

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.

We agree issuers' culture is crucial and a CP requirement as a starting point. We would recommend to amend the wording from "setting culture" to "setting a clear strategy or cultivating on existing culture". Culture is intrinsic since issuers' inception. Their boards should continue to steer issuers into a direction to be relevant in an ever-evolving society.

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.

We agree with the proposal as the requirements will be consistent with both the Corporate Governance Code and ESG Guide.

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.

We agree with the proposal as the requirements will be consistent with both the Corporate Governance Code and ESG Guide.

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.

We agree to introduce a CP for disclosure of INEDs' independent views and inputs. The board is currently required to give reason why it considers the individuals to be independent. The additional disclosure will put a mechanism to systematically assess their independence.

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.

We agree with the proposal regarding re-election of long serving INEDs and issuers to provide additional disclosures. For equality purpose, we believe providing good rationale why Long Serving INEDs should be re-elected is more important than singling out independent shareholders to approve.

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.

We agree with the proposal of a more formal procedure and clearer disclosure of Long Serving INEDs. We would also recommend an issuer to provide more information on how a Long Serving INED could continue to contribute to the issuer and what might be the succession plan for Long Serving INEDs.

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.

We agree to introduce a new RBP that an issuer should not grant equity-based remuneration. However, some INEDs might have obtained this type of remuneration prior to this new RBP is introduced or before becoming INEDs. In these cases, we recommend that they provide explanation and that they can continue to receive grants upon the approval of Remuneration Committee.

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.

We agree that gender is an important factor that is on the rise. However, there are other factors such as experience related to new economy or creativity/innovation from the younger generation. We recommend to include other factors when considering diversity.

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)?

No

Please give reasons for your views.

We do not agree to introduce a MDR to set numeric targets or timelines. We recommend to add plan for improving diversity if issuers do not already have one. It is not easy to fix a numeric target as to what the number should be. For example, industry composition in Asia such as construction or natural resources are characteristically male dominated. It will take time for issuers of these industries to transit. The focus of board members should be to give inclusive views representing the changing demographics of shareholders and the respective interests. It is more important for issuers to show willingness and intention and that there is an overall increase.

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.

We agree with this proposal entirely.

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.

We agree with this proposal entirely.

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.

We agree with this proposal. Given the importance of directors' role in governance, a Rule will give clear guidance on what is expected of INEDs.

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.

We agree that shareholder communication is at the core of an issuer's engagement with stakeholders and annual review will ensure its effectiveness. However, in the list of information disclosed to facilitate

communication from Page 24 to 25 on Point 100, we do not recommend the board to provide information on commercial rationale especially those related to corporate actions. This type of information can be sensitive and proprietary and unfair to issuers that they might provide extra information for private companies to compete.

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.

We agree with the proposal that a timely disclosure of directors' attendance is useful for shareholders and investors to assess directors' commitment for issuer's affairs.

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.

We agree with the proposal and believe issuers can re-elect NEDs on an annual basis as they see fit.

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.

We agree that the linkage between CG and ESG should be elaborated so that stakeholders could have a clear understanding. For ESG risks, we recommend issuers to elaborate not only in the context of risk management but also the mitigation mechanism which will help evaluate the effectiveness of risk management.

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.

We agree with the proposal. We have started conducting ESG assessment of issuers and incorporating into our investment process. We have noticed that some data has time lag with some issuers' initiatives. This could be due to reporting time for ESG reports or management does not get relevant data in time to adjust efforts.

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.

We agree with the proposal for re-arranging the Code. We would also recommend in Section F for Shareholders Engagement (Appendix III Part 2's Recommended Best Practices on Page 71) to consider adding an Investor Relations Officer or a rep to sit on the management committee. This will help empower the function of investor communication and elevate the importance of engaging investors.

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.

Governance is part of the ESG acronym. Currently corporate governance has a separate Code in Appendix 14. We would like the Exchange to consider putting CG report into the ESG report. This is not to give priority or undermine the focus of CG. From issuers' viewpoint, it could be easier to allocate resources and address governance issue all at once. From readers' viewpoint, it will be easier to follow and look at ESG holistically.

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.

We agree with proposed implementation date.

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.

We agree with proposed implementation date.