

### **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?**

Yes

**Please give reasons for your views.**

Yes, we agree that an issuer needs to establish a corporate culture aligning the issuer's purpose, value and strategy. Whilst the notion of culture can be somewhat tenuous because it is often associated with corporate branding or persona. It has considerable sway in shaping the norms and practices of how people in an organization think and behave. The board is instrumental in setting the tone from the top. We further urge the HKEx to consider such 'tone' should be articulated through the issuer's policies and processes. These policies and processes are critical to ensure that all employees including the board are bound to observe. It could be operationalized in the form of a code of conduct or practice that applies to all employees. To support employees' familiarity with such a code, appropriate training programs and other relevant activities should be developed.

### **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.**

N/A

### **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.**

N/A

### **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?**

Yes

**Please give reasons for your views.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

**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.**

N/A

### **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.**

(a) Yes, it would give the reader a clear picture of the relationship between CG and ESG as they are interdependent and interconnected. This is especially the case where non-financial risks like the widening of social inequalities and heightening of climate change risks are expected to significantly impact on the performance of companies. If these non-financial risks are not taken into account at senior levels of decision making, it could generate substantial losses for the issuer. Therefore the relationship between ESG performance and good CG is intertwined.

(b) Yes, organizations need to identify, evaluate and prioritize all possible risks that they may face in the future. ESG risks need to be part of the effective risk management and internal control systems. All factors, including third parties uncertainties, liabilities, failures, strategic management or operational errors, accidents, health problems, natural disasters, etc., should be part of the risk management process.

Also, a better harmonization of Environmental and Social Aspects concerning the KPIs development and analysis could help organizations achieve better and more balanced performance. Therefore in the Social Aspects, Part B of the ESG Reporting Code should include KPIs for all eight items in the Social Aspects.

For example, in the aspects about anti-corruption; KPIs should include disclosing data relating to all financial crimes as well as policies that stipulate the issuer's detection, prevention and reporting of all financial crimes.

Furthermore, to improve community investment, the issuer should develop and implement ways of better social engagement. The areas of contribution and the presented resources need to be selected carefully to reflect activities and events of genuine engagement and valuable contribution. More than giving a list of annual activities, it is essential to see the difference that these activities could make to the society and the value that could bring to its members. To assess this value, the organization may conduct some interviews or surveys from time to time to improve its contribution to society. Finally, the

organizations should take more coordinated actions to speed up UN sustainable development goals to reflect a more sustainable future.

### **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.**

Yes, it is a reasonable proposal. It would be more convenient for the investors and all stakeholders to have access to those two reports simultaneously. It would give a better understanding and enhance the comparisons between the two reports.

### **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?**

Yes

**Please give reasons for your views.**

N/A

### **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.**

N/A

### **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.**

N/A

**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.**

N/A