

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201209q.doc>.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you agree that the Exchange should promote board diversity?

Yes

No

Please give reasons for your views.

Yes. We agree that the Exchange should promote diversity. As noted in the consultation document, most of the main international exchanges and regulatory bodies have taken significant steps on the issue. BlackRock firmly believes that a diverse board and management team can enrich debate, promote independence of views and more constructive analysis. Above all it broadens the talent pool in an increasingly talent constrained world. We also support the note that diversity includes, but is not limited to, gender, age, ethnicity, and cultural background. However we are concerned that the Exchange has not considered the issue of diversity among the senior executive ranks (below board). Our research indicates that in some jurisdictions¹ the role of a senior executive in a publicly listed company is a pathway for independent non-executive directors. Not to address the issue of diversity amongst senior executives may impact the talent pool available for non-executive directors. We would recommend that further thought is given to practical proposals that address the development of programs, services and facilities that promote diversity in the senior executive ranks of corporations.

2. If your answer to Q.1 is “yes”, do you agree that our Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity?

Yes

No

Please give reasons for your views.

¹ BlackRock research paper

Yes. We believe that the implementation of these via measures on a comply or explain is most appropriate. Mandatory or overly prescriptive measures have the potential to result in boilerplate disclosure and compliance in form as opposed to real and substantive change.

3. Do you agree with our proposal to introduce CP A.5.6 (*the nomination committee or the board should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report*)? Please give reasons for your views.

Yes

No

Please give reasons for your views.

Yes. We believe that the nomination committee is best placed as they are already responsible for evaluating the performance of board as well as on-going refreshment, assessment of any skill/experience gaps and succession planning. A policy concerning diversity will help provide a framework through which practical measures can be developed, implemented and monitored.

4. Do you agree (i) with our proposal to introduce a note under CP A.5.6 to clarify what we mean by diversity; and (ii) with the content of the note? Please give reasons for your views.

(i)

Yes

No

(ii)

Yes

No

Please give reasons for your views.

Yes. We agree with the note under CP A.5.6. As stated previously, we believe that diversity should not be limited to any one factor. Given the diverse range of companies operating across industries and markets they will have differing needs at each stage of their development.

5. Do you agree with our proposal to introduce a new mandatory disclosure provision in the Code stating that if the issuer has a policy concerning diversity, it should disclose details of the board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives? Please give reasons for your views.

Yes

No

Please give reasons for your views.

Yes. A.5.6 recommends that if the company has a policy it should be disclosed. However we believe it would be helpful to go further and that greater transparency on measurable objectives and progress against them can facilitate constructive engagement with shareholders. As mentioned above we believe the policy should extend to diversity amongst the senior executive ranks.

6. Which of the following would you prefer as the implementation date of the amendments set out in this paper?

- 1 January 2013
- 1 April 2013
- 1 June 2013
- 1 September 2013
- Other, please specify and give reasons.

We do not have any preference on the implementation date.

- End -