charities and social enterprises in our community
- Strengthened our community connectivity through the HKEX Charity Partnership Programme
- Helped deliver innovative social and environmental solutions through the HKEX Impact Funding Scheme
- Supported local university-led research projects through the HKEX Research Funding Scheme
- Set up LME scholarships for students at the Camborne School of Mines

Pursuing excellence across our operations

- Strengthened our third-party risk management framework with ongoing review
- Expanded the Paperless Listing Regime
- Set our targets for achieving net zero by 2040 and carbon neutrality by 2024
- Participated in the Feed-in-Tariff Scheme for renewable energy in Hong Kong
- Received the Hong Kong Award for Environmental Excellence

▶ Message from Our Chairman





2023 was a year in which our sustainability journey continued to evolve in terms of how we shape our markets and how we operate as a business. We have been both driving large, market-shaping initiatives and taking incremental, consolidating steps to facilitate the growth of a vibrant, sustainable international finance ecosystem.



It has been ten years since HKEX started one of the first major sustainability initiatives for our markets, with the launch of our ESG Guide in 2013. At the time, there was just a handful of exchanges globally providing guidance to issuers on ESG reporting. Now, there are around 70.

More significantly, over this decade, there has been a dramatic shift in the expectations of investors, customers and other stakeholders when it comes to corporate sustainability: businesses are expected to formally factor environmental and social considerations into their strategies, risk assessments and reporting. To help address this evolution, the role of regulators, exchanges and markets has also undergone a notable change, responding with clearer guidance, enhanced transparency and a far broader array of products and services to support listed issuers' own ESG journeys.

As a regulator, market operator and corporate, HKEX has played a key role in that evolution in Asia, and across global markets. We have been both driving large, market-shaping initiatives and taking incremental, consolidating steps to facilitate the growth of a vibrant, sustainable international finance ecosystem.

I am pleased to report that in 2023 we continued to make significant progress in this regard, evolving the ecosystem and leading in our role as an agent of change.

Developing a Sustainable Finance Ecosystem

The role of capital markets in the global sustainability agenda is multi-faceted – from implementing and upholding sustainability standards, to connecting capital with everything from addressing climate change to tackling grass-

roots social campaigns. Operating at the heart of Asia's capital markets, HKEX has the privilege and responsibility of supporting the development of a sustainable finance ecosystem, a role that is critical for our own business and the wider economy.

As a market regulator, HKEX looks to support all market participants on their sustainability journeys, with clear, accessible policies, guidance and education. A highlight of these efforts in 2023 was the launch of a consultation on enhancements to rules that reference the IFRS inaugural sustainability standards.

These enhancements will prepare companies on our markets for the transition to reporting that is in line with locally adopted IFRS standards, while also helping them in their climate-related risk management. At the same time, this will support the global ambition for better internationally aligned standards on sustainability.

As a market operator, we are committed to the continuing development of a sustainable finance ecosystem, offering platforms and channels that provide transparency on green products and credentials, and that create access to sustainable investment and carbon trading opportunities. One such example is Core Climate, Hong Kong's voluntary carbon marketplace. In 2023, we were delighted to see Core Climate gaining momentum with carbon projects from across the world being added to the platform. 2023 also saw registered participants tripled in number to around 80 members.

Another example is LMEpassport, the LME's digital sustainability credentials register. With the importance of the metals industry to the global green transition, the LME is front and centre of HKEX's sustainability strategy. In 2023, LMEpassport was enhanced to enable greater data comparability across products and markets.

The global move towards net zero requires us all to innovate and develop new technologies and business models that can address climate change, food shortages and rapid urbanisation. As an exchange operator, we look to connect capital with the companies of tomorrow, helping them access the funds they need to fuel their innovations and disrupt industries for good. The addition of Chapter 18C to our listing framework in 2023 created a new route-to-market for frontier companies in the green and renewable technology sectors. We are excited about the impact that this will have on Hong Kong's markets and on our collective pursuit of a more sustainable world.

Leading by Example

HKEX itself is also committed to being a responsible corporate leader – a commitment that we believe is essential to the long-term success of our business.

A highlight of this commitment in action in 2023 was our announcement that we will bring forward our net-zero target date to 2040 – 10 years earlier than our original commitment – and our carbon neutrality target date to 2024. We hope this inspires other companies in our markets to act with urgency and advance their climate change commitments, as it is only through collective action that we can deliver a sustainable future for the next generation.

HKEX is also fully committed to the betterment of the communities in which it operates. Since launching in 2020, HKEX Foundation's remit and reach have expanded with new partnerships, programmes and platforms that continue to have an immediate and material impact on those in need. We are very proud that, by the end of 2023, HKEX Foundation has donated and committed more than \$449 million since its launch, supporting

more than 90 projects and directly benefitting over 689,000 people in Hong Kong. Similarly, the LME continued to work with its NGO partners to promote responsible sourcing in African mining communities, and started supporting a new scholarship fund in the UK to promote wider participation in the mining industry.

Appreciation

2023 was a year in which our sustainability journey continued to advance in terms of how we shape our markets and how we operate as a business. None of the progress we made this year – nor in the years and decades before it – would have been possible without the support of our many friends and stakeholders.

As this will be my last year presenting the HKEX CSR Report as Chairman of HKEX, I would like to express my heartfelt gratitude to all those who have worked tirelessly with us to promote sustainability. There are many reasons that I feel honoured to have served as Chairman of HKEX, but the progress we have made in this area, from better diversity, to leading on climate change, to our market education programmes and our public advocacy is perhaps the one that makes me most proud. There is still a long journey ahead, and in the face of multiple challenges and an increasingly complex world, all of us – nations, corporates and individuals – need to play our part. I am confident, however, that progress will continue to be made, and HKEX will continue to lead from the front.

Laura M CHA

Chairman

Hong Kong, 29 February 2024

► **Message from
Our CEO**





In 2023, HKEX continued to progress, support and advocate for what we know to be true – sustainability is good business and it is good for business. Our corporate purpose ensures we never lose sight of the importance of sustainability to our own business and our markets.



In 2023, HKEX continued to progress, support and advocate for what we know to be true – sustainability is good business and it is good for business. Our corporate purpose – to connect, promote and progress our markets and the communities they support for the prosperity of all – ensures we never lose sight of the importance of sustainability to our own business and our markets.

2023 was a challenging year for the global economy, but we continued to push forward, building on the foundations laid in previous years, deepening our commitment to furthering ESG transparency, advancing the climate agenda and supporting our people and our communities.

Our Markets

As a leading exchange group, HKEX is committed to supporting the development of a sustainable finance ecosystem that connects capital with opportunities. In 2023, our focus was on advancing the markets' ESG understanding and adoption; promoting better transparency and accessibility to ESG information; advocating for greater board and employment diversity in our markets; and on expanding the breadth of Hong Kong's sustainable finance ecosystem.

Promoting ESG Stewardship

In April 2023, we launched a climate disclosure consultation in Hong Kong, seeking feedback on proposed new rules for mandatory climate disclosures. Our ESG reporting framework already incorporates TCFD recommendations, but the new rules will reference the IFRS inaugural, impending sustainability disclosures standards – facilitating better climate analysis and allowing issuers to develop more robust risk management strategies and strengthen their resilience.

In 2023, the percentage of listed companies with single-gender boards dropped from 25.5% to 19.4% as we progressed with the transition to prohibit single-gender boards on our markets by 2024. In practice, that percentage shift in 2023 alone, represents 150 new appointments to Hong Kong-listed company boards. More importantly, as gender diversity improves across issuer boardrooms, it permeates through organisations more widely.

The LME continued to demonstrate its sustainability leadership credentials within the global metals industry in 2023. In addition to enhancing LMEpassport with new credentials across the ESG spectrum and the creation of individual producer profiles for each of its listed brands, the LME also engaged and worked closely with producers ahead of the final deadline for the first full compliance cycle linked to the LME's responsible sourcing requirements. The requirements helped to directly address key considerations such as child labour and corruption – a significant milestone in its multi-year campaign to improve global supply chains.

Expanding the Sustainable Finance Markets

We see the global sustainability agenda as both an incredible responsibility and a significant opportunity for HKEX and our markets. We are, therefore, committed to the ongoing development of an ecosystem of sustainable finance products, platforms and partnerships.

In 2023, we continued to provide opportunities for market participants to invest in green products. We welcomed 71 new green, social and sustainability-related bonds to HKEX throughout the year – worth \$272 billion – giving market participants access to new investment opportunities. We also actively promoted our ESG-related ETF universe through a multitude of channels, helping it to grow 176% during the year, equivalent to approximately \$8.9 billion in market capitalisation.

In addition, we formed new partnerships with the China Emissions Exchange Shenzhen and the China Beijing Green Exchange to explore opportunities in cross-border carbon market connectivity and climate finance. China has publicly declared its commitment to carbon neutrality by 2060, and our collaboration with these exchanges will allow us to support the world's second-largest economy's net-zero journey.

Our People

We know that the success of our business depends on the success of our people and our communities. In 2023, we continued to invest in our employees' professional development and well-being and supported a range of grass roots and more established charities and social enterprises in our community. We were also proud this year to, again, make a number of scholarship awards to talented students and support a range of proprietary research projects with leading universities.

Supporting Employee Development and Well-being

In this year's report you will find details of our commitment to enhancing our colleagues' continuous development and well-being, such as through our experience-specific leadership programme and our knowledge-enhancing HKEX Explained webinar series. We also continued to promote employee wellness through a series of events and accessible initiatives, including our second group-wide Global Wellness Challenge.

Supporting Our Communities

HKEX Foundation continued to have a positive impact through its various community programmes, progressing financial literacy, diversity and inclusion, poverty relief, environmental sustainability, and in 2023, the Foundation donated \$94 million to those in need. Our colleagues also contributed an impressive 2,260 volunteering hours of their own time to projects and programmes in the community.

The LME this year, set up a new fund to provide scholarships for students at Camborne School of Mines, which will support committed students with funding and mentorship. The LME also continued its collaboration with two charities in Zambia and the Democratic Republic of the Congo, focusing on advancing responsible sourcing.

Our Operations

In 2023, we continued to consider our environmental impact and promote the highest standards of governance by embedding sustainability into our operations.

We were pleased to confirm that we were bringing forward our net-zero and carbon neutrality targets as a company and we also made good progress on raising awareness of greener practices, including the expansion of our paperless listing regime and our annual HKEX Goes Green and the LME Sustainability Week campaigns.

Looking Ahead

I will be standing down from HKEX this year. It has been an honour to lead a company that has such a clear and tangible purpose, one that authentically looks to continuously make its own business and its community better.

At the heart of Asia's capital markets, HKEX must continue to act as an important agent of change, galvanising others to take responsibility, championing truths and leading from the front. I am confident that HKEX will continue to play a key role in the advancement of the global sustainability agenda, as there has never been a more important time to step up and be counted.

Nicolas AGUZIN

Director and Chief Executive Officer

Hong Kong, 29 February 2024

HKEX in the Community

Our Roles

As a world-leading exchange operator and market regulator, we regard ourselves as an important catalyst, facilitator, and enabler for the sustainable development of financial markets and society as a whole. We are unique in our multiple roles and responsibilities with our networks touching on businesses, communities, markets and economies.

Market Regulator

HKEX regulates listed issuers; administers listing, trading and clearing rules in the stock market in Hong Kong and regulates the operation of the LME's metal and metal derivatives markets.

Employer

With our corporate values front and centre, we are a responsible and caring employer of more than 2,500 employees worldwide.

Exchange Operator

As one of the world's largest exchange groups, we offer a range of equity, derivative, commodity, fixed income and other financial markets, products and services.

Corporate Citizen

Deeply connected to the communities in which we operate, we are an active and engaged corporate citizen, committed to giving back to society.

Listed Company

As a publicly listed company, we are fully committed to operational excellence, creating long-term value for our shareholders and key stakeholders.

Our Presence

We are one of the world's largest exchange groups, and operate a range of equity, derivative, commodity, fixed income and currency markets. We have a presence in Hong Kong, Mainland China, London, Singapore and New York, and are publicly listed on the Main Board of The Stock Exchange of Hong Kong Limited. A list of our principal subsidiaries, as of 31 December 2023, can be found on p.168 of the [HKEX 2023 Annual Report](#). Additional information about the Group is available on both the [HKEX Group website](#) and the [HKEX Market website](#). Investors can find our latest financial information, business analysis, regulatory disclosure, and shareholder information in the Annual Report and the Investor Relations section of the [HKEX Group website](#).

Our Approach to CSR

As an active and responsible global financial markets leader, HKEX is committed to adopting CSR best practices and promoting the global sustainability agenda.

We hold a unique place in society with our networks touching on businesses, communities, markets and economies. We are at the centre of Hong Kong's financial markets and an active driver of corporate best practices. Our approach to CSR aligns with our overall business strategy and helps us fulfil our Purpose – to connect, promote and progress our markets and the communities they support for the prosperity of all. We are committed to maintaining high standards of corporate governance, acting strategically and managing risks effectively, while also proactively engaging with our stakeholders and communicating our progress and plans to address these important goals.

