

Question 1

Do you agree with our proposal to introduce a code provision ("CP") requiring an issuer's board to set culture in alignment with issuer's purpose, value and strategy?

Please give reasons for your views.

I urge HKEX to include the following in the Corporate Governance Code ("Code") in place of the proposal:

- Require the board to establish a framework to help determine an issuer's purpose, principles and values together with a framework for behaviours or conduct that are aligned with these values to in practice set the "tone from the top". Such framework to include requirements for the Board to:
 - o Articulate and disclose its purpose, principles and values
 - o Establish and disclose a Code of Conduct to guide the behaviour of employees and directors and ensure the Board is informed of material breaches of the Code

It is very difficult for issuers to set or introduce culture in the way HKEX is contemplating. Rather than attempting to articulate culture I recommend the Corporate Governance Code place emphasis on conduct. Misconduct is indicative of a poor culture and is able to be measured.

Culture is the outcome of the effectiveness of the framework established by the board and management and communicated both internally and externally. A framework for behaviours is then created which is aligned with these parameters. When behaviours don't align with these parameters this is indicative of a poor or ineffective culture.

Question 2a

Do you agree with our proposal to introduce a CP requiring establishment of an anti-corruption policy?

Yes

Please give reasons for your views.

This is essential but would recommend it be upgraded to an MDR. Further in order for a policy to actually be effective it needs to be communicated, implemented and reviewed for effectiveness.

My recommended drafting:

New MDR:

- An issuer should a) have and disclose a whistle-blower policy b) ensure that the Board or a Committee of the Board is informed of any material incidents reported under that policy.
- An issuer should have and disclose an anti bribery and corruption policy and ensure that a Board or a Committee of the Board is informed of any breaches of that policy.
- Such policies should be reviewed on a regular basis and at least every two years.

Question 2b

Do you agree with our proposal to upgrade a Recommended Best Practice ("RBP") to CP requiring establishment of a whistleblowing policy?

Yes

Please give reasons for your views.

This is a critical and important proposal and recommend it be upgraded to an MDR. As mentioned in 2(a) policies are only effective if communicated, implemented, reviewed and measured for effectiveness.

Key issue is that whistleblower reports be communicated direct to the board for review. Otherwise a policy statement is of limited effect.

My recommended drafting:

New MDR:

- An issuer should a) have and disclose a whistle-blower policy b) ensure that the Board or a Committee of the Board is informed of any material incidents reported under that policy.
- An issuer should have and disclose an anti bribery and corruption policy and ensure that a Board or a Committee of the Board is informed of any breaches of that policy.
- Such policies should be reviewed on a regular basis and at least every two years.

Question 3

Do you agree with our proposal to introduce a CP requiring disclosure of a policy to ensure independent views and input are available to the board, and an annual review of the implementation and effectiveness of such policy?

No

Please give reasons for your views.

Board should have access already to independent advisors under Articles etc.

Views and input are confusing and the primary input for independent views is from INEDS. I don't agree with the proposal as would rather see a stronger focus of strengthening independence of INEDS.

Question 4a

Do you agree with our proposal regarding re-election of an independent non-executive director serving more than nine years ("Long Serving INEDs") to revise an existing CP to require (i) independent shareholders' approval; and (ii) additional disclosure on the factors considered, the process and the board or nomination committee's discussion in arriving at the determination in the explanation on why such Long Serving INED is still independent and should be re-elected?

Yes

Please give reasons for your views.

I agree but recommend HKEX introduce strict 9 year limits for INEDS which follows other jurisdictions. This should be done within 3 years. This will also aid turnover and diversity with new director roles becoming available. I further urge:

- Introduce a CP that INEDs meet on their own at least twice per year
- Introduce a new CP that issuers are required to appoint a Lead INED (who is not a Long Serving INED). This is in the context that Hong Kong companies have a large presence of majority shareholders.
- Independent shareholder vote should be disclosed separately on the re-election of all NEDs. Where there is not majority support for the re-election of NEDs (by independent shareholders) a CP should require that the issuer report back to HKEX within 30 days of the meeting the Board's rationale for the continuation of that director in office.

Question 4b

Do you agree with our proposal to introduce a CP requiring an issuer to appoint a new independent non-executive director ("INED") at the forthcoming annual general meeting where all the INEDs on the board are Long Serving INEDs, and disclosing the length of tenure of the Long Serving INEDs on the board on a named basis in the shareholders' circular?

Yes

Please give reasons for your views.

I urge HKEX to introduce 9 year limits for INEDs within 3 years. I further urge:

- Introduce a CP that INEDs meet on their own at least twice per year
- Introduce a new CP requiring the Board to outline a transition plan for Long Serving INEDs within 3 years
- Introduce a CP to appoint a Lead INED (who is not a Long Serving INED) in view of the significant presence of major shareholders in Hong Kong

Question 5

Do you agree with our proposal to introduce a new RBP that an issuer generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence?

