Chapter 2 – Board Effectiveness

An effective board is key to an issuer's long-term success. The board's ability to work effectively may be influenced by different factors, including: (i) whether the board leads by example and shapes the desired culture to support the company's purpose, values and strategy; (ii) whether the board maintains the right mix of skills and qualifications for the pursuit of issuer's strategic objectives; and (iii) whether the board actively engages with stakeholders to ensure constructive feedback is considered in the board's decision-making.

Company culture

What is a desired corporate culture

1. An issuer's corporate culture needs to be aligned with its purpose, values and strategy. As these aspects are different for each issuer, there is no "one size fits all" approach in developing a desired culture. A good starting point is for an issuer to consider what its purpose is and to define that purpose clearly. A clear purpose will assist the issuer's formulation of its objectives and goals. It will also facilitate the identification of important values that shape how the issuer will go about achieving its objectives. The issuer's values, attitudes and behaviours, as demonstrated in its operations and relationships with stakeholders, define its "corporate culture".

2. Formulation of clear operational, reporting and compliance objectives that facilitate a viable and sustainable operation in compliance with applicable laws and regulations lays the foundation for a healthy corporate culture. Objectives that go beyond profitability and take into account the interests of stakeholders (including employees, customers and the wider society) help build trusted relationships with stakeholders. A strong commitment to integrity and ethics will also drive appropriate risk management and internal controls systems.

The board's role

3. The board is responsible for setting the right "tone from the top" to shape a desired corporate culture. The board's role includes[52]:

    - **Defining a purpose supported by culture:** An effective board sets and defines the issuer's purpose, values and objectives, and ensures that these and its culture are aligned.
    - **Promoting a business model that reflects the desired culture:** Ensuring that the desired corporate culture is manifested in the issuer's business model, operations and practices.

[52] Principle A.1 and CP A.1.1.

- **Communicating the desired culture:** The board is responsible for shaping the desired culture and ensuring that it is communicated appropriately to all levels of staff. For effective communication, the board should work with management to, for example, implement a code of conduct and conduct regular training and townhalls.
- **Incentivising compliance and accountability:** The board must embed a robust culture of compliance and should, itself, demonstrate a high degree of accountability and integrity, with senior personnel being held accountable for their actions. An effective remuneration and performance management mechanism can support and drive desired behaviours and motivate employees to act in accordance with the desired culture. Remuneration and rewards (both long- and short-term) should be assessed with reference to the desired culture.
- **Talent management and development:** Talent management (including hiring decisions, rewards / remuneration and succession planning) and talent development should be aligned with the issuer's desired culture. Understanding the issuer's culture is critical for employees and should be reflected in their development plans. The board should work with management and internal departments, such as human resources, to adopt an appropriate policy / code of conduct to guide the desired behaviour of employees.
- **Regular evaluation of culture:** The board should ensure that new directors understand the issuer's culture and its alignment with the issuer's purpose, values and strategy. The board should continuously monitor and evaluate the implementation of the desired culture, and whether it is reflected throughout the issuer's operations. Continuous evaluation (with adaptation where necessary) ensures that the issuer's culture remains appropriate to its circumstances in the midst of a changing business environment. The evaluation process should be transparent to enhance accountability.

  The board should be ready to challenge and address any identified misalignment with the desired culture during its implementation. As part of its evaluation, the board may:

  i. Review the company's decisions and actions to assess whether they are consistent with the desired culture and the issuer's objectives.

  ii. Undertake staff and stakeholder engagements to understand their perception of the issuer's culture.

  iii. Assess complaints received, whistleblowers' disclosures, staff turnover rate and code of conduct / regulatory breaches to help identify potential areas of concern.

Role of senior and middle management

4. An issuer's senior management should convey the board's messages and desired culture to middle management and the rest of the company. Management should communicate a clear direction to their direct reports through effective and timely engagement. Management is responsible for implementing the board's direction on corporate culture, for example through talent management and regular training to enable

all levels of staff to better understand the issuer's desired culture and how it supports the issuer's purpose, values and strategy, and to ensure the issuer's operation is aligned with its desired culture.

Disclosure requirements

5. When evaluating a company, stakeholders take into account its corporate culture. To enhance transparency and increase stakeholders' trust, issuers should provide meaningful disclosure on culture and refrain from boilerplate language (e.g. a generic description of the overall corporate governance approach) that fails to properly connect corporate culture to their long-term goals.