Governance

The HKEX Board monitors the Group's operating and financial performance, reviews the Group's compensation policies and succession planning, and ensures that a positive and progressive culture, effective governance and CSR policies, and sound internal control and risk management systems are in place. In 2023, the Board considered and discussed updates on HKEX's ESG and Climate Strategy, covering the Group's CSR governance hierarchy and materiality assessment for ESG matters. As part of our ongoing commitment to climate change, the Board approved the Group's refreshed targets of achieving net zero by 2040 and carbon neutrality by 2024.

The Board has delegated the day-to-day responsibility for all CSR-related matters to the CSR Committee, which comprises the HKEX Chairman, the HKEX Chief Executive Officer and four other Board members. Reporting to the Board, the CSR Committee is responsible for providing direction on and overseeing the development and implementation of HKEX's CSR strategy, policies and initiatives. The CSR Committee's Terms of Reference are available on the [HKEX Group website](#). Details of the work conducted by the CSR Committee in 2023 are available in the CSR Committee Report contained in the [HKEX 2023 Annual Report](#).

Our CSR-related policies – including our CSR Policy, which guides our business and operational decision-making – take into account our responsibilities to our markets, people, communities and the environment. They provide guidance on integrating sustainability principles into everything that we do and are available on the [HKEX Group website](#).

On the management front, a CSR Working Group has been established to provide guidance, advice, and support for the implementation of CSR initiatives related to employee well-being, and philanthropic and community engagement.

A CSR Department has also been set up to act as a coordinator and central hub for execution, communications and reporting of group-wide CSR initiatives. CSR coordinators across divisions and departments add another layer of support, helping with day-to-day operations, and promoting CSR awareness among employees. Regular updates on various CSR initiatives are provided to the CSR Committee.

The Group offers remuneration incentives for its employees based on achievements of the corporate scorecard, which covers performance assessing the Group's position as a sustainability leader and progress in enhancing climate-related disclosures and diversity. Further information is available in the Remuneration Committee Report in the [HKEX 2023 Annual Report](#).

The Group Internal Audit (GIA) adopts a risk-based approach to develop the annual audit plan. At least annually, it performs risk assessment to evaluate the key risks associated with the business and corporate functions of HKEX, including areas relating to ESG, which drives the development of the annual audit plan. In 2023, GIA performed an audit to review and evaluate the design and operating effectiveness of key controls relating to ESG reporting of HKEX for the year ended 31 December 2022. The audit found that relevant areas were performed satisfactorily.

Strategy

Fulfilling Our Purpose

At HKEX, sustainability is embedded in everything that we do. Underpinned by our corporate strategy, we are committed to creating a positive impact on society and the environment and contributing to our long-term sustainability, while also achieving financial success.

We are aware that our responsibilities go beyond our duties as a market regulator, exchange operator and corporate. Our commitment to the long-term development of our business and our markets is articulated in our Purpose – to connect, promote and progress our markets and the communities they support for the prosperity of all. To ensure that our Purpose continues to be at our core, our CSR strategy steers our ambitions and efforts across three pillars: Our Markets, Our People, and Our Operations.

Managing Our Risks

Strong risk management capabilities are central to building our operational excellence, resilience and therefore our reputation.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including, among others, material risks relating to ESG) it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems, and reviewing their effectiveness to safeguard shareholders' investment and the Group's assets.

The Board has delegated to the Risk Committee to oversee and review the development and effectiveness of the Group's risk management framework and systems with a view to identifying and managing risks faced by the Group. The Group Risk Management Framework includes Board-approved Risk Appetite Statements as part of a risk taxonomy which identifies the broad range of risks relevant to HKEX. ESG risk factors such as governance, conduct, compliance, human capital, strategic business, operational and cyber risks are considered as part of this structure, with risk assessments and mitigation to ensure the risks are managed and governed effectively. Risk appetite reporting is performed up to the Board level. Details of these processes are set out in the Risk Committee Report in the [HKEX 2023 Annual Report](#).

Aligning with the Global Sustainability Agenda

The global sustainability agenda motivates us to maintain an ongoing conversation with different stakeholders and report our progress and plans to address these important goals. As part of our global and long-term outlook, we aim to address global sustainability issues and therefore our CSR Strategy includes goals and targets that are aligned with international frameworks – such as the UN Sustainable Development Goals (SDGs) and World Federation of Exchanges' [Sustainability Principles](#) – and international treaties such as the Paris Agreement. When we formulate our approach towards addressing different CSR focus areas, we seek to embed relevant SDG-oriented targets into the process. A document on how we progress our contribution to different SDGs is available on the [HKEX Group website](#).





Stakeholder Engagement

Our multi-dimensional role shapes our approach to various groups of stakeholders, ensuring that we connect, promote and progress our markets and the communities they support. We have ongoing dialogues with our stakeholders to ensure that we continue to meet their expectations and that our approach to sustainability remains relevant and consistent across our operations.

This two-way and transparent engagement with stakeholders aims to enhance their trust in HKEX and helps us gauge their expectations on the direction of our business. Therefore, we continue to proactively reach out to our stakeholders to further understand their interests and to build a culture that takes their needs into account. Based on our engagement objectives and stakeholders' level of interest and influence, we engage with our stakeholders in a number of formal and informal ways as listed in the table on the following page.

In 2023, we conducted a group-wide independent brand audit. Over 1,000 stakeholders, including issuers, market participants, institutional investors, retail investors, employees, finance professionals and graduates were surveyed to share their views on HKEX. The results showed that trust in HKEX had grown even stronger, 87% versus 81% in the last audit in 2021. The brand audit highlighted that continuing to build our international presence, being more innovative and diversifying our offerings would further reinforce our brand in the market. This valuable feedback will feed into the Group's ongoing business and operations, ensuring that our commitment to CSR and good corporate citizenship remains at the centre of our Group's strategic and organisational planning.

Major stakeholder groups	Key engagement channels and frequencies
Shareholders/institutional and individual investors	<ul style="list-style-type: none"> • Annual general meeting, notices, circulars and announcements • Regular corporate publications, including financial reports • Enquiries or feedback to the Board • Analyst workshops, non-deal roadshows, investor meetings and conferences • Analyst briefings on HKEX's quarterly financial results
Market regulators	<ul style="list-style-type: none"> • Regular liaison meetings and ad hoc work meetings • Daily, monthly, and annual reporting • Attending to requests for documents or witness statements on an ad hoc basis
Government bodies	<ul style="list-style-type: none"> • Regular communications regarding the Group's key initiatives and new developments • Responding to enquiries for various government meetings, including the HKSAR Legislative Council meetings • Other work meetings on a regular and ad hoc basis
Listed/potential issuers and market intermediaries	<ul style="list-style-type: none"> • Market consultations on proposed changes to the Listing Rules • Publication of guidance materials, including guidance letters, listing decisions and frequently asked questions whenever necessary • Regular publications including reports on the review of listed issuers' annual report disclosures, corporate governance disclosures and ESG disclosures, Listing Newsletter, Listed Issuer Regulation Newsletter and Enforcement Bulletin • Investigation into listing compliance via written enquiries
Market participants, members and information vendors	<ul style="list-style-type: none"> • Regular consultative panel meetings, briefings, seminars and discussions • Market consultations on new proposals • Market rehearsals, connectivity tests and practices sessions before the launch of new/enhancement services and post-release tests
Mainland and overseas exchanges	<ul style="list-style-type: none"> • Regular meetings to discuss market developments and areas of collaboration • Delegations for courtesy and training purposes • Annual board meeting of the World Federation of Exchanges • Participation in annual market surveys and trading information updates • Regular dialogue with other exchanges • Participation in industry associations and initiatives, including the UN Sustainable Stock Exchanges Initiative and the World Federation of Exchanges
Public and media	<ul style="list-style-type: none"> • Regular media interviews, events and briefings on HKEX's financial results • News releases on major business updates • HKEX websites and social media channels
NGOs, industry associations, professional bodies, and market users	<ul style="list-style-type: none"> • Market consultations on new proposals • Regular meetings and correspondence with market practitioners and related associations regarding listing/trading matters • Response to periodic assessments on HKEX's sustainability performance
Employees	<ul style="list-style-type: none"> • Regular all-staff communications • Chief Executive Officer presentations • Learning and development seminars and workshops • Employee engagement survey and pulse check • Townhall and focus group meetings whenever needed • Wellness sessions and social activities
Suppliers/business partners	<ul style="list-style-type: none"> • Tender notices for procurement of products/services • Policy governance and implementation as well as process monitoring • Supplier CSR Code of Conduct and CSR questionnaire
Charities, social enterprises, and local communities	<ul style="list-style-type: none"> • Regular dialogues with charities and social enterprises • Community outreach and volunteering activities • Briefing sessions and panel interviews for funding programmes

Materiality Assessment

Understanding how various CSR topics may affect our business and stakeholders is a critical part of our approach to sustainability. Through a systematic process illustrated below, we annually identify and evaluate CSR topics that are material or relevant to our business, as well as our stakeholders, and then develop our CSR objectives and programmes to strategically address these concerns.

1. Identifying CSR topics

In 2023, we conducted our annual materiality assessment to ensure that our CSR strategy remains fit for purpose. CSR topics are identified based on:

- HKEX’s purpose, values and strategy;
- risks faced by HKEX;
- the global sustainability agenda and international best practices; and
- stakeholder feedback.

2. Evaluating materiality of identified CSR topics

Taking feedback from internal and external stakeholders into consideration, the CSR topics are evaluated and assessed based on the double materiality principle – considering their impact on our business and on our stakeholders. The results of the materiality assessment are illustrated below*.



* There is no material change in the list of the Group’s material and relevant CSR topics from 2022, with an exception that “Anti-corruption” has been changed to “Business Ethics” to cover wider business ethics topics including but not limited to anti-corruption, conflicts of interest, fraud, insider dealing, whistleblowing, and other related conduct.

3. Formulating the CSR strategy

The materiality assessment reflects our priorities and initiatives for the company and our stakeholders. Taking the results of the materiality assessment into account, our CSR focus is categorised under three pillars – Our Markets, Our People and Our Operations. Details of the objectives, approaches, initiatives and achievements for each CSR pillar in 2023 are disclosed in this Report.

Our Net-zero Journey

Tackling climate change is the most pressing task of our time. While policy makers, scientists, corporates and individual citizens have made considerable efforts to progress the climate agenda, the transition to net zero cannot be achieved without contribution from capital markets, investors, sustainable businesses and technology. As an international exchange operator, market regulator and public company, we see ourselves as a change agent in the fight against climate change, driving the promotion and adoption of sustainable and climate-related best practices across our business, operations and markets.

Governance

The Board has the overall responsibility for overseeing the Group's climate-related risks and opportunities, and their respective policies and strategies. It is also responsible for reviewing our performance and progress against corresponding targets and objectives on a regular basis (at least annually). The Board is regularly provided with training and updates on climate-related matters – covering topics such as the latest developments in climate-related reporting, risk assessment and market opportunities – to ensure that they are equipped with the appropriate skills and competencies to oversee our climate-related strategies. In 2023, an update on HKEX's climate strategy and targets was provided to the Board at its strategy meeting. During the meeting, the Board deliberated, among others, the regulatory, operational, financial and reputational implications of the Group's climate strategy and net-zero targets, and approved the Group's accelerated net-zero commitment and climate action plans which were announced publicly in November 2023.

The CSR Committee reviewed and was satisfied with the adequacy of the Group's resources, staff qualifications and experience, training programmes and budget relating to its ESG (including climate-related matters) performance and reporting. Details of the work conducted by the CSR Committee in 2023/2024 are available in the CSR Committee Report contained in the [HKEX 2023 Annual Report](#).

The Remuneration Committee reviewed and endorsed the Group's corporate scorecard and assessed the Group's performance against different metrics, including metrics which assess the Group's position as a sustainability leader and progress in enhancing climate-related disclosures in its markets.

As an independent administrative decision maker and advisory body for the Exchange, the Listing Committee discussed and endorsed the consultation paper on the enhancement of climate-related disclosures under the Exchange's ESG framework. It also endorsed the Exchange's Review Report on issuers' ESG disclosures, which includes climate-related disclosures.

Led by the HKEX Chief Executive Officer, the Management Committee is responsible for developing and executing the strategic direction and day-to-day management of the Group's strategy and performance, covering areas including ESG and climate-related issues. Other climate-related considerations are also embedded in the roles and responsibilities of management functions.



At least annually, the Group Internal Audit performs risk assessment to evaluate the key risks associated with the business and corporate functions of HKEX, including climate-related areas, which drives the development of the annual audit plan. Audit issues and their implementation status are regularly reported to the Audit Committee and other relevant governance committees. In 2023, an internal audit was performed to review and evaluate the design and operating effectiveness of key controls relating to ESG reporting (including climate-related disclosures) of HKEX for the year ended 31 December 2022. The audit found that relevant areas were performed satisfactorily.