Yes

Please give reasons for your views.

I agree as this strengthens independence. I urge HKEX to make this a CP rather than RPG.

Question 6a

Do you agree with our proposal to highlight that diversity is not considered to be achieved by a single gender board in the note of the Rule?

Yes

Please give reasons for your views.

Hong Kong has long lagged behind on board gender diversity. With only 13.7% women on boards of

hang send index companies and lower across the market we are below other global financial centers and Asia markets. Hong Kong should be leading Asia and at least keeping pace with global financial centers. Rule 13.93=2 and GL86-16 have had limited impact on board gender diversity. As such we need bolder reform and should be aiming for 50% women on boards in longer term and setting meaningful targets to get there.

I recommend HKEX set target as a CP for all issuers of 25% by 2025 and 30% in six years. The proposal to end single gender boards is helpful but I have serious concerns it risks issuers only appointing one woman per board which appears tokenistic and will hardly move overall figures. A 3 year time limit is too long, My specific recommendations:

-r to ensure the single gender board proposal is actually mandatory it must be included in Rule 13.92 itself rather than in the notes to the rule

- To align with my proposal in 6(b) Rule 13.92 should be amended to require an issuer to have a diversity policy that is applicable across the issuer i.e. throughout the organisation (board, management, senior management and workforce generally) and not only in relation to the board

- Rule 13.92 should be amended to require the board to set measurable objectives for achieving gender diversity in the composition of its board, management, senior management and workforce generally

-Rule 13.92 should also require issuers to give consideration to these requirements for other aspects of diversity including race.

Recommended drafting:

New MDR:

An issuer should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, management, senior management and workforce generally;

(c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; (3) the respective proportions of men and women on the board, in management and senior management positions and across the whole workforce; and

(d) give consideration to the requirements of (b) and (c) in relation to other aspects of diversity including race

New CP:

Issuer to achieve board gender diversity of at least 2 female directors (or 25% of the board whichever is the greater) by 2025.

Added Guidance that if 80% of all HKEX issuers fail to meet the above target by 2025 then HKEX will introduce mandatory quotas with penalties for issuers who fail to meet the above targets. Further, that in 2025 HKEX will raise the above target to at least 3 female directors (or 30% of the board whichever is the greater) with such targets to be met by 2027.

Question 6b

Do you agree with our proposal to introduce a Mandatory Disclosure Requirement ("MDR") requiring all listed issuers to set and disclose numerical targets and timelines for achieving gender diversity at both: (a) board level; and (b) across the workforce (including senior management)?

Yes

Please give reasons for your views.

Based on my reasoning outlined in 6(a) I urge HKEX to introduce a new CP requiring issuers to achieve board gender diversity of at least 25% by 2025 and to add Guidance that if 80% of all issuers fail to meet the above target by 2025 then HKEX will introduce mandatory quotas with penalties for issuers who fail to meet the above targets. Further, that in 2025 HKEX will raise the above target to 30% to be met by 2027.

I welcome the setting of targets and timelines of workforce gender diversity however without an associated policy this is "the cart before the horse" and risks issuers not being able to set targets let alone meet them. Rule 18.92 should be amended to ensure diversity policies apply across an organization.

Recommended drafting to combine Rule 13.92 and this new MDR:

New MDR:

An issuer should:

- (a) have and disclose a diversity policy;
- (b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, management, senior management and workforce generally;
- (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; (3) the respective proportions of men and women on the board, in management and senior management positions and across the whole workforce; and
- (d) give consideration to the requirements of (b) and (c) in relation to other aspects of diversity including race

New CP:

Issuer to achieve board gender diversity of at least 2 female directors (or 25% of the board whichever is the greater) by 2025.

Added Guidance that if 80% of all HKEX issuers fail to meet the above target by 2025 then HKEX will introduce mandatory quotas with penalties for issuers who fail to meet the above targets. Further, that in 2025 HKEX will raise the above target to at least 3 female directors (or 30% of the board whichever is the greater) with such targets to be met by 2027.

Question 6c

Do you agree with our proposal to introduce a CP requiring the board to review the implementation and effectiveness of its board diversity policy annually?

Yes

Please give reasons for your views.

I support this proposal but in keeping with my recommendations under questions 6(a) and 6(b) I urge HKEX to amend Rule 13.92 to ensure that an issuer's diversity policy is applicable not just to the board but across the issuer (board, senior management and workforce generally).

Question 6d

Do you agree with our proposal to amend the relevant forms to include directors' gender information?

Yes

Please give reasons for your views.