6. In their disclosure on corporate culture, issuers should cover the following:

   - **Description of desired corporate culture**, referencing and linking this to the issuer's purpose, values and long-term operational, regulatory and reporting objectives.
   - **Communication of desired corporate culture:** the measures in place to ensure that the desired culture is understood within the company (e.g. through regular training, code of conduct etc.) and communicated to stakeholders via effective channels.
   - **Implementation of desired corporate culture:** the commitment of suitable and sufficient resources to support successful implementation (e.g. trained human resources, effective financial (e.g. remuneration) and non-financial incentives).
   - **Evaluation of implementation of desired corporate culture:** the measures used to assess and monitor the adoption of culture and its impact on the company's performance (e.g. by reference to key performance indicators (e.g. revenue growth, profit margins, return on equity, market share) and non-financial indicators (e.g. staff turnover rate, complaints, employee survey results, code of conduct and regulatory breaches). The disclosure should cover how misalignment or deviations (e.g. staff misconduct) are identified and dealt with.
   - **Accountability:** how the board and management are held accountable for their actions.

Board performance review

Performance review process

7. The CG Code provides issuers with flexibility in terms of how to structure and implement regular board performance reviews that fit their individual circumstances. Issuers should consider whether the complexity of their operations or recent changes (e.g. change of business model, business expansion) may require more frequent reviews than are required under the CG Code (once every two years[53]).

[53] CP B.1.4.

8. The performance review process should be sufficiently robust and involve the board directly, with views and feedback also coming from stakeholders beyond the board (e.g. shareholders, senior executives, auditors and other advisers who interact with the board on a regular basis, as well as other employees). The process should be confidential to allow candid feedback to be provided.

9. In assessing whether the board's performance effectively supports the issuer's broader objectives, the performance review should identify the board's strengths as well as weaknesses / gaps. Measures to address the gaps identified could include, for example, training initiatives to upskill existing directors and / or the identification of criteria for board refreshment.

10. Issuers should make use of a board skills matrix (please see the section on board skills matrix) to assess alignment of skills and experience with the issuer's strategic objectives.

11. Performance review findings may facilitate the issuer's nomination process (e.g. past evaluations may provide insights for subsequent recommendations on the re-election / re-nomination of directors).

Review by whom – internal or external reviewers?

12. Issuers can decide whether the board performance review should be conducted (or facilitated) externally, or organised and conducted internally.

13. Internally conducted reviews can draw on internal industry knowledge and familiarity with the issuer's business, and can be conducted in a cost-effective manner. However, the absence of an independent external reviewer may potentially compromise the objectivity and thoroughness of the review process.

14. External reviews generally have the advantage of the external reviewer's impartiality and expertise (e.g. the external reviewer may be able to provide references against the issuer's peers and facilitate benchmarking). This safeguards the integrity of the review process and can provide valuable insights. The transparency of the external review process may also be higher.

15. The board should carefully consider whether relying on an internally conducted review would be sufficient. In particular, issuers with more complex business operations that have changed or expanded their business model should consider the benefits of an external review.

16. Issuers may also consider involving an external reviewer to assist in the design of the review process and the assessment of the review findings – such an approach may enable the issuer to minimise cost to gain valuable external insights. Alternatively, issuers may start by conducting the performance review internally and, should the need arise, engage external expertise in future reviews.

Performance review scope: assessment criteria

17. The focus of the board performance review is on the overall performance of the board and the existing skills, expertise and qualifications of the board as a whole, and is not intended to be a personal assessment of individual directors.

18. There should be a set of assessment criteria that enable an evaluation of the overall effectiveness and efficiency of the board. While each review is specific to the board at the time of the review, its findings could inform decisions on board refreshment and succession planning going forward.

19. The table below sets out a non-exhaustive list of areas issuers may consider when determining the criteria for the performance review – issuers should adjust and adapt them to fit their specific needs.