Our CSR Policy defines our long-term approach to specific CSR issues across our markets, people and operations and outlines our climate-related commitments. These include:

- Advancing the low-carbon economy and responsible investing by facilitating the provision and adoption of socially and/or environmentally responsible products in the market;
- Giving back to the community to help address the social and environmental challenges it faces, with a focus on addressing climate change and sustainability, among other focus areas; and
- Responsibly managing the environmental impact of our operations, with a focus on reducing carbon emissions, saving energy and paper, and recycling waste.

Climate-related Risk Management

Climate-related considerations have been integrated in the Group Risk Management Framework for identification, assessment and management of risks across multiple risk domains (including but not limited to governance, operational and strategic risks). This will help us with decisions relating to our operational footprint and the development of products and services, which will inform our financial planning and strategic decision making for the medium to long term. For details of the Group Risk Management Framework, please refer to the details set out in the Risk Committee Report contained in the [HKEX 2023 Annual Report](#).

Climate-related Risks and Opportunities

To better understand and hence prudently manage various actual and potential impacts that climate change might bring to HKEX's business, we have identified climate-related risks and opportunities, reviewed their impact on HKEX's business model and value chain, and assessed the potential financial and non-financial implications. The climate-related risks and opportunities that are likely to have an impact on HKEX are set out in the following tables.

Risks	Description and implications	Time horizon
Transition Risks		
Policy and legal risk	<p>From the perspective of a market regulator and exchange operator, we are actively involved in and affected by the latest developments in climate-related policies and regulations, such as the potential introduction of policy measures by governments and regulators given their increasing focus on climate change in recent years. For example, in Hong Kong, the Exchange published a market consultation in April 2023 seeking feedback on mandating climate-related disclosures in the ESG reporting framework. The announcement of the UK's Carbon Border Adjustment Mechanism (CBAM), alongside the EU's CBAM are likely to have impacts across the metals market and its ecosystem. The potential legal and regulatory changes introduced by these policy measures will offer up both risks and opportunities to HKEX and its listed issuers, the LME and its members, and their underlying clients.</p> <p>From a listed company's perspective, we also acknowledge the increasing demands and requirements for climate-related disclosures and therefore their compliance and governance implications.</p>	Short to medium term
Market risk	<p>Investor and client appetite for sustainable finance products, specifically for those which enable the low-carbon economy transition such as green bonds and carbon credits, has increased significantly and continues to grow. This demand will lead to an increase in the range of sustainable finance goods and services available on our markets and may reduce the attractiveness of metal markets which are relatively energy intensive. As an exchange operator, failure to provide an effective, orderly and informed market for sustainable finance products may hinder our own overall market effectiveness, relevance and competitiveness.</p>	Short to medium term
Reputational risk	<p>At the heart of a leading international financial centre, HKEX considers it critical to our, and Hong Kong's, reputation to champion sustainable and green finance, establishing our markets as a regional hub facilitating the low-carbon transition in the region. Failure by HKEX to engage listed issuers to make good ESG or climate-related disclosure could have a long lasting adverse reputational impact on our business. Similarly, with the broader metals and mining industry often being depicted and compared against other industries as not sustainable, the LME should continue to engage closely with market participants to understand if there is suitable market demand to explore wider sustainability matters. Otherwise, there is a risk that the industry will lose its social license to operate.</p>	Short to medium term

Short term: current and up to 5 years Medium term: 5 to 10 years Long term: beyond 10 years

Physical Risks		
Acute risk	Most of the acute risks which the Group is exposed to are tied to the potential impact that climate change may have on the risks of extreme events (e.g. typhoons, floods, storms, pandemics) and the availability of climate-sensitive energy and water inputs. If these physical risks materialise, some may pose risks to the Group's assets and affect the operational ability of the organisation resulting in both reputational damage and direct loss of revenue. For the LME, these risks equally apply to its physical warehouse network. While the LME does not own or operate these warehouses, it does approve them for use in the storage of LME-listed metals, and as such they play a vital role in the operation of the LME.	Short to medium term
Chronic risk	Gradual changes in climate (e.g. changes in mean temperatures, water availability, and rising sea-levels) have the potential to impact HKEX's and the LME's real estate and infrastructure, business continuity, people, and food systems. For example, rising mean temperatures would lead to higher demand for cooling in our data centres. Failure to meet such operating requirements would adversely impact the Group's services provision and increase our operating expenses.	Long term

While climate change imposes different risks, both physical and transitional, towards our operations and presence, there are also opportunities for our operations and our markets if we can take the right approach in addressing the issue.

Opportunities	Description and implications	Time horizon
Access to new markets	<p>Against the backdrop of increasing investor demand for sustainable finance products, HKEX considers the potential market appetite for green bond listings, carbon credits and other sustainable finance products in Hong Kong and Mainland China as a significant business opportunity. This potentially can have both direct revenue implications and broader ecosystem-enhancing reputational benefits.</p> <p>Similarly, the LME is aware of opportunities associated with electric vehicles production and renewable energy, which rely heavily on metals to meet these demands. In addition, through utilising LMEpassport, the LME also sees opportunities in providing the industry with the option of gaining greater transparency and access to accurate, comparable sustainability information relating to metals. We are committed to encouraging the acceleration of research and development of sustainable finance products, and introducing them to our markets to enhance our overall market attractiveness, relevance and competitiveness.</p>	Short to medium term
Climate leadership	Committed to net zero and leading by example in facilitating the low-carbon transition via our climate strategy and actions would enhance HKEX's and the LME's profile as sustainability and climate champions.	Short to medium term

Short term: current and up to 5 years Medium term: 5 to 10 years Long term: beyond 10 years

Scenario Analysis

To help us better understand the resilience of our climate strategy and business model to climate change, we conducted an analysis of the identified physical and transition risks as well as opportunities that have the potential to influence our strategy, operations (in Hong Kong, Mainland China and London) and financial planning against two scenarios – one, namely the “Turquoise Scenario”, which represents a stringent pathway that strives to achieve a low-carbon economy and another one, namely “Brown Scenario” which represents a high-emissions or business-as-usual pathway. Both scenarios addressed two time horizons, 2030 and 2050, and considered a basket of selected physical and transitional factors with reference to those extracted from the Network for Greening the Financial System climate scenarios (such as orderly and hot house world pathways) and the IPCC Sixth Assessment Report. To evaluate our transition risks, factors including, but not limited to, policy ambitions, energy price, technology, macro-economic variables and energy demand and mix were selected. To evaluate our physical risks, we took into account of three IPCC scenarios (RCP 2.6, RCP 4.5 and RCP 8.5) to assess the impact of acute and chronic hazards, such as landslides, typhoon, flood, storms and rising temperatures, on our operations.

Our Climate Strategy

Reflecting our ambition to be a key agent for change and leveraging our unique position in financial markets and society, we have developed a holistic strategy and approach to address climate change through four key areas:

Leading by Example

HKEX, as a corporate, seeks to lead by example and demonstrate responsible corporate practices, reflecting our commitment to advancing the sustainable development of global markets and the broader communities in which the Group operates. In November 2023, HKEX announced its plans to accelerate its climate-related targets and achieve net zero by 2040, 10 years earlier than its original target. To align with the Paris Agreement goal of limiting global warming to 1.5 degrees Celsius above pre-industrial levels, HKEX and the LME are committed to the continual reduction of its scope 1, 2, and 3 (where material) GHG emissions, and to neutralise its residual emissions by 2040. In addition, the Group is also committed to achieving carbon neutrality by 2024, as part of its efforts to accelerate climate action and contribute to the goal of achieving societal net zero.

In 2024, HKEX and the LME will submit their science-based reduction targets to the SBTi for validation. Underpinned by our overarching 2040 net-zero goal, we will continue to explore ways to decarbonise our operations by improving energy efficiency, using electricity from renewable sources, and exercising low-carbon procurements where possible. We will also continue to work with our business partners throughout our value chain to support them in setting science-based targets for their own decarbonisation journey. As part of our commitment to achieving carbon neutrality by 2024, we will expand the Group's carbon offsetting policy, to cover all remaining material emissions through the purchase of high-quality certified carbon credits.

Transparency and Education

As a market regulator, we are committed to advocating and setting standards for ESG disclosure and governance in our markets. To ensure our ESG reporting framework aligns with international developments and remains adequate for maintaining investors' confidence in the market, in 2023, we published a consultation seeking market feedback on enhancing climate-related disclosures under our ESG frameworks. The proposals include mandating all listed issuers to make climate-related disclosures in their ESG reports, and introducing new climate-related disclosures based on the IFRS S2 Climate-related Disclosures Standard, which is built upon the principles of the TCFD framework. The consultation conclusion is expected to be published in 2024, marking a significant milestone in our commitment to promoting consistent and comparable climate-related information on our markets.

Market education is important to deepen the understanding of ESG, including climate change matters, amongst issuers and the wider business community. The HKEX ESG Academy houses a range of educational materials, such as information on ESG reporting requirements and training and guidance on climate-related disclosures, allowing the market to stay informed on regulatory changes and international best practices. In July 2023, we hosted a webinar on climate-related disclosures, helping corporates better understand how to enhance the climate-related data transparency and consistency as they pursue their low-carbon goals. We will continue our market education initiatives in 2024, which will include providing further training, publishing an implementation guidance on the new climate disclosures, and reviewing issuers' ESG disclosures.

Sustainable Finance Products

As an exchange operator, we are uniquely positioned to connect capital with climate-related products and opportunities in the region. HKEX's Core Climate, the only voluntary carbon marketplace that offers HKD and RMB settlement for the trading of international voluntary carbon credits, continued to gain traction in 2023, supporting the global and regional transition to a low-carbon economy. Meanwhile, HKEX's Sustainable and Green Exchange (STAGE) continued to be a cornerstone of our strategy to facilitate and develop the sustainable finance ecosystem across our region. Our sustainable and green finance offerings continued to grow and we are committed to promoting and enhancing the transparency of information of these products traded on our platform.

To facilitate the growth of the cross-border sustainable finance industry in Asia, we also establish partnerships with exchanges in the region, addressing the growing demand for green infrastructure investments and contributing to a low-carbon transition. In London, the LME continued to grow LMEpassport, a digital and centralised platform for LME-listed metal producers to disclose their sustainability credentials as well as sustainability-related targets and commitments, facilitating transparency in the commodities industry. In 2023, the LME continued to enhance its platform, introducing a number of new environmental themed ratings, certifications and metal-specific carbon methodologies.

In 2024, we will continue to develop Hong Kong's international voluntary carbon trading market through Core Climate and enhance product transparency in sustainability through STAGE and LMEpassport.

Policy, Persuasion and Engagement

Tackling climate change requires action from everyone, and therefore collaboration among industry stakeholders is key to accelerating the net-zero transition. In 2023, as a member of GFANZ and NZFSPA, we contributed to the publication of a target setting framework guidance on how stock exchanges can play a role in this journey through leading by example and exercising their market influence. We are also one of the members of the World Federation of Exchanges and the UN Sustainable Stock Exchanges Initiative, working with other exchanges to advance the global sustainability agenda in capital markets.

Locally, as part of the Hong Kong Green and Sustainable Finance Cross-Agency Steering Group (CASG) led by the Securities and Futures Commission and the Hong Kong Monetary Authority, HKEX continued to engage other CASG members to strengthen Hong Kong's sustainable finance ecosystem, such as developing a roadmap for the local adoption of the IFRS Sustainability Disclosure Standards and promoting carbon market opportunities.

To nurture talent within the sustainable finance ecosystem, HKEX partners with academic institutions, industry associations and NGOs to deliver courses on ESG and sustainable finance, empowering students with knowledge and sharing on industry practices. On the community front, through HKEX Foundation, we engage with charities and social enterprises to deliver programmes that aim to address environmental issues.

In 2024, the Group will continue to support various international and local agencies to discuss and exchange ideas with business leaders on how to progress our collective sustainability journey.





Our Markets





Our Markets



Highlights in 2023

Launched a consultation on

**enhancing
climate-related
disclosures**

\$272 billion

raised by new green, social and sustainability-related bonds listed on our markets

80

registered participants on Core Climate

Introduced a new listing chapter for

**specialist
technology
companies**

>600

sustainability-related disclosures displayed on LMEpassport

90%

of LME-listed brands submitted appropriate compliance information for responsible sourcing requirements

Our Approach

Capital markets have a crucial role to play in advancing the global sustainability and ESG agenda. Sitting at the heart of international financial markets, our multi-dimensional role – as a regulator, operator and corporate – has shaped our approach to markets, allowing us to run an effective and transparent market while also advancing sustainability on multiple fronts.

As a frontline regulator of over 2,600 listed companies, we play an active role in promoting high corporate governance standards and ESG transparency across our markets. We do this through our listing rules and disclosure standards, which we continuously enhance to ensure they remain fit for purpose. We also provide ongoing training and guidance to issuers and our wider business community, helping them adopt good ESG practices and align with international standards and stakeholder expectations.

