

### **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.**

Agree with the concept. Commitment from the board is one of the biggest drivers to enhance a company's performance. However alignment of culture can be a confusing idea without proper standards, policy advice and practical examples. This proposal can only be effective if HKEX can establish clear procedure and provide sufficient guidance on how to create a sustainable culture aligning with a company's PVS. Without this, there may be a risk of a proliferation of vague culture statements which don't contain tangible plans, policies, goals or indicators.

### **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.**

Agree. Policies play an important role in outlining a company's approach to various ESG matters. It's the responsibility of the board to ensure that the company has such policies in place.

However, policies alone can't solve the problems. HKEX should also require the companies to establish a proper management approach in preventing corruption cases and ensuring the whistleblowing mechanism's effectiveness.

### **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.**

Agree. Policies play an important role in outlining a company's approach to various ESG matters. It's the responsibility of the board to ensure that the company has such policies in place.

However, policies alone can't solve the problems. HKEX should also require the companies to establish a proper management approach in preventing corruption cases and ensuring the whistleblowing mechanism's effectiveness.

### **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.**

Agree with conditions. Ensuring independent perspectives are presented to the Board is an important principle. However, simply establishing and disclosing a policy may not be enough. HKEX should provide clear guidance on enabling independent views to be put to boards. HKEX should also enhance the mandatory requirement of board training on ESG matters, empowering the board to make informed decisions.

### **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.**

Agree. Such proposals are helpful in strengthening the board's competence along with the changing operational environment.

In addition, we recommend HKEX elaborate its expectation on Additional Disclosure, such as level of detail, areas of disclosure to be considered as acceptable/ not acceptable.

#### **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.**

Agree. Such proposals are helpful in strengthening the board's competence along with the changing operational environment.

In addition, we recommend HKEX elaborate its expectation on Additional Disclosure, such as level of detail, areas of disclosure to be considered as acceptable/ not acceptable.

#### **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.**

The intention of this proposal is good, but it should be elevated from a RBP to a CP.

#### **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.**

Agree with the concept. Gender diversity is a fundamental aspect of diversity. However, HKEX should also provide a clear definition on "diversity is achieved" taking into account of other diversity factors such as age, ethnicity, race, rather than focusing on gender only. In addition, such proposal should be elevated to a MDR or a CP.

### **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.**

Agree. It's important for the companies to set metrics and targets if they truly want to improve their performance. As long as the companies have the flexibility to determine the targets and timelines according to the business nature, both the board and the workforce should be included in the target setting. Disclosure of quantitative information is essential to ensure its effectiveness, hence making it a MDR is suitable.

### **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.**

Agree with conditions. It's the board's responsibility to ensure the implementation of such policy is effective. However, HKEX should also introduce a MDR requiring the companies to disclose the findings of such review and provide guidance on how to review and disclose, otherwise this proposal will become a mere formality.

### **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 proposal increases transparency. In the meanwhile, HKEX should also take this opportunity to correct the misunderstanding that there are only two genders.

### **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.**

Agree. This proposal aligns with international good practices.

#### **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.**

Agree with conditions. HKEX should provide guidance on how detailed the disclosure should be, especially for the "steps taken to solicit and understand the views". Without a standard, there may be a risk that the disclosure is insufficient for the stakeholders to evaluate a company's performance. HKEX should also provide guidance on how to conduct the annual review and the specific disclosure requirements.

#### **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.**

Agree. Such information is important for understanding the extent of the board's involvement in decision-making.

#### **Question 10**

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

No

**Please give reasons for your views.**

Disagree. Though UK CG Code deleted the specific term requirement on NEDs, it requires all directors be subject to annual re-election. It is necessary to keep a specific term requirement to ensure the intended purpose can continue to be achieved.

#### **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.**

Agree with conditions. HKEX should elaborate clearly that companies are required to establish an effective sustainability governance structure. The members should have the skills and experience to assess and manage ESG matters and risks. Independent assessment of ESG risks identified should be encouraged.

#### **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.**

Agree with conditions. Timely disclosure is important for the stakeholders to evaluate the companies' ESG performance. However, HKEX shall make it clear that:

1) Publishing both reports at the same time doesn't mean the companies are encouraged to combine the two reports into one. Presenting the ESG-related information in a suitable format (i.e. different from the conventional annual report format) can help to illustrate a company's ESG performance in an easy-to-understand way.

2) A combined report is different from an integrated report. If a company wants to illustrate how they integrate the ESG considerations into financial risk management, the report should be prepared according to the International Integrated Reporting Framework.

### **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.**

Regarding “J. DIVERSITY”, please refer to our response to Question 6.

### **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.**

Please consider renaming the code “Corporate Sustainability Governance Code” to emphasize the importance of proper management on the ESG matters and risks.

It is worth creating a separate section in the document to stress the importance of ensuring board understanding of the various environmental and social topics. Capacity building sessions should be provided to the board to ensure sufficient understanding of global and local sustainability trends, issues and standards.

### **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.**

Agree but also recommend advancing (b) to year 2022.

### **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.**

Agree but also recommend advancing (b) to year 2022.