Table 2: Assessment criteria for board performance review

Criteria	Aspects to be reviewed
Board composition and skills	• Whether the board has an appropriate mix of skills, expertise, experience, backgrounds and diversity to deliver the issuer's strategic objectives and meet the challenges of today's fast-moving world and emerging areas of concern (e.g. geo-political tensions; changing regulations; evolving artificial intelligence technology) • Board refreshment / succession plans • Whether the board has anticipated any planned changes to the issuer's business objectives and assessed the need to acquire further skills or qualifications
Board culture and dynamics	• Whether the board's values and behaviours align with the company's goals and objectives, and are conducive to effective governance and decision-making • How well do the directors communicate and work together • Quality of key working relationships (e.g. board chair / chief executive officer, board / management) • Quality of strategic discussions and decision-making on the board
Board practices	• Whether the current board practices (e.g. agenda setting, governance practices, board committee structure) are fit for purpose and whether any improvements are required for the effective functioning of the board
Quality and timeliness of information to the board	• The quality and timeliness of the information provided to the board (e.g. by the management) on the company and its performance • Whether board papers and necessary materials are delivered in a timely manner to facilitate adequate preparation before meetings

Board meetings	• Whether board meetings are effectively conducted so as to fulfil their intended purposes
Compliance and training	• Whether the board adheres to applicable legal and regulatory requirements • Whether directors' developmental and training needs are adequately supported
Risk management and internal controls	• Whether the board allocates sufficient time and attention to discuss and manage risk • Whether the board has adequate processes in place for identifying and reviewing risks, and for overseeing the issuer's risk management and internal controls systems
Stakeholder engagement	• How the board communicates with, listens and responds to shareholders and other key stakeholders • How stakeholder feedback is reflected in the board's discussions or decision-making

20. Issuers may also consider (i) assessing individual directors or particular board committee(s) as part of the review, or (ii) conducting a review that is focused on a particular transaction, which may help provide more specific insights into how particular aspects (e.g. board dynamics, quality and timeliness of information to the board) worked in the context of that transaction.

Disclosure requirements

21. To enhance transparency and increase investor confidence in the board's continued effectiveness, issuers should disclose sufficient information in their corporate governance reports on their board performance review (i.e. review scope, mode, methodology and findings) [54]. The information should include any identified key aspects of the board's performance which merit improvement (e.g. additional skills for the board to acquire) and the measures taken or planned to address the findings.

22. Issuers can consider combining their disclosure on the board performance review with that on the board skills matrix.

23. If issuers have not conducted a board performance review during the relevant reporting period, they should state this and indicate when the next review will be conducted[55]. During the gap year between reviews, issuers may disclose related actions taken during the reporting period (e.g. remedial actions taken in response to the findings from the prior review, or the assessment of priority areas / desired performance objectives for the next review).

[54] CP B.1.4.
[55] CP B.1.4.

Board skills matrix

Purpose

24. A board skills matrix should display the board's collective experience, skills, qualifications and expertise, and connect these with the issuer's long-term strategy and particular goals, including its diversity targets. While the matrix is not intended to single out individual directors, it should allow shareholders and other stakeholders to understand the mix and adequacy of the board's skills and assess the alignment with the issuer's objectives.

25. This mapping exercise enables the issuer to identify, in particular, any gaps in existing board skills for the purpose of any planned expansion or change in the issuer's objectives. This provides useful insights to the nomination committee (or the board) to consider board refreshment and succession planning, or any enhancement of the existing skills and qualifications of the board.

Disclosure requirements (with example skills matrix)

26. While no format is specified for the disclosure of the board skills matrix[56], issuers should refrain from simply replicating information that is already contained in the directors' biographies. Meaningful disclosure should include: (i) the existing skills mix of the board; (ii) how the combination of skills, experience and diversity of the directors serves the purpose, values, strategy and desired culture of the issuer; and (iii) details and plans of the board to acquire further skills (if any).

27. Issuers may refer to the example board skills matrix below (provided for illustration purposes):

Table 3: Example board skills matrix

Skills Area	Description (*Note (b)*)	Importance (*Note (c)*)	Adequacy (*Note (d)*)	Plans to address gaps / expand skills
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives			
Leadership	Ability to lead corporate teams and implement plans and policies			

[56] CP B.1.5.

Industry knowledge and experience (*Note (a)*)	Understanding of the company's business daily operations, market development, competitors, technology and innovation	
Financial literacy / business acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements	
Risk management and compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance	
People management experience	Experience at a senior level with responsibilities for people management and successful implementation of change	
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of age, gender, cultural background etc.	
Emerging topics (e.g. artificial intelligence)	Understanding and knowledge of emerging topics to ensure that the company is forward-thinking	
Qualifications	Formal qualifications in relevant fields to assist the board in its decision-making, for example, accounting / finance, economics / business, law	

Notes:

(a) The relevant knowledge and experience should relate to, and be assessed against, the issuer's business objectives.