We also recognise that financial markets play a vital role in the just transition by connecting capital with sustainability-related opportunities. Therefore, as a market operator, we continuously support the development of the sustainable finance ecosystem through effective market mechanisms, platforms and products that facilitate climate action, and increase the transparency of ESG products. We also provide access to funding for innovative companies that are developing new technologies and business models that can address sustainability-related issues.

Given our unique position in financial markets, we also champion financial literacy across our markets and the wider community. We do this through educational initiatives and advocacy campaigns, ensuring that our various stakeholders are aware of the benefits and risks associated with capital markets and enabling them to make informed decisions.

Promoting ESG Stewardship

As a regulator of over 2,600 listed companies, one of our key responsibilities is to uphold market quality and trust. Therefore we continuously promote best practices and enhance our markets' corporate governance standards and ESG reporting through regulations, policies and market education.

In 2022, the Exchange introduced updates to the Corporate Governance Code, focusing on corporate culture, director independence, diversity, risk management and internal controls. One of these updates was a new policy banning single-gender boards among Hong Kong-listed companies by the end of 2024. With the transition period coming to an end soon, there was a sizable improvement across our markets in 2023, with 81% of listed companies having one or more female board directors and 26% of first-time directorships entailing female directors.

In addition, our [Board Diversity & Inclusion in Focus](#) repository continued to serve as an important platform to increase transparency around board diversity and enable investors and other stakeholders to assess a company's performance against its peers. In 2023, we made enhancements to the repository, including expanding the data on female directorships and the information on directors' role on mandatory board committees.

As part of efforts to support listed issuers in upholding good corporate governance standards, the Exchange published the [findings](#) of a review of issuers' corporate governance practices in 2023, focusing on the new Corporate Governance Code requirements initiated the year before. The review entailed an analysis of the corporate governance reports from a sample of 400 issuers and provided guidance to issuers on the improvements they could make. Together with the review, the Exchange also launched a [guide](#) that provided INEDs a quick and easy-to-follow overview of their key responsibilities and obligations. It covers their key duties in the areas of business decisions, internal controls, financial reporting and incident management, with a view to help directors better understand what is expected of them and how they can fulfil their duties under the Listing Rules.



Building Climate Resilience with Transparency

Since the introduction of the ESG Guide in 2013 as a voluntary guide, the Exchange has been continuously upgrading its ESG reporting framework to improve Hong Kong's ESG transparency and align with the latest international developments and stakeholder expectations.

In April, the Exchange launched a consultation seeking market feedback on enhancing climate-related disclosures under its existing ESG reporting framework, which marked an important milestone in facilitating issuers' transition towards the adoption of the IFRS S2 Climate-related Disclosures Standard (ISSB Climate Standard) in Hong Kong. The consultation reflects our commitment to align our ESG reporting framework with international standards and promote ESG transparency for investors and other key stakeholders to make informed decisions.

Under the proposal, the climate-related disclosure requirements would be upgraded from 'comply or explain' to mandatory requirements, requesting all issuers to make climate-related disclosures in their ESG reports. These new disclosures would be introduced and categorised under four core pillars of Governance, Strategy, Risk Management, and Metrics and Targets, aligning with the ISSB Climate Standard.

The ISSB is expected to publish an Adoption Guide to support jurisdictional regulators in their implementation considerations. The Exchange intends to take into account the recommended approaches of the Adoption Guide, specifically on the scaling and phasing-in of the requirements, before concluding its proposed enhancements to the ESG reporting framework. In November, the Exchange announced that the implementation date of the proposed Listing Rules enhancements would be postponed to 1 January 2025, allowing issuers more time to familiarise themselves with the new climate-related disclosure requirements. Details of the consultation are available on the [HKEX Market website](#).

To facilitate a better understanding of climate-related information and the standardisation of these data, we hosted an ESG Academy – Navigating Climate-related Disclosures seminar in July, discussing the proposed climate-related disclosure requirements. At the event, HKEX representatives and industry experts shared their knowledge and experience on how corporates could enhance their disclosures as they pursue their own low-carbon goals. More than 700 participants attended the seminar.

In January, the Exchange published its [Review of Issuers' Annual Reports – 2022](#). The review showed a high rate of compliance with the Listing Rules requirements for annual report disclosure, and made recommendations in the areas of financial reporting and related controls, material lending transactions, and financial statement disclosures under accounting standards. To support the continuous development of our listing franchise, the Exchange also published a new [Guide for New Listing Applicants](#), equipping them to better understand the Exchange's approach and interpretation of the Listing Rules.

Continuously educating and informing our key stakeholders is just as important as market regulation for a sustainable and robust market. To that end, in 2023, the Exchange continued to provide resources for listed companies and market practitioners to stay up to date with the latest developments and acquire new skills. Throughout the year, it issued two Listed Issuer Regulation Newsletters providing updates on rules, reporting obligations and the latest market developments, and added a new e-learning module on share schemes on the [HKEX Market website](#).

To promote an equitable and sustainable commodities market, the LME introduced responsible sourcing requirements back in 2019. Since then, the LME has been working closely with its listed brands on the compliance of the following requirements on an ongoing basis:

- Implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Maintaining an ISO 14001 certification for environmental management systems (or equivalent); and
- Maintaining an ISO 45001 certification for occupational health and safety management systems (or equivalent).

90%

of LME-listed brands submitted appropriate compliance information for responsible sourcing requirements

Following extensive engagements with its listed brands, 31 December 2023 marked a significant deadline for responsible sourcing requirements, representing the first full compliance cycle. The deadline saw all producers of LME-listed brands submitting their ISO certifications and we were delighted to see that 90% of LME-listed brands submitted appropriate compliance information for responsible sourcing requirements.

Throughout 2023, the LME continued to support producers and third-party partners, such as standard setters and auditors, allowing listed brands to meet the LME's responsible sourcing deadlines. As part of this, the LME revised its policy and published associated compliance documents and a handbook in February. Later during the year, it further published summary statistics around the responsible sourcing requirements, bringing accountability to producers' supply chain due diligence practices.

Facilitating Capital Flows for Sustainable Finance

To support the transition to a net-zero economy, we continued to use our influential position to connect capital and resources with new climate projects, green technologies and business models. Core Climate, our international voluntary carbon marketplace, continued to offer quality carbon credits from over 40 internationally-certified projects in Asia, South America and Africa, covering forestry, solar, wind and biomass initiatives. The projects on Core Climate are verified against the Verified Carbon Standard by Verra. As of the end of 2023, the number of participants on Core Climate increased to around 80, tripling the number of participants at its launch in the previous year.



Furthermore, our ecosystem for sustainable finance continued to grow. In 2023, there were 71 new green, social and sustainability-related bonds listed on our markets, while the market capitalisation of Hong Kong-listed ESG-related ETFs reached \$8.9 billion. In addition, our multi-asset sustainable investment product platform – Sustainable and Green Exchange (STAGE) – continued to remain a central hub for data and information on sustainable and green finance products, featuring 140 green, social and sustainability-related bonds and 11 ESG-related ETFs.

In 2023, we were also pleased to establish agreements with stock exchanges in other regions, such as Indonesia and Saudi Arabia, to explore opportunities in fintech, ESG, sustainable finance and cross-border listing. Specifically on carbon markets, we signed MOUs with China Emissions Exchange Shenzhen and China Beijing Green Exchange to explore cooperation in building an ESG ecosystem and accelerating the development of carbon markets.

+176%

in market capitalisation of
ESG-related ETFs in our markets

In the UK, the LME enhanced its LMEpassport platform in 2023 to increase the transparency of sustainability in commodity markets, improving its user experience, introducing more features and encouraging more producers to disclose their sustainability credentials. For example, personalised profiles were added for every metal producer, showcasing their brands, smelters, sustainability credentials, annual reports and their targets, goals and commitments.

In addition, a new tab showing the profiles of up to five different producers side-by-side was added, allowing users to easily view and compare the broad range of ESG certifications and metrics of different producers. The enhancements helped to position LMEpassport as a one-stop shop with clear and accurate information on the metal producers' sustainability activities.

Throughout the year, the LME also published educational videos and resources discussing new enhancements to the platform and supporting LMEpassport's utility for the growing needs of market users. We saw unprecedented growth in 2023, with more than 600 sustainability-related disclosures displayed on the platform, underscoring the LME's commitment to operating a transparent commodities market.

The LME also continued to support ongoing standardisation of carbon accounting methodologies for metals, collaborating with industry associations who produce clear, metal specific methodologies. It added a product carbon footprint guidance document for cobalt producers, joining the methodologies available for zinc, nickel and aluminium on LMEpassport. These methodologies enable the nuances and individual characteristics of each metal to be accurately represented, with specific guidance on how to calculate emissions. Supporting and showcasing these methodologies on LMEpassport is vital in the sustainable transition as it ensures emissions data is calculated in a similar way across multiple companies, and ultimately meaning that the data is more accurate and therefore comparable.

Supporting Innovative Markets

At HKEX, we see ourselves an enabler of innovative ideas that are changing the way in which we live and work. We do this by providing an attractive environment for innovative companies to gain access to Hong Kong's deep, liquid and international markets for the capital they need, as well as by facilitating the exchange of ideas to innovate.

The introduction of Chapter 18A for biotech companies has led to a new healthcare financing ecosystem in Hong Kong. We are now home to over 235 health and biotech-related companies listed on our markets with a total market capitalisation of over \$1,882 billion. We have been seeing continued growth with overseas biotech firms applying to list in Hong Kong.

>235

health and biotech-related companies
listed on our markets

Building on the success of the biotech chapter, in March, we expanded our listing framework with the addition of Chapter 18C, providing a new pathway for specialist technology companies to raise capital in Hong Kong. When developing Chapter 18C, we took into account the unique features of specialist technology companies, in particular, the uniqueness of the role technology plays in their business and their early stage of development relative to other listing applicants. The new rules seek to strike a balance between upholding market quality and creating a commercially viable chapter that meets the fundraising needs of the companies of tomorrow.

Under the new regime which took effect on 31 March 2023, companies operating from one of five specialist technology industries (next-generation information technology; advanced hardware and software; advanced materials; new energy and environmental protection; and new food and agriculture technologies) and the respective acceptable sectors are welcome to list in Hong Kong. The new regime is significant in providing a new route for technology companies to fund their innovative ideas and fuel their growth ambitions. Coupled with the biotech chapter, we expect Chapter 18C to further elevate Hong Kong's position as the listing venue of choice for new economy companies.

To promote our new listing regime, we hosted a media briefing and provided educational materials on our social platforms. In May, we held the HKEX Future Tech Summit series in Beijing, Shanghai and Shenzhen, taking a deep dive into the opportunities of the new economy sector and the role of Hong Kong in facilitating the development of technological innovations. The series attracted over 1,000 participants.



To further support the development of the region's biotech community, we hosted our annual Biotech Summit in September 2023, bringing together over 600 industry leaders, scientists, investors and issuers to discuss the latest and most innovative developments in the biotech sector, and connecting capital with opportunities. The event attracted over 20,000 viewers online, and included a series of in-depth fireside chats and panel discussions on the role of capital markets in shaping the global biotech industry, and the opportunities and challenges ahead for Hong Kong's biotech community.

In November, we sponsored and participated in Hong Kong Fintech Week, which was themed "Fintech Redefined". The focus for the week-long event was innovation, technological disruptions and connectivity. During the event, our executives took part in panels and fireside chats, touching on the role we play as a market operator and regulator in providing robust, reliable, and efficient infrastructures for investors and issuers amid a rapidly evolving environment, and the possibilities that capital markets bring.

Strengthening Financial Literacy

Leveraging our knowledge and unique position in financial markets, we continued our efforts to increase financial literacy among our key stakeholders. During the year, we offered a multitude of educational initiatives, from bite-sized videos and podcasts to in-depth research and thought leadership articles, empowering investors and the wider business community to make more informed decisions.

Through HKEX Insight and our HKEXVoice series, we provided insights on our latest market development initiatives and what they meant for financial markets and our stakeholders. These covered our new Listing Rules updates – such as the GEM Listing Reform and Chapter 18C – and our new market infrastructure updates – such as FINI (a digital IPO settlement platform) and Synapse (a settlement acceleration platform).

Throughout the year, we also published a variety of educational materials on our offerings in Hong Kong. These pieces covered a wide spectrum of financial products, such as ETFs, Stock Connect and the HKD-RMB Dual Counter Model. For example, on top of a series of ETF-specific articles on social media, we published a research paper on ETFs and the growing virtual asset ecosystem, and a ETF Spotlight newsletter discussing the growth of ESG-related ETFs driven by the rising demand for sustainable investing.

Furthermore, we provide a platform for industry experts to share their views on a wide range of topics shaping financial markets. For example, given the rise of sustainable investing, we focused our annual Strike the Gong for Financial Literacy event on sustainable finance in 2023, inviting industry practitioners to share their knowledge and views from the perspectives of corporates, investors and rating agencies. We published a research report and thought leadership pieces discussing global carbon market development and opportunities for Hong Kong.