This is supported but urge HKEX:

- include non binary gender options

- include director skill and background

-Set up a public database that includes analysis updated biannually to include: percentage of women on boards on HSI; percentage of women on boards across all issuers; the number of single gender boards on HSI and across the overall market, percentage of women appointed to new IPO issuers and the number and percentage of women appointed to boards in the foregoing period in comparison to men

Question 7

Do you agree with our proposal to upgrade a CP to Rule requiring issuers to establish a nomination committee chaired by an INED and comprising a majority of INEDs?

Yes

Please give reasons for your views.

Question 8

Do you agree with our proposal to upgrade a CP to a MDR to require disclosure of the issuer's shareholders communication policy (which includes channels for shareholders to communicate their views on various matters affecting issuers, as well as steps taken to solicit and understand the views of shareholders and stakeholders) and annual review of such policy to ensure its effectiveness?

Yes

Please give reasons for your views.

Question 9

Do you agree with our proposal to introduce a Rule requiring disclosure of directors' attendance in the poll results announcements?

Yes

Please give reasons for your views.

Question 10

Do you agree with our proposal to delete the CP that requires issuers to appoint non-executive directors for a specific term?

Yes

Please give reasons for your views.

Question 11

Do you agree with our proposal to elaborate the linkage in the Code by (a) setting out the relationship between corporate governance and environmental, social and governance ("ESG") in the introductory section; and (b) including ESG risks in the context of risk management under the Code?

Yes

Please give reasons for your views.

This is critical and I urge HKEX to continue it's work on the elaboration on governance and ESG and overall risk and recommend that the Board also be required to disclose it's material risks (including ESG risks) and how it manages or intends to manage such risks.

Question 12

Do you agree with our proposal to amend the Rules and the ESG Guide to require publication of ESG reports at the same time as publication of annual reports?

Yes

Please give reasons for your views.

Question 13

Do you have any comments on how the re-arranged Code is drafted in the form set out in Appendices III and IV to the Consultation Paper and whether it will give rise to any ambiguities or unintended consequences?

No

Please give reasons for your views.

Question 14

In addition to the topics mentioned in the Consultation Paper, do you have any comments regarding what to be included in the new guidance letter on corporate governance (i.e. CG GL) which may be helpful to issuers for achieving the Principles set out in the Code?

Yes

Please give reasons for your views.

If HKEX does not accept recommendations for targets for board gender diversity for all issuers as a CP would recommend such targets apply to HSI or large issuers. As a secondary HKEX should my recommended targets in the Guidance.

Given the increased focus on ESG, there is increased need for boards to consider these issues from a risk perspective (as well as strategically). Hong Kong has a number of social challenges particularly relating to diversity. Gender diversity is linked to ESG and forms an essential part of social and governance requirements, In terms of gender diversity overall Hong Kong is lagging far behind other markets on issues such as gender pay gap and workforce participation. Lack of flexible work and high rates of sexual harassment and aging population including eldercare responsibilities as well as childcare are significant considerations for human capital risk as well as a business' role in society. There are substantial risks for issuers who are not addressing social issues at Board level.

I further recommend disclosures on (or foreshadow in Guidance):

- turnover and attrition rates by gender at each of general, management and senior management levels
- ratio of new job applications to new employment contracts signed by gender
- percentage of promotions in the issuers main employee categories by gender

- targets for achieving gender diversity at each of general workforce, management, senior management and Board level

- Disclosure on it's anti discrimination policies in relation to gender, age, race, marital status and sexual identity

- Gender pay gap: Issuer to disclose its policies in relation to fair and equal payment of employees including a disclosure on the ratio of the remuneration by employee category by gender and disclosure of the mean and median pay gap across an issuer by gender.

- Flexible Work Practices: Issuer to disclose its approach to flexible work schedules and the extent to which these are offered to employees by the issuer and the uptake rate of flexible working arrangements by gender.

- Caring responsibilities: Issuer to disclose its initiatives and policies on maternity/paternity/parental/eldercare leave and other policies it has to support caregivers such as eldercare support. Issuer to also disclose its maternity/paternity/parental/eldercare and other leave return rates by gender.

Sexual harassment: Issuer to disclose its initiatives to provide information, education and training on sexual harassment in the workplace and to disclose the total number of incidents of sexual harassment by gender and associated action taken.

- Suppliers/Products: Issuer to disclose its approach to assessing diversity and equality considerations including gender diversity in its supplier or procurement practices as well as product development and advertising including: a) the percentage of suppliers that have diversity particularly gender diversity policies or programmes b) the percentage of suppliers that report on their diversity policies and practices c) gender composition of supplier workforce including at management and Board level d) policies and practices the issuer has implemented in relation to non discriminatory products, services and advertising.

Question 15a

Do you agree with our proposed implementation dates for all proposals (except the proposals on Long Serving INED): the financial year commencing on or after 1 January 2022?

Yes

Please give reasons for your views.

Question 15b

Do you agree with our proposed implementation dates for proposals on Long Serving INED: the financial year commencing on or after 1 January 2023?

Yes

Please give reasons for your views.