(b) The description should enable stakeholders' understanding of the nature and scope of the skills concerned.

(c) The explanation should enable stakeholders' understanding of the importance and relevance of the skills concerned to the issuer's business. For example, such an explanation may be aided keys defined as follows:

"E" = essential skills that should currently be in the board's possession
"F" = skills that should be acquired for future purposes / in light of anticipated emerging needs
A/D = skills that are not necessary but desirable or aspirational in nature

(d) Reviews should assess whether the existing level of expertise of a particular skill / qualification is deemed adequate (to be measured against the issuer's business needs / long-term objectives).

Director training

Annual director training

28. It is mandatory for all directors of issuers on the Exchange to undergo annual director training[57]. The Exchange has specified five topics that annual director training must cover, as a minimum.

29. There are no specific requirements on the format and providers of the training – such flexibility ensures that training can be tailored to suit directors' personal development needs as well as their schedules and the issuer's available resources.

30. Director training can take various forms, including: in-person training; online webinars by an external provider; training arranged in-house by the issuer (e.g. through the company secretary); and reading articles or watching videos on the specified topics.

31. Director training must be of sufficient quality to adequately support directors' development of their knowledge and expertise. The required disclosure of further details on the different modes of training that directors undertake (i.e. external, internal or self-study) enables investors to better understand and assess the training that directors have received.

32. Directors should consider the appropriate mode of training for each specified topic. While internal training may be more relevant or appropriate for certain industry or issuer-specific topics, training on topics such as the regulatory and legal responsibilities of boards and directors may be better delivered by expert external training providers.

33. While there is no prescribed minimum number of training hours for annual director training, directors should consider their personal training needs and receive sufficient training to equip them to properly discharge their duties. As a reference, the minimum training hours required for members of industry associations (e.g. The Hong Kong Institute of Directors or The Hong Kong Chartered Governance Institute) and professional bodies (e.g. The Hong Kong Institute of Certified Public Accountants and The Law Society of Hong Kong) range from 10 to 20 training hours per year.

First-time Director training

34. Directors who take on their first board appointment at a listed issuer must ensure that they sufficiently familiarise themselves with the legal and regulatory requirements of their roles and obtain relevant knowledge to contribute to the board effectively. Similarly, directors that have previously served on the board of a listed issuer, but not held an appointment for some time, require training to ensure that their pre-existing knowledge is sufficiently refreshed. The Exchange mandates the completion of a minimum number of training hours for such directors following their appointment to a listed issuer in Hong

[57] MB Rule 3.09F / GEM Rule 5.02F.

Kong[58], which is separate from and additional to the general induction training that newly appointed directors should receive.

	Type of First-time Director	Minimum training hours requirement
(A)	A director who is appointed as a director of an issuer listed on the Exchange for the first time (i.e. has no prior experience as a director of an issuer listed on the Exchange)	24 training hours within 18 months of appointment
(B)	A director who has not served as a director of an issuer listed on the Exchange within the three years prior to his / her appointment (i.e. whose previous directorship of an issuer listed on the Exchange does not fall within the three years prior to his / her appointment)	24 training hours within 18 months of appointment
(C)	A First-time Director (either type (A) or (B) above) with directorship experience in an issuer listed on other exchanges within the three years prior to his / her appointment	12 training hours within 18 months of appointment to a board of an issuer listed on the Exchange

35. If a First-time Director resigns prior to the completion of the mandatory minimum training hours for First-time Directors, their responsibility to complete the First-time Director training would not have been fulfilled and would remain applicable to any subsequent director appointment. On such subsequent appointment, training received from the previous appointment can count towards that director's minimum training hours requirement for First-time Directors, provided that their subsequent appointment occurs within three years from the termination of their first appointment[59].

Specified training topics

36. Under the Listing Rules, mandatory director training, whether for existing directors or First-time Directors, has to cover all of the following five specified topics, as a minimum[60]:

(1) **Board and directors' duties** – to enable directors to better understand the board's and directors' roles and duties.

(2) **Listing Rules and Hong Kong law compliance** – to enable directors to procure the issuer's Listing Rule compliance and to enhance their understanding of applicable laws in Hong Kong.