In 2023, the LME hosted its annual LME Week which connected the global metal community to discuss the opportunities and issues faced by the metals industry, such as the macroeconomic outlook, sustainability, and responsible supply chains. During LME Week, there were educational sessions, panel discussions and a networking event exploring how we can advance the sustainability of the commodity markets with over 3,000 people taking part in various sessions across the Week.

In addition, the LME continued its partnership with EuroMoney Learning to deliver a number of educational sessions, enabling market participants to have a better understanding of the commodity markets. The sessions covered topics such as hedging, price discovery and trading of futures and options in the metals industry. The LME also continued to offer online resources and bespoke training courses designed for companies and individuals with different needs. Details of the LME's educational resources are available on the [LME website](#).



Our People





Our People

Highlights in 2023

\$95 million

donated to our communities

>47,900

learning and development hours completed by our employees

31

training sessions delivered under Leadership Development Programmes

2% increase

in the engagement score in our People Survey

>2,260

volunteering hours delivered

Our Approach

At HKEX, we believe that the success of our business depends on the success of our people and the communities in which we operate. To facilitate our collective success, we continuously invest in our employees' professional and personal development, foster a diverse and inclusive culture, and endeavour to make a positive contribution to our communities.

Within the workplace, we support our employees' professional development in a number of ways. Our efforts include our online e-learning platform iLearn, various structured training programmes for high-potential talent, and a company-wide focus on continuous learning. We also invest in employees' physical, mental and financial wellness through regular employee communications, webinars and teach-in sessions. In addition, we regularly seek employees' feedback and continuously review and enhance our people policies.

When it comes to diversity and inclusion, promoting it across our business and communities is a key focus for us as reflected in our corporate values. We continuously advocate for it through internal and external events, as well as through training programmes and employee-led initiatives, helping create an environment where everyone can be their true self and fulfil their potential.

We also seek to make use of our resources, expertise and influence to create real impact and drive long-term change for the betterment of our community. Through corporate philanthropy, employee volunteering and community partnerships, we continuously give back to our communities to help address the important social and environmental issues affecting our society.

Investing in Our People

In 2023, in addition to our business-as-usual professional development initiatives, we enhanced our training programmes for our employees, introduced a new learning curriculum on our internal platforms, and ran a new educational webinar series on our business and markets to further support the professional growth of our people.

We always look for opportunities to strengthen our talent pipeline across all levels and therefore in 2023, we enhanced our leadership and graduate development programmes using feedback from previous years. In our leadership development programmes, we introduced new sessions on corporate strategy and leadership coaching by members of the senior leadership team. Overall, 56 employees from middle-to-senior level positions attended our three key leadership development programmes in 2023, completing 31 training sessions.

Meanwhile, in our Graduate Associate Programme, we expanded the scope of the programme to cover a wider range of options and opportunities across the Group, helping develop more well-rounded future leaders. In 2023, we took in a new cohort of 29 young talent as part of the 24-month programme, offering a stimulating experience through interactive learning, financial skills training and senior management exposure.

In addition, we launched a new comprehensive learning curriculum available all-year around, equipping employees with the knowledge and skills they need to advance their careers. The curriculum was curated based on employees' feedback and the analysis of the future skills needed for our company vision and goals. It covers a wide range of topics such as leadership development, personal effectiveness, design thinking and agile awareness. In 2023, our employees across the Group took part in various courses, completing more than 47,900 training hours.

We also launched a new HKEX Explained series across the Group to enable employees to learn more about our key business areas outside of their day-to-day duties. The sessions were conducted by internal experts and delivered through company-wide webinars, covering a range of topics including listing reforms, financial products, clearing operations, carbon markets and our community contributions.

Following the success of the HKEX Explained series, the LME introduced two new educational series for its own employees – LME Explained and LME Masters. LME Explained is a podcast series that aims to increase employees' knowledge of the LME's broader business, tackling key functions within the company. Meanwhile, LME Masters focuses on strengthening employees' soft skills, such as project management, presentation skills and cultural awareness. Throughout the year, we organised 16 sessions under HKEX Explained and LME Masters series, allowing our employees to have an in-depth understanding of our different business activities, products and markets.

Under our part-time internship and summer internship programmes, we welcomed 95 interns to our Hong Kong offices throughout 2023, supporting the next generation's career readiness and financial markets knowledge. Meanwhile in London, the LME continued its apprenticeship programme, welcoming four new apprentices in 2023. The apprenticeship aims to increase accessibility into the financial services industry, allowing apprentices to learn the fundamentals of commodity trading, gain hands-on experience and study for professional certificates.

To promote HKEX as an employer of choice, we hosted our inaugural HKEX Open Day for prospect graduates and interns in September. The event attracted 310 participants, who took the opportunity to engage with HKEX professionals, understand the finance industry and HKEX's role in it, and discover new career prospects.

Regular employee feedback is essential to refining our people strategy. In 2023, we continued to collect employees' views through an array of channels. For instance, we ran our biennial People Survey in September, where our employees were invited to share their views on working at HKEX. More than 95% of employees across the Group completed the survey and we were delighted to see a 2% increase in the overall engagement score compared with 2021.

In addition, we continued to host our CEO presentations and department townhalls throughout the year, sharing business updates and upcoming plans and initiatives with employees. We also continued to solicit feedback and new ideas from junior employees through the HKEX HIVE in Hong Kong and the Employee Engagement Forum in London, helping build a more engaging workplace and facilitating two-way conversations. One of the ideas that came out of these forums is the LME Coffee Connect programme. Launched in July, Coffee Connect facilitates ongoing dialogues between employees and the LME's board and senior leadership teams. In 2023, the LME held five Coffee Connect sessions, giving colleagues the opportunity to discuss the LME's initiatives and development in an informal setting with senior executives and help shape the company's future.

Good performance management is also critical to supporting employees' professional development. To that end, we establish formal touch points of objective setting, mid-year and year-end review every year. We also encourage employees to seek feedback from other colleagues and require managers to host regular conversations with their direct reports throughout the year.

World Mental Health Day

Mental Health Matters

In conversation with HKEX, EY & HSBC



Promoting Physical and Mental Wellness

As part of our commitment to our people, we view physical and mental wellness as an integral part of our overall health, productivity and quality of life. In addition to offering employee benefits, we run various employee initiatives to support physical and mental well-being.

In 2023, we once again hosted our group-wide Global Wellness Challenge in the summer, encouraging employees to run, swim, cycle and walk in name of physical and mental well-being. As part of the campaign, we hosted our inaugural Wellness Marketplace at HKEX Connect Hall, offering experiences and tips on physical, mental and financial wellness. The event was well-received with over 400 colleagues in attendance. Throughout 2023, we also organised first aid courses in Hong Kong, promoting occupational health and safety in the workplace, and ran biweekly meditation sessions, raising awareness of the importance of mental wellness.

To celebrate World Mental Health Day, in October, we partnered with two leading financial institutions in Hong Kong to co-host an employee event, focusing on the importance of mental health and on how to build an inclusive workplace. During the event, our speakers, alongside mental health practitioners and experts, shared their personal stories and insights on the topic.

In London, the LME has been supporting employees' physical and mental wellness in a number of ways for years. For example, the LME hosted its Wellness Week in June with a number of wellness activities and education sessions on physical and mental wellness for its employees. It has also been running Mental Health First Aiders since 2021, training a group of employees to provide extra support to colleagues in need. The trained first aiders helped to spot the signs of common mental health issues, providing reassurance and guiding colleagues to seek professional support.

Advancing Diversity and Inclusion

We believe that promoting diversity, embracing our differences and being an inclusive employer are key to succeeding as an organisation. Diverse perspectives enable more well-rounded decisions and allow everyone to be themselves, creating a vibrant and thriving culture. As such, we focus on upholding diversity and inclusion in everything we do.

In 2023, we continued to leverage our employee-led networks, resources hubs and external partnerships to promote gender equality and LGBTQ+ inclusion, as well as support people of diverse backgrounds and with different family responsibilities.

In January, HKEX became a member of the World Economic Forum's Global Parity Alliance – a cross-industry group committed to advancing diversity, equity and inclusion around the world. Later in the year, we were selected as one of seven companies featured in the Alliance's Diversity, Equity and Inclusion Lighthouses 2023 Insight Report, in recognition of our efforts to advance gender equality in Hong Kong's markets. We are the only Asia-based company to be featured in the report.

In London, alongside an unconscious bias training, the LME hosted a diversity and inclusion fair, offering a platform for employees to get to know more about different employee networks and resources available to support workplace diversity.

Gender Equality

In March, we rolled out a multi-channelled campaign inviting our employees to share how diversity inspires innovation and success. We also once again hosted the annual Ring the Bell for Gender Equality ceremony in Hong Kong, joining over 110 stock exchanges around the world to celebrate International Women's Day. At the event, women leaders and male allies highlighted the importance of gender equality in our markets, workplace and community. Internally, we ran various employee

events on gender diversity throughout the year, such as a reverse mentoring event where younger employees shared their insights and views on diversity with more experienced colleagues.

People of Different Backgrounds

Another aspect of diversity we deeply care about is our different backgrounds. Whether it is difference in race, ethnicity, religion or physical ability, we seek to create an environment that embraces different backgrounds and supports underrepresented groups in society.

In London, the LME organised a Holi lunch in February to celebrate the Hindu festival and organised an event to celebrate Black History Month in October. In November, we invited our employees to join Diwali celebrations in Hong Kong and London, encouraging them to wear bright colours, try some treats from the Indian continent and learn more about the Indian culture.

We also partnered with New Life Psychiatric Rehabilitation Association in Hong Kong – a local charitable institution providing support for youth with special educational needs (SEN) – to host an interview skills workshop in May. At the workshop, volunteers from our Human Resources Division shared their advice and tips on job-hunting with SEN students.

Individuals with Family Responsibilities

We also want our people to be able to pursue their career ambitions without compromising on family responsibilities. To that end, we organised a company-wide workshop in April, providing insights on how to navigate career goals and challenges while also balancing personal and family responsibilities. Throughout the year, we also hosted various employee networking events that were open to family members, such as movie nights, craft workshops and Christmas celebration in the HKEX Connect Hall.

LGBTQ+

Through awareness building and open communications, we also seek to create an environment where LGBTQ+ colleagues feel included and respected. In 2023, we celebrated Pride Month across the Group by running awareness building activities – such as a fireside chat joined by internal and external speakers on how to be inclusive and supportive to the LGBTQ+ community – and by sharing inspiring, personal stories from our employees. In London, the LME was recognised as a Stonewall Diversity Champion and included in the 2023 Stonewall Workplace Equality Index, which measures employers' progress on LGBTQ+ inclusion in the workplace.

Driving Positive Changes in Our Communities

Deeply rooted in where we operate, we believe that the role we play is crucial to the prosperity of our markets and wider community. We help to address the social and environmental issues impacting our society and the planet in an array of ways. Through community partnerships, charitable donations and corporate volunteering, we deepen our connection with our community and create impactful changes for a better future. To deliver on this commitment, we anchor our contributions and efforts on four key areas: Financial Literacy, Diversity and Inclusion, Poverty Relief, and Environmental Sustainability.

Throughout the year, we maintained the momentum of our self-managed volunteering platform HKEX ACT by providing more volunteering opportunities for employees. In 2023, we were delighted to see our passionate colleagues contribute more than 2,260 volunteering hours in over 40 community events for different causes. Through our wide-ranging volunteering activities, such as serving soft dim sum to elders with swallowing difficulties and kayaking for coastal clean-up, we deepened employees' understanding of social and environmental challenges in engaging ways. Our volunteering activities allow us to strengthen our community connections and inspire employees to reflect on how they can further support those in need.

In addition, we continued our Better World Series, inviting our community partners to share how they apply creative and human-centred solutions to address social and environmental issues, such as elderly care, waste reduction and financial inclusion for migrant domestic helpers.

Through HKEX Foundation, our dedicated philanthropic arm, we continued to expand our community outreach and create long-lasting impact to build a better future for us all. We do this through a number of funding channels, helping us reach a wide spectrum of beneficiaries.



The HKEX Charity Partnership Programme remained one of our major funding channels for local NGOs. In 2023, the Programme allocated \$43 million to support 13 charities working on long-term projects, directly benefitting underprivileged individuals and families and addressing pressing environmental issues.

To nurture home-grown and future leaders, the HKEX University Scholarship Programme recognises students with outstanding academic achievements in business, finance, biotech and innovation. The launch of the HKEX Research Funding Scheme in 2022 marked a new page in our efforts to support Hong Kong's position to become a powerhouse for research and development. In 2023, we announced the funding of three research projects conducted by local universities under this funding channel. These projects are seeking to:

- Eliminate bed bug issues in Hong Kong with a solution that is affordable and eco-friendly to low-income families;
- Support the development of precision medicine for cancer patients in the Greater Bay Area by expanding the database of colorectal cancer-related clinical trials and storing relevant data in a clinical matching platform; and
- Quantify Hong Kong's blue carbon capacity and its potential to support the city's efforts in mitigating climate change.

Since its launch, the Foundation has allocated more than \$449 million in grants and supported over 90 community projects, benefitting more than 689,000 people and creating wide-ranging environmental impact.

>90

community projects funded by
HKEX Foundation since its launch in 2020

As part of the LME's ambitions to ensuring responsible supply chains in the metal industry, the LME continued its charitable partnership with The Impact Facility and Pact, supporting their projects addressing human rights issues in African mining communities through empowering women, building school facilities and providing education for children. The LME also continued its work with its charity partner Inspire, an education business partnership charity based in London. The LME organised fundraising and volunteering events throughout 2023 to support Inspire, including a charity fundraising skydive and career carousels where the LME hosted students from local schools with employees providing career advice. Furthermore, the LME set up a fund to provide scholarships for students at the Camborne School of Mines, to help them on their journey to forging a successful mining career. The first cohort of successful applicants will begin their studies in the 2024/25 academic year.



Driving Deeper Impact

Since launching in 2021, the HKEX Impact Funding Scheme has grown in scale, expanding our long-term impact on our society and the environment. The Scheme aims to support small-scale and non-subsidized charitable institutions and social enterprises, helping them deliver innovative solutions for our local community.

Exploring Innovative Ways to Support the Elderly

To foster an age-friendly culture, we partnered with The Project Futurus to deliver a 12-month project that promotes dignified diets for elderly with dementia or swallowing difficulties in Hong Kong. Instead of traditional and conventional aged-care practices, the project recreated a traditional Chinese restaurant on the move, serving soft dim sum that is modified, freshly made and easier to swallow. Engaging five senses of sight, hearing, taste, smell and touch, it provided an immersive experience for the elderly to help improve their appetite. Through collaboration with local care homes and organisations for people with disabilities, the project organised over 100 restaurant sessions in 2023, benefitting over 1,100 elderly people.

Rescuing Bees for a Healthy Ecosystem

Recognising the importance of biodiversity for our ecosystem, we supported a project run by Beetales to provide a safe and humane solution to bee infestation in Hong Kong. Beetales is a social enterprise advocating for bee conservation through conservation, vocation and education. Our 12-month project will train a group of volunteers to safely relocate beehives from the city using Integrated Pest Management techniques rather than harmful pesticides. The project also focuses on promoting bee rescue services and raising awareness of bee conservation among corporations, property management companies and the public.



Our Operations





Our Operations

Highlights in 2023

Committed to achieving

net zero by 2040

Expanded our

**Paperless
Listing Regime**

Ran mandatory refresher training on

**business
ethics and risk
management**

Won Silver Award from

**Hong Kong
Awards for
Environmental
Excellence**

First annual review conducted for our

**third-party risk
management**

Our Approach

Given our central role in financial markets, we recognise that our responsibilities go beyond our walls and that we have a big influence on the markets and communities in which we operate. We are committed to pursuing operational excellence and setting a good example to our wider community – so that our business, partners and communities can all prosper.

This means that we endeavour to uphold the highest standards of integrity in everything we do, take a diligent approach to protecting our business from external risks, and always aim to fulfil our wide range of responsibilities as a listed public company. Our robust governance structure and risk management controls, regular review of internal policies and a company-wide focus on doing the right thing underpin our efforts for operational excellence.

Our impact on the environment is also another key consideration in our pursuit of operational excellence. To responsibly manage our environmental impact and carbon footprint, we embed environmental considerations into our operations by adopting eco-friendly practices and cultivate environmental awareness among employees and business partners.

We also endeavour to maintain a responsible and ethical supply chain and share successful business cases of ethical supply chains with our wider business community.

Pursuing Operational Excellence

At HKEX, we pride ourselves on being a trusted and respected market operator, regulator and listed company. Therefore, we take governance and risk management very seriously, ensuring our stakeholders' continued confidence and trust in our markets and services.

This means we regularly review and enhance our policies and processes to continue to hold ourselves to the highest standards of integrity and professionalism. In 2023, we reviewed and updated a number of company-wide policies and procedures, strengthening our approach to anti-bribery and anti-corruption, whistleblowing, data and privacy protection, personal account dealing and information barrier.

In addition to setting out policies and frameworks for guiding employee conduct, we reinforce a culture of integrity, compliance and risk management through ongoing education and regular communications. Throughout 2023, we ran mandatory training for all employees covering business ethics and risk management topics, such as data protection and cyber security. It included a phishing awareness simulation training to help employees stay alert in their daily work. We also launched our annual compliance refresher training in December, covering anti-bribery and anti-corruption, conflicts of interest, prevention of financial crime, personal account dealing and information barrier.

In 2023, we introduced a new educational series aimed at further raising awareness of good ethics and risk management among employees, titled "Culture, Conduct and Compliance". In each issue, we offered a practical scenario, as well as some tips and insights to help employees better understand how to conduct themselves in certain situations.

Moreover, we are cognisant of the fact that we handle a vast amount of information and data every day. It is our responsibility to ensure the privacy and security of our stakeholders, and to manage and process their data in the right way. To ensure this, we align with the NIST Cyber Security Framework and maintain an ISO 27001 certification for the information security management system of our enterprise data centre. These undertakings allow us to stay in line with industry standards and best practices for information security.

Over in the UK, the LME hosted its annual Risk Awareness Month, providing training and learning sessions on operational resilience and enterprise risk management, and emphasising our day-to-day responsibilities of good risk management. During the campaign, employees learned about the evolving regulatory landscape in the metals industry and explored how they could think and act with a risk management mindset.

In the Mainland, about 100 employees participated in our Information Security and Compliance Week, ensuring that our day-to-day operations adhere to the latest and best industry practices. During the week, employees took part in training sessions and workshops to better understand IT policies, standards and processes, protecting our business from cyber threats and regulatory risks. The week ended with a wrap-up workshop, where participants discussed the use of cloud security in developing or maintaining systems and applications.

Going Green

At HKEX, we are committed to reducing our carbon footprint and achieving net zero across our operations. Therefore, we continuously explore ways to enhance our energy efficiency and reduce carbon emissions, minimising the impact of our business activities on the environment.

To promote sustainable practices across our operations, we further expanded our Paperless Listing Regime, with the new requirements taking effect on 31 December 2023. These include reducing the number of documents required for an IPO submission, mandating submissions by electronic means and requiring all listing issuers to electronically disseminate their corporate communications, to the extent permitted by the laws and regulations applicable to them. We expect these amendments will significantly reduce the use of paper in our listing application process and in turn lessen our impact on the environment.

Following our commitment to net zero in 2021, we conducted a detailed study on the full decarbonisation of our operations. And in 2023, we used the results of the study to announce our new plans to achieve carbon neutrality by 2024 and net zero by 2040, reflecting our ongoing determination to address climate change in a timely manner.

As part of our net-zero study, we commissioned an external consultant to review our indirect emissions and develop a reduction strategy along our value chain. Together with the LME – which is also targeting to become net zero by 2040, we plan to submit our science-based emissions reduction targets to the SBTi for validation in 2024.

To promote the use of renewable energy, we installed 164 solar panels at our TKO Data Centre through joining the Feed-in Tariff Scheme in February. In 2023, the renewable energy generated saved more than 21,500 kg of carbon emissions.

To reduce the waste arising from our operations, we partnered with our landlord Hongkong Land to collect food waste from our events and send it to a centralised system, which decomposes food waste in an efficient and eco-friendly manner.

In June, we ran a laptop donation drive for schools in need in Hong Kong through the Crossroads Foundation. Later in the year, we participated in the Waste Electrical and Electronic Equipment Recycling Campaign of Environmental Protection Department. More than 290 pieces of computer equipment were donated through these exercises.

In December, we welcomed the first-ever FII Priority event in Asia to Connect Hall where over 1,000 delegates from business, government, civil society and technology gathered to discuss megatrends shaping humanity. As part of our commitment to sustainability, we purchased carbon credits supporting an afforestation project in Mainland China to offset the emissions generated by the FII Priority event.



We were once again proud to obtain a number of certificates and recognitions on our green efforts. These include:

- Silver Award from Hong Kong Awards for Environmental Excellence;
- Hong Kong Green Organisation certificate for TKO Data Centre;
- A certificate of recycling for contribution of waste lead acid batteries to the Hong Kong Battery Recycling Centre; and
- Excellent class for Wastewiſe certificate.

To encourage employees to embrace a low-carbon lifestyle, we hosted our annual HKEX Goes Green campaign in June. During the campaign, we offered a series of activities focusing on pollution and waste reduction. We invited an advocate from a local environmental organisation to share insights on pollution and how to make environmentally conscious decisions in daily life. We also organised a volunteering event where our volunteers kayaked to a coastline to clean up garbage and debris on the beach, and hosted a guided tour to Y•Park where employees and their families learned about the city's efforts to give yard waste a second life.

In London, the LME hosted its inaugural Sustainability Week to celebrate Earth Day in April through a range of employee engagement initiatives including a plant sale and education on the LME's emissions and net-zero strategy.

Driving Supply Chain Sustainability

While acting responsibly and professionally in our own operation is important, operational excellence also requires us to take a prudent approach to suppliers and third-party business partners.

We are committed to working with our business partners to maintain a responsible and ethical supply chain that supports corporate responsibility and creates long-term value. Our Supplier CSR Code

of Conduct and Guidelines on Supply Chain Sustainability continue to help ensure social and environmental considerations are integrated into our procurement processes and supply chain management, enhancing the ESG awareness and readiness of our supply chain.

In addition to maintaining a responsible and ethical supply chain, we take risks stemming from our suppliers and third-party vendors very seriously. Our Group Third-Party Risk Management Policy and Framework, established in 2022, sets out standards and risk management principles for employees to better manage risks involved in engaging a third party. Under the framework, inherent risks from third-party services (including but not limited to ESG, cyber security, data privacy and business continuity) are assessed. Employees are required to analyse and understand the risks involved and conduct ongoing due diligence responsibly, ensuring appropriate controls or remediation measures are in place. To support employees' understanding of the policy and framework, in 2023, we arranged assessment reviews, guidance and training sessions to strengthen their knowledge on third-party risk management, including how to properly conduct risk assessment and due diligence.

We also work with local suppliers and establish business partnerships to create opportunities for all, supporting local communities and promoting diversity in our supply chain. Throughout the year, we engaged with NGOs and social enterprises in company-wide events. During our annual Christmas celebration at the HKEX Connect Hall, we once again welcomed a number of NGOs and social enterprises – dedicated to supporting children with special educational needs and ethnic minorities, as well as promoting recycling, low-carbon living and biodiversity – to showcase their goods to our employees. We also invited the Tung Wah Group of Hospitals' i-dArt project, which promotes social inclusion through arts, to develop a set of Christmas postcards for our employees to send to their friends and families around the world.

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, figures provided in this section are reported for the corresponding year(s) specified below or as at 31 December of the corresponding year(s).

Business Integrity and Ethics

Anit-corruption

In 2023, there were no concluded legal cases regarding bribery, extortion, fraud and money laundering brought against the Group or its employees. In 2023, 13 Directors, which account for 100% of the Board members, received training on anti-corruption.

Conflicts of interest

In 2023, there were no confirmed incidents and substantiated complaints concerning conflicts of interest for the Group and its employees.

Data Privacy

There were no confirmed incidents and substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group between 2021 and 2023.

Information Security

There were no material breaches or substantiated complaints concerning information security impacting the Group's operations between 2021 and 2023.

System Stability and Reliability

During 2023, all HKEX's major trading, clearing, settlement and market data dissemination systems for the Cash, Derivatives and OTC Markets continued to perform robustly. In the Commodities Market, the LME Clear experienced a failure during the start-up of LMEmercury on 24 October 2023 and was remediated the same day. There was no material impact to the market as all trades were subsequently cleared and LME trading and pricing systems were unaffected and operated as normal.

Anti-competitive Behaviour

In 2023, the Group was not aware of any legal actions against it for anti-competitive behaviour, anti-trust or monopoly practices.

Product Responsibility

In 2023, 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, which cover 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	Unit	2023	2022	2021
Enquiries and complaints handled	no.	5,799	7,722	9,784

Supply Chain Sustainability

In 2023, the percentage of local key suppliers for the Group's operations in Hong Kong, Mainland China and the UK are 81%, 100% and 87% respectively. There was no significant change to the Group's supply chain in 2023.

During the year, the Group was not aware that any key suppliers had any significant actual or potential negative impact on business ethics, information security, environmental protection, human rights or labour practices, and no instances of non-compliance occurred in respect of these areas. There were no confirmed incidents where contracts with business partners were terminated or not renewed due to violations relating to corruption during the year.

Indicators	Unit	2023	2022	2021
Number of key suppliers ¹	no.	146	125	96
By region				
Asia (excluding Hong Kong and Mainland China)	no.	3	4	2
Australia	no.	1	1	1
Europe	no.	7	5	5
Hong Kong	no.	66	58	50
Mainland China	no.	6	3	3
UK	no.	55	50	33
US	no.	8	4	2
Total payment to key suppliers	\$bn	2.1	1.9	1.9

1 The definition of "key suppliers" refers to suppliers of products and/or services to the Group whose contract sum exceeded \$3 million, £270,000, RMB2.6 million or equivalent.