(3) **Corporate governance and ESG** – to refresh and expand directors' understanding of such matters (including developments on sustainability and climate-related matters) corporate governance and ESG.

[58] MB Rule 3.09H / GEM Rule 5.02H.
[59] Note 2 to MB Rule 3.09H / Note 2 to GEM Rule 5.02H.
[60] MB Rule 3.09G / GEM Rule 5.02G.

(4) **Risk management and internal controls** – to enhance directors' understanding of the relevant scope and requirements for effective risk management and internal control systems, and the board's responsibilities for the same.

(5) **Industry and business updates** – to enable directors to further their knowledge of industry and business updates relevant to the issuer that they serve.

37. Directors are expected to refresh their knowledge of key areas at reasonable intervals, for example, directors' duties, notifiable and connected transactions, conflict of interests and the latest requirements under the Corporate Governance Code.

38. Directors are encouraged to engage in training beyond the scope of the specified topics as this may help them develop expertise in areas that the board may not currently possess. This demonstrates the board's commitment to expanding its existing skills and qualifications.

39. The table below illustrates how certain types of training / experience may count towards the mandatory training requirements for First-time Directors and all directors:

Table 4: Illustration on mandatory director training requirement

	First-time Directors	All Directors, including First-time Directors
	12 or 24 hours within 18 months *Note 1*	No minimum training hours
	Count towards 12 or 24 hours?	**Count towards mandatory annual training?**
Training received as a director of an issuer listed on other exchanges *Note 2*	✓	✓
Training received as a director of other Exchange listed issuers *Note 3*	✓	✓
CPD training received as members of other organisations / professional associations *Note 4*	✓	✓

Notes:

Note 1: see paragraph 34 above regarding the minimum training hours requirement for First-time Directors.

Note 2: provided that such training covers the specified topics in the Listing Rules. Directors should also obtain sufficient training on Hong Kong-specific requirements.

Note 3: provided that such training is not issuer-specific.

Note 4: provided that such training covers the specified topics in the Listing Rules.

Disclosure requirements

40. Together with the disclosure on the board's existing qualifications and skills (please see the section on board skills matrix), meaningful disclosure on the training undertaken by the board enables stakeholders to better understand the board's ability to discharge its duties to support the issuer in achieving its long-term objectives.

41. Disclosure on director training should cover for each director[61]:

    (1) The total number of training hours completed during the reporting period.

    (2) The nature of each training attended, including:

        a. format (e.g. internal training, external training, self-study);

        b. topic (to confirm that the specified training topics were covered);

        c. duration; and

        d. training providers (in particular, whether the training was delivered by a professional provider or in-house).

    (3) Where the director is a First-time Director, an indication as to whether the director has completed the mandatory minimum training hours during the reporting period. Where the First-time Director has not yet completed the required training, the issuer should disclose the remaining number of training hours to be completed by the director in the next reporting period. Where the First-time Director has completed the required training, the issuer should include a statement confirming completion of such training.

42. There is no prescribed format of disclosure on director training. Issuers may refer to the table below for an illustrative example on how the relevant information may be disclosed. Issuers should include explanatory notes to enable a better interpretation of the training records of individual directors.

Table 5: Example disclosure on directors' training by topic

Directors	[Topic 1]	[Topic 2]	[Topic 3]	[Topic 4]	[Topic 5]	Total no. of hours
[Director A]	[•]	[•]	[•]	[•]	[•]	[•]
[Director B]	[•]	[•]	[•]	[•]	[•]	[•]
[Director C]	[•]	[•]	[•]	[•]	[•]	[•]

[61] MDR paragraph B(i) of the MB CG Code / MDR paragraph B(j) of the GEM CG Code.

Note: Include the individiual number of training hours received on each training topic by each director in the coloured circles. Where a director receives training in different formats on the same topic, this should be indicated by setting out the applicable coloured circles for the relevant topic against the relevant director's name.

- [Note: training in format type I (e.g. internal training, with examples / descriptions of the training received)]
- [Note: training in format type II (e.g. external training, with examples / descriptions of the training received)]
- [Note: training in format type III (e.g. self-study, with examples / descriptions)]
- [Note: any other form of training received (e.g. attending industry event as speaker or panellist)]

43. Each director should provide the issuer with updates, and supporting documents, on the training they attended during the reporting period[62]. The issuer should put in place a system to record and retain that information to facilitate detailed and accurate disclosure on each director's training record.