Employment

As of 31 December 2023, the Group had a total of 2,552 employees, a 7% increase from 2022.

In 2023, there was no reported incidents of non-compliance or grievances in relation to human rights or labour practices (including but not limited to discrimination and harassment) standards and regulations that would have a material or significant impact on the Group.

Indicators	Unit	2023	2022	2021
Number of employees ¹	no.	2,552	2,380	2,307
By gender				
Female	no.	1,029	975	939
Male	no.	1,523	1,405	1,368
By age group				
Below 30	no.	427	422	400
30 to 50	no.	1,751	1,626	1,595
Over 50	no.	374	332	312
By region				
Hong Kong	no.	1,719	1,599	1,555
Mainland China	no.	397	399	366
UK	no.	422	373	378
Others ²	no.	14	9	8

Employment (continued)

Indicators	Unit	2023	2022	2021
By employment contract and gender				
Permanent (female)	no.	977	914	940
Permanent (male)	no.	1,442	1,323	1,206
Temporary/fixed term (female)	no.	52	61	66
Temporary/fixed term (male)	no.	81	82	95
By employment contract and region				
Permanent (Hong Kong)	no.	1,600	1,474	1,408
Permanent (Mainland China)	no.	397	399	366
Permanent (UK)	no.	408	355	364
Permanent (others ²)	no.	14	9	8
Temporary/fixed term (Hong Kong)	no.	119	125	147
Temporary/fixed term (Mainland China)	no.	-	-	-
Temporary/fixed term (UK)	no.	14	18	14
Temporary/fixed term (others ²)	no.	-	-	-
By employment type and gender				
Full-time (female)	no.	1,019	967	926
Full-time (male)	no.	1,522	1,402	1,366
Part-time (female)	no.	10	8	13
Part-time (male)	no.	1	3	2

1 The number of employees is expressed as headcount.

2 The figures refer to employees stationed in Singapore and New York.

Diversity

Indicators	Unit	2023			2022			2021		
		Female	Male		Female	Male		Female	Male	
By gender per employee category										
Senior	%	38	62		39	61		36	64	
Middle-level	%	40	60		41	59		40	60	
Supervisory-level	%	42	58		40	60		42	58	
General	%	41	59		43	57		43	57	
By age group per employee category										
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior	%	-	63	37	-	67	33	-	66	34
Middle-level	%	3	84	13	3	84	13	3	85	12
Supervisory-level	%	28	62	10	28	62	10	24	64	12
General	%	51	37	12	51	38	11	45	46	9

New Hires and Turnover

Indicators	Unit	2023	2022	2021
Total new hires	no. (%)	414 (16)	452 (19)	378 (16)
By gender				
Female	no. (%)	150 (15)	173 (18)	141 (15)
Male	no. (%)	264 (17)	279 (20)	237 (17)
By age group				
Below 30	no. (%)	125 (29)	168 (40)	162 (41)
30 to 50	no. (%)	250 (14)	259 (16)	201 (13)
Over 50	no. (%)	39 (10)	25 (8)	15 (5)
By region				
Hong Kong	no. (%)	290 (17)	305 (19)	237 (15)
Mainland China	no. (%)	31 (8)	79 (20)	93 (25)
UK	no. (%)	86 (20)	65 (17)	48 (13)
Others ¹	no. (%)	7 (50)	3 (33)	–
Total employee turnover ²	no. (%)	203 (8)	328 (14)	346 (15)
By gender				
Female	no. (%)	79 (8)	114 (12)	141 (15)
Male	no. (%)	124 (8)	214 (15)	205 (15)
By age group				
Below 30	no. (%)	50 (12)	89 (21)	84 (21)
30 to 50	no. (%)	133 (8)	208 (13)	236 (15)
Over 50	no. (%)	20 (5)	31 (9)	26 (8)
By region				
Hong Kong	no. (%)	137 (8)	195 (12)	210 (14)
Mainland China	no. (%)	29 (7)	60 (15)	103 (28)
UK	no. (%)	35 (8)	71 (19)	33 (9)
Others ¹	no. (%)	2 (14)	2 (22)	–
Average years of service	no.	7	6	7
Employees eligible to retire within the next five years	no.	141	130	205

1 The figures refer to employees stationed in Singapore and New York.

2 The figures refer to voluntary turnover of employees.

Return to Work and Retention after Parental Leave

Indicators	Unit	2023	2022	2021
Employees who took parental leave ¹				
Female	no.	43	50	51
Male	no.	53	39	26
Employees who returned to work after parental leave ended ²				
Female	no. (%)	36 (100)	30 (94)	34 (100)
Male	no. (%)	51 (100)	39 (100)	26 (100)
Employees who remained employed 12 months after the end of parental leave				
Female	no. (%)	24 (80)	27 (79)	25 (83)
Male	no. (%)	34 (87)	23 (88)	46 (88)

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

2 Employees who were still on parental leave at the end of the corresponding year were excluded from the calculation.

Gender Pay Gap

Indicators	Unit	2023	
		Mean	Median
By region ^{1,2}			
Hong Kong	%	8	8
Mainland China	%	-20	-20
UK	%	13	12

1 Relevant figures have been disclosed from 2023 onwards.

2 The figures refer to the difference between male and female pay level for their basic salary. For example, if average male pay was \$100 per annum and average female pay was \$75 per annum, there would be a gender pay gap of 25%.

Indicators	Unit	2023		2022		2021	
		Female	Male	Female	Male	Female	Male
By region and pay quarter ¹							
Hong Kong							
Top quarter	%	42	58	42	58	40	60
Upper middle quarter	%	43	57	44	56	42	58
Lower middle quarter	%	44	56	46	54	48	52
Lower quarter	%	53	47	55	45	55	45
Mainland China ²							
Top quarter	%	33	67	33	67	36	64
Upper middle quarter	%	29	71	30	70	38	62
Lower middle quarter	%	19	81	19	81	38	62
Lower quarter	%	22	78	18	82	59	41
UK							
Top quarter	%	26	74	27	73	27	73
Upper middle quarter	%	29	71	27	73	23	77
Lower middle quarter	%	30	70	32	68	32	68
Lower quarter	%	50	50	56	44	55	45

1 Employees were ranked based on their basic salary.

2 Relevant data for BayConnect Technology Company Limited was not included in the calculation for 2021.

Remuneration

Indicators	Unit	2023		2022		2021	
		Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Basic salary ¹ and remuneration ² of female employees to male employees							
Hong Kong							
Senior	ratio	1.0	0.9	1.0	1.0	0.9	0.9
Middle-level	ratio	1.0	1.0	1.0	1.0	1.0	1.0
Supervisory-level	ratio	1.0	1.0	1.0	1.0	1.0	1.0
General	ratio	1.1	1.1	1.1	1.1	1.0	1.0
Mainland China							
Senior	ratio	1.0	1.8	1.0	1.5	1.2	2.0
Middle-level	ratio	1.0	1.2	1.0	1.2	1.0	1.1
Supervisory-level	ratio	1.0	1.0	1.0	1.1	0.8	0.9
General	ratio	1.0	1.1	1.0	1.1	0.9	1.0
UK							
Senior	ratio	0.9	0.8	0.9	0.7	0.9	0.8
Middle-level	ratio	0.9	0.9	0.9	0.9	0.9	0.9
Supervisory-level	ratio	0.9	1.0	0.9	0.9	0.8	0.9
General	ratio	0.9	0.9	1.0	0.9	1.0	1.0

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

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

Indicators	Unit	2023	2022	2021
Annual total compensation ¹ for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)				
Hong Kong	ratio	51	49	72
Mainland China	ratio	28	31	27
UK	ratio	22	20	17

1 Annual total compensation includes the total sum of 12 months of basic salary as at year end, performance bonus and share award, if any.

Learning and Development

Indicators	Unit	2023	2022	2021
Total cost of training	\$m	11.8	11.8	7.9
Total hours of training received by employees	no.	47,916	42,292	26,957
Mandatory training	no.	24,347	10,307	7,331
Non-mandatory training	no.	23,569	31,985	19,626
Average hours of training per employee and percentage of employees who received training	no. (%)	19 (98)	18 (87)	12 (96)
By gender				
Female	no. (%)	17 (99)	17 (78)	11 (97)
Male	no. (%)	20 (97)	20 (92)	12 (96)
By employee category				
Senior	no. (%)	19 (98)	11 (91)	13 (97)
Middle-level	no. (%)	21 (98)	19 (91)	12 (99)
Supervisory-level	no. (%)	17 (97)	20 (83)	11 (98)
General	no. (%)	16 (98)	12 (76)	11 (88)

Occupational Health and Safety

In 2023, the Group received no prosecutions related to occupational health and safety. No work-related fatalities occurred between 2021 and 2023.

Indicators	Unit	2023	2022	2021
Reportable injuries ¹	no.	–	–	–
Injury rate ²	rate	–	–	–
Reportable occupational diseases	no.	–	–	–
Occupational disease rate ³	rate	–	–	–
Lost days	no.	–	–	–
Lost day rate ⁴	rate	–	–	–
Absentee days	no.	5,736	6,002	4,856
Absentee rate ⁵	rate	0.9	1.02	0.84

1 Reportable injuries refer to work-related accidents to employees that resulted in incapacity for a period as defined in the relevant laws and/or regulations of respective jurisdictions where applicable.

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.

Philanthropy and Volunteering

Indicators	Unit	2023	2022	2021
Charitable donations	\$m	95.0	141.6	105.5
Donation to The Community Chest of Hong Kong	\$m	25.0	50.0	69.0
Donations to other charity partners	\$m	70.0	91.6	36.5
Funds raised from the Stock Code for Charity Scheme	\$m	87.0	129.0	138.0
Employee volunteering hours ¹	no.	2,262	1,118	850
Employee volunteering leave days taken ²	no.	74	33	37

1 Includes volunteering hours from guests of HKEX employees

2 Employees are given additional paid day leave (a maximum of one day for HKEX employees and a maximum of two days for the LME and LME Clear employees) in recognition of their efforts in serving the community.

Environmental Stewardship

Unless otherwise specified, the Group's operations in relation to its office in New York are excluded from this Report due to its relatively small environmental footprint. Data for 2022 and 2021 cover the Group's operations in Hong Kong, Mainland China and London.

In 2023, there were no confirmed non-compliance incidents or grievances in relation to environmental protection that would have a significant impact on the Group.

Energy Consumption¹

Indicators	Unit	2023	2022	2021
Total energy consumption	MWh	39,400	36,446	37,446
Energy consumption per floor area	MWh/m ²	0.63	0.59	0.59
Energy consumption per employee	MWh/employee	15.44	15.31	16.23
Direct energy consumption	MWh	111	127	115
Unleaded petrol	MWh	23	29	38
Diesel	MWh	88	98	77
Indirect energy consumption	MWh	39,289	36,319	37,331
Purchased electricity	MWh	35,245	32,305	33,559
Purchased renewable electricity	MWh	4,044	4,014	3,772
Expense on energy consumption ²	\$m	58	45	41

1 Energy consumption data was based on the amount of purchased electricity and fuels consumed.

2 Includes air-conditioning costs, electricity tariffs and fuel costs (for vehicles and backup generators). Air-conditioning costs incurred do not necessarily reflect the actual amount of electricity consumption for air-conditioning since they were charged at a rate proportional to the floor area of leased offices.

Waste Management¹

Indicators	Unit	2023	2022	2021
Total waste produced and disposed to landfill	tonnes	70	54	64
Waste produced and disposed to landfill per floor area	tonnes/m ²	0.001	0.001	0.001
Waste produced and disposed to landfill per employee	tonnes/employee	0.03	0.02	0.03
Waste produced and disposed to landfill				
General office waste	tonnes	68	52	63
Food waste	tonnes	2.0	1.9	1.1
Waste produced and collected for recycling				
Food waste	tonnes	8	1	2
Mixed recycling	tonnes	30	29	25
Paper ²	tonnes	50	66	122
Waste lead-acid batteries ³	tonnes	4	-	13
Metals	kg	896	494	1,954
Plastics	kg	332	348	660
Polyfoam	kg	70	112	222
Wooden board	kg	123	128	1,990
Glass	kg	64	115	189
Electronic equipment	pieces	476	66	705

1 Figures disclosed represent data for the Group's operations in Hong Kong and London only.

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

3 Waste lead-acid batteries are classified as hazardous waste.

Environmental Stewardship (continued)

Paper Consumption¹

Indicators	Unit	2023	2022	2021
Total paper consumption	tonnes	29	17	43
Office paper	tonnes	25	13	38
Paper for printing publications ²	tonnes	4	4	5
FSC or PEFC-certified or recycled paper used ³	%	100	100	100

1 Figures disclosed represent data for the Group's operations in Hong Kong, Mainland China and London.

2 Includes paper used for printing corporate financial statement

3 All office paper used and paper used for printing the Group's publications are FSC or PEFC-certified or recycled paper.