Shareholder engagement

Shareholder communication policy

44. Having a shareholder communication policy in place helps to maintain an effective, two-way dialogue with shareholders, to whom the directors of an issuer are accountable. Issuers are required to review that policy's implementation and effectiveness on an annual basis[63]. The conclusion from the annual review should be disclosed, together with any actions taken (or to be taken) following such a review.

45. Effective communication with shareholders can bring constructive feedback to the board's decision-making process. The board's proactiveness, as well as how such feedback is reflected in the board's discussions or decision-making, should form part of the periodic board performance review assessments.

Communication channels

46. There are different ways in which issuers can communicate with shareholders. Issuers should set out the communication channels available to shareholders to express their views on matters affecting the issuer, as well as the steps taken by the issuer to solicit and gauge the views of the shareholders and other key stakeholders.

47. Ways in which issuers may enhance shareholder communication include, but are not limited to:

- Appointing one of the INEDs to be the Lead INED (see below).
- Appointing a suitably qualified senior investor relations officer or establishing a designated investor relations function with access to the board.

[62] Principle C.1.
[63] MDR paragraph L(b) and (c).

- Formalising periodic meetings with shareholders. Such meetings may, depending on the issuer's circumstances, include investor and analyst briefings, shareholder roundtables or webinars (which may enable issuers to engage with particular groups of investors in a smaller setting).
- Enhancing disclosure of the contribution or work done during the year by INEDs and the Lead INED (if there is one) in the annual report, including quantitative metrics of their engagement with independent shareholders.

48. To strengthen accountability and transparency, issuers are required to provide details of the board's engagement with shareholders, including the nature and number / frequency of such engagements, the group(s) of shareholders and issuer representatives involved, and the issuer's approach to following up on the outcomes of these engagements[64].

49. Issuers are encouraged to disclose the major areas of interest for investors and the issuer's strategy / key areas of focus in relation to the management of key stakeholder relationships during the reporting period. Such disclosure may be included in the issuer's annual report, website and announcements issued pursuant to the Listing Rules. Examples of areas or topics that shareholders may be particularly interested in include the following:

- **INEDs' contribution or work done** during the year (including that of the Lead INED).
- **INEDs' engagement with shareholders**, particularly independent and minority shareholders (e.g. number of meetings held during the year and the focus of such meetings).
- **Key appointments to the issuer's board** during the year and impact.
- **Board performance review** (e.g. findings from review conducted during the reporting year and related actions taken by the board during the gap year between reviews, such as the assessment of priority areas / desired performance objectives for the next review).
- **Key transactions**, including notifiable and connected transactions during the year.
- **Dividend policy and related decisions** during the year.
- **Capital management strategy**, including measures planned or taken to improve the issuer's valuation.
- **Business outlook**, substantiated by short- and long-term plans and strategies devised and / or implemented during the year.

[64] MDR paragraph L(d) and CP F.1.1.

Lead INED

50. Issuers, in particular those where the board chair is not an INED, are strongly encouraged to designate one INED as a Lead INED[65].

51. As a designated contact point, the Lead INED can help facilitate and strengthen communication with shareholders (in particular, minority shareholders). Through its engagements, the Lead INED can develop a balanced understanding of key stakeholder views and concerns and convey the same to the board. Please refer to the section on the Lead INED for further details on the roles and functions expected of a Lead INED.

Dividend policy and related disclosure

52. Investors look to issuers for full transparency regarding their dividend policies and decisions on capital allocation.

53. To improve transparency, issuers are required to disclose information regarding their dividend policy (e.g. the key factors that the board will consider when making a dividend decision) or else explain why they do not have a dividend policy[66].

54. Shareholders should also be provided with the details necessary to enable them to better understand the board's dividend decisions[67] (e.g. where no dividend was declared, the reasons for that decision and the measures (if any) that the issuer intends to take to enhance investors' return). Where their dividend decisions are subject to any regulatory oversight, issuers are encouraged to state this.

55. Issuers are encouraged to enhance their capital management efforts to improve shareholder value, and to go beyond the required disclosure in the Listing Rules by providing insight into their wider capital allocation policies and strategics, including their policy on share buy-backs and share cancellations.

[65] RBP C.1.8.
[66] MDR paragraph M.
[67] MDR paragraph M.