GHG Emissions^{1,2}

Indicators	Unit	2023	2022	2021
Total GHG emissions (Scope 1 and 2)	tonnes	15,461	14,446	15,041
GHG emissions (Scope 1 and 2) per floor area	tonnes/m ²	0.25	0.23	0.24
GHG emissions (Scope 1 and 2) per employee	tonnes/employee	6.06	6.07	6.52
Total GHG emissions (Scope 1, 2 and 3)	tonnes	31,427	15,277	15,990
GHG emissions (Scope 1, 2 and 3) per floor area	tonnes/m ²	0.50	0.25	0.25
GHG emissions (Scope 1, 2 and 3) per employee	tonnes/employee	12.31	6.42	6.93
Direct GHG emissions ³ (Scope 1)	tonnes	288	307	102
Fuel ⁴	tonnes	277	32	31
Refrigerants	tonnes	11	275	71
Indirect GHG emissions (Scope 2 – market-based)	tonnes	15,173	14,139	14,939
Purchased electricity	tonnes	15,173	14,139	14,939
Indirect GHG emissions (Scope 2 – location-based)	tonnes	16,211	15,236	15,973
Purchased electricity	tonnes	16,211	15,236	15,973
Indirect GHG emissions ⁵ (Scope 3)	tonnes	15,966	1,221	1,093
Category 1 – Purchased goods and services ⁶	tonnes	7,350	N/A	N/A
Category 2 – Capital goods ⁶	tonnes	781	N/A	N/A
Category 3 – Fuel- and energy-related activities ⁷	tonnes	3,279	N/A	N/A
Category 4 – Upstream transportation and distribution ⁸	tonnes	2	N/A	N/A
Category 5 – Waste generated in operations ⁹	tonnes	106	N/A	N/A
Category 6 – Business travel ¹⁰	tonnes	2,329	N/A	N/A
Category 7 – Employee commuting ¹¹	tonnes	1,561	N/A	N/A
Category 15 – Investments ¹²	tonnes	558	N/A	N/A
Carbon Offset ¹³	tonnes	2,277	390	144

1 Given that the Group operates essentially as an information technology-based enterprise, its major air emissions are primarily indirect GHG emissions arising mainly from the use of purchased electricity 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 calculated based on the reporting requirements including but not limited to the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development ("GHG Protocol"), the "Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices" issued by the Environmental Protection Department in Hong Kong, guidelines issued by the Ministry of Ecology and Environment of PRC, and the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by the Department for Environment, Food & Rural Affairs (DEFRA) in the UK. The Group has adopted the "operational control" approach for defining its organisational boundary for the purpose of GHG accounting and reporting.

- 3 The breakdown of the Group's 2023 Scope 1 GHG emissions is as follows: carbon dioxide (276 tonnes CO₂e), methane (0.2 tonnes CO₂e), nitrous oxide (1.2 tonnes CO₂e) and hydrofluorocarbons (11 tonnes CO₂e). There was no emission of perfluorocarbons and sulphur hexafluoride in 2023.
- 4 Data for 2022 and 2021 is restated into the new category.
- 5 Data for 2023 refer to emissions relating to material Scope 3 emissions according to 15 categories set out by the GHG Protocol. Data for 2022 and 2021 were restated to only cover Scope 3 emissions relating to business air travel, paper consumption, staff commuting and waste to landfill, and are not directly comparable with data for 2023.
- 6 GHG Scope 3 Category 1 and 2 emissions for 2023 are assessed using hybrid method.
- 7 GHG Scope 3 Category 3 emissions for 2023 are assessed using average data method.
- 8 GHG Scope 3 Category 4 emissions refer to emissions relating to upstream transportation and distribution of the LME. Data for 2023 is assessed using spend-based method.
- 9 GHG Scope 3 Category 5 emissions refer to emissions relating to waste generated in TKO Data Centre and London. Data for 2023 is assessed using waste-type-specific and average-data methods.
- 10 GHG Scope 3 Category 6 emissions refer to emissions relating to business travel by the Group's directors and employees. Data for 2023 is assessed based on methodologies including but not limited to the International Civil Aviation Organization Carbon Emissions Calculator, the "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance" issued by DEFRA in the UK, and European Monitoring and Evaluation Programme/European Environment Agency air pollutant emission inventory guidebook.
- 11 GHG Scope 3 Category 7 emissions refer to emissions relating to employee commuting in Hong Kong and Mainland China and emissions relating to employee commuting and teleworking in London.
- 12 GHG Scope 3 Category 15 emissions refer to financed emissions associated with Scope 1 and 2 GHG emissions of investees from equity and debt investments. Data for 2023 is calculated in accordance with "The Global GHG Accounting and Reporting Standard for the Financial Industry (Financed Emissions)" issued by Partnership for Carbon Accounting Financials.
- 13 As set out in the Group's Carbon Offset Policy for Business Air Travel, all GHG emissions due to business air travel was offset and in 2023, HKEX purchased 2,277 tonnes CO₂e of carbon credits from an afforestation project verified by Verra.

About this Report

Overview

This Report gives an annual update of the Group's CSR performance for the 2023 calendar year. It is available on the HKEX Group website and should be read in conjunction with the HKEX 2023 Annual Report, the Corporate Governance Report and the CSR Committee Report contained therein, as well as the Corporate Governance and the CSR sections of the HKEX Group website.

Boundary and Scope

Unless otherwise specified, this Report covers the operations of HKEX and its subsidiaries. There is no significant change in the boundary and scope of this Report from that of the HKEX 2022 CSR Report, published on 13 March 2023.

Reporting Principles

This Report aims to provide a balanced representation of the Group's CSR performance under the three pillars of our CSR Strategy – Our Markets, Our People, and Our Operations. In particular, the selected content aims to reflect the impacts of the identified material and relevant CSR topics on the Group as well as the Group's involvement in addressing these impacts.

The content of this Report is determined through a systematic materiality assessment process, which includes identifying CSR-related topics, assessing their materiality and relevance as well as topic boundaries, preparing and validating the information reported and reviewing and addressing stakeholder feedback on the Group's CSR reporting. This Report covers key issues that are related to different stakeholders. Details of the materiality assessment and engagement channels with major stakeholders are disclosed in the Our Approach to CSR section.

To ensure a comprehensive understanding of the Group's CSR performance over time, a summary of the Group's 2023 CSR performance relative to various quantitative KPIs, with comparison to 2021 and 2022, if available, is disclosed in the Performance Summary section. Information about the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used for these KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating these KPIs or any changes that affect a meaningful comparison would be stated.

Reporting Framework

This Report has complied with all mandatory disclosure requirements and “comply or explain” provisions outlined in the ESG Guide. This Report also references selected disclosures, or parts of their content, from the GRI Sustainability Reporting Standards. For climate-related disclosure, we adopted the disclosure recommendations developed by the TCFD and made reference to the IFRS S2 Climate-related Disclosures Standard. Content indexes are available on the [HKEX Group website](#) as a tool to help readers easily locate relevant information within the Report, HKEX's Annual Report and across HKEX's web-based resources.

Forward-looking Statements

This Report contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs and assumptions of HKEX about the businesses and the markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this Report.

Assurance

To ensure the quality of the information reported, the reporting process is standardised and the data reporting structure is checked, this Report has been independently verified by the Hong Kong Quality Assurance Agency. The scope, basis and the findings of the verification are set out in the Verification Statement contained in this Report.

Endorsement and Approval

This Report was endorsed by the HKEX CSR Committee, and approved by the Board in February 2024.

Contact and Feedback

Your feedback is valuable to our continuous improvement and we welcome any comments and suggestions you may have on this Report or our CSR reporting in general. Please share any comments or suggestions regarding the Group's CSR performance to csr@hkex.com.hk.

Glossary

Board • HKEX's board of directors

Chief Executive Officer or CEO • HKEX's Chief Executive

CO₂e • Carbon dioxide equivalent

Corporate Governance Code • Appendix C1 (formerly Appendix 14) to the Main Board Listing Rules

CSR • Corporate Social Responsibility

Director(s) • HKEX's director(s)

ESG • Environmental, Social and Governance

ESG Guide • Appendix C2 (formerly Appendix 27) to the Main Board Listing Rules

ETF(s) • Exchange Traded Fund(s)

EU • European Union

Exchange • The Stock Exchange of Hong Kong Limited

FINI • Fast Interface for New Issuance

FSC • Forest Stewardship Council

GFANZ • Glasgow Financial Alliance for Net Zero

GHG • Greenhouse gas

Government • The Government of Hong Kong Special Administrative Region of the People's Republic of China

GRI • Global Reporting Initiative

Group • HKEX and its subsidiaries

HKEX • Hong Kong Exchanges and Clearing Limited

HKEX Foundation or Foundation • HKEX Foundation Limited

HKSAR • Hong Kong Special Administrative Region

IFRS • International Financial Reporting Standards

INED(s) • Independent Non-executive Director(s)

IPCC • Intergovernmental Panel on Climate Change

IPO(s) • Initial Public Offering(s)

ISO • International Organization for Standardization

ISSB • International Sustainability Standards Board

KPI(s) • Key performance indicator(s)

LGBTQ+ • Lesbian, Gay, Bisexual, Transgender and Queer plus

Listing Rules • Main Board Listing Rules and Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

LME • The London Metal Exchange

LME Clear • LME Clear Limited

LMEmercury • LME Clear's clearing system which enables its Members to view their risk positions in real time

Main Board Listing Rules • Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

MOU(s) • Memorandum or Memoranda of understanding

MWh • Megawatt hour

NZFSFA • Net Zero Financial Service Providers Alliance

NGO(s) • Non-governmental organisation(s)

NIST • National Institute of Standards and Technology

OECD • Organisation for Economic Co-operation and Development

OTC • Over-the-counter

PEFC • Programme for the Endorsement of Forest Certification

PRC • The People's Republic of China

RCP • Representative Concentration Pathway

RMB • Renminbi

SBTi • Science Based Targets initiative

STAGE • HKEX's Sustainable and Green Exchange

Stock Connect • Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

TCFD • Task Force on Climate-related Financial Disclosures

TKO Data Centre • HKEX's data centre at Tseung Kwan O, Hong Kong

UK • United Kingdom

UN • United Nations

US • United States of America

\$ or HKD • Hong Kong dollar

\$bn • Hong Kong dollar in billion

\$m • Hong Kong dollar in million

£ • Pound sterling

Verification Statement



Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by Hong Kong Exchanges and Clearing Limited (“HKEX”) to undertake an independent verification for its 2023 Corporate Social Responsibility Report (the Report). The scope of HKQAA’s verification covers the data and information associated to HKEX’s sustainability performance for the period from 1st January 2023 to 31st December 2023, including but not limited to:

- Information in the ‘Our Approach to CSR’ section, covering HKEX’s CSR governance, stakeholder engagement and the process of materiality assessment;
- Information in the ‘Our Net-zero Journey’ section;
- Information in the ‘Our Markets’, ‘Our People’ and ‘Our Operations’ sections; and
- All information and data in the ‘Performance Summary’ section, except indirect (Scope 3) greenhouse gas emissions data.

The objective of this verification is to provide a reasonable assurance of the data and information disclosed in the Report to confirm their accuracy, reliability and objectivity. This verification also aims to verify whether the Report addresses the disclosures requirements and/or recommendations set out in the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong Limited, the GRI Sustainability Reporting Standards, the Task Force on Climate-Related Financial Disclosures (“TCFD”) and the Climate-related Disclosures of the International Financial Reporting Standards (“IFRS S2”).

Level of Assurance and Methodology

The process applied in this verification was based on 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. Our evidence gathering process was designed to obtain a reasonable level of assurance in accordance with the standard for the purpose of devising the verification conclusion.

Our verification procedures performed including discussion on the materiality analysis process, reviewing systems and processes for collecting, collating and reporting of the performance data, verifying relevant documentation, interviewing responsible personnel with accountability for preparing the Report. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process.

Independence

HKEX is responsible for the collection and presentation of the information in the Report. HKQAA does not involve in the collection and calculation of the data presented in the Report or the compilation of the Report. HKQAA’s verification activities are independent from HKEX. There is no relationship between HKQAA and HKEX that will affect the independence of HKQAA for providing this verification service.

Conclusion

Based on the verification results with the criteria of reasonable assurance, it is the opinion of the verification team that:

- The Report has complied with all the mandatory disclosure requirements and “comply or explain” provisions outlined in the ESG Reporting Guide;
- The Report is prepared with reference to the selected disclosure requirements, or parts of their content, from the GRI Standards;
- The Report is adhered to the TCFD’s recommendations and prepared with reference to selected disclosure requirements of the IFRS S2;
- The Report illustrates HKEX’s sustainability performance, covering all material and relevant aspects and/or topics, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

In conclusion, the Report provides a transparent illustration of HKEX’s commitments, direction, strategies and performance achievement towards sustainability. The quality of the Report has been uplifted continuously.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
February 2024



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