

### **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.**

By setting culture in alignment with issuer's purpose, value and strategy, it allows the issuer to translate its core values and purpose into governance structures and business practices and the desired values and purpose are aligned with the actual conduct, providing stakeholders with a more meaningful information about the issuer's framework that underpins decision-making. However, the current proposed role for the board to "monitor the culture, in terms of the values and behaviors which best deliver value creation, and the incentives which support this" could be further expanded to the success measurements of issuers that can be used to assess and monitor culture.

### **Question 2a**

**Do you agree with our proposal to introduce a CP requiring establishment of an anti-corruption policy?**

**Please give reasons for your views.**

### **Question 2b**

**Do you agree with our proposal to upgrade a Recommended Best Practice ("RBP") to CP requiring establishment of a whistleblowing policy?**

**Please give reasons for your views.**

### **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 are generally in agreement with the proposed disclosure. This focus on independence is in line with the importance the Code and the Listing Rules have placed on the role of INEDs as the independent element of an effective board. However, even with the current prescribed INED's independent assessment criteria, it remains difficult to assess objectively on a 'check-list' basis whether an INED is truly independent. By providing additional guidance on the intangible elements/indicators to be taken into account (behaviors in boardroom; commenting with solid grounds; and without personal speculations etc.) when considering whether the non-executive director is independent, stakeholders would be able to obtain more substantive information about the board's independence as well as how the issuers have performed their annual reviews.

**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.**

The role of independence is the cornerstone of an effective board. This proposal demonstrates the needs for boards to be exposed to challenges, new ideas and expertise from individuals without any developed complacencies given the familiarity with the company. However, although the present proposal suggests to have a more direct requirement to provide a clear explanation on Long Serving INEDs independence, the board nonetheless still retains an option to recommend the Long Serving INEDs as an independent director for another term. On another note, we suggest to provide more clarification on the meaning of independent shareholders' approval.

**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 are generally in agreement with the proposal. Bringing in a new INED when all the INEDs on the Board are Long Serving INEDs will bring in refreshing ideas and diverse perspectives into the boardroom.

**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?**

**Please give reasons for your views.**

**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?**

**Please give reasons for your views.**

**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.**

Diversity is an important driver of board effectiveness and should be incorporated into the succession and appointment process. While we agree that issuers should adopt gender diversity targets for achieving board gender diversity, and timelines for tracking the progress on achieving gender objectives at the board level to accommodate greater diversity disclosures, the proposed mandatory disclosure of such across the workforce should be on a voluntary basis.

Gender diversity across the organization may be subject to the restricted supply of appropriate and capable candidates which may be beyond the issuers' control. Further guidance on how to incorporate gender diversity and focus on the proportionate increase in the needed gender across all levels of organizations may be needed to avoid non-compliance with relevant discrimination ordinance and before a visible numerical target and timeline commitment can be made to achieving diversity throughout the organization.

#### **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?**

**Please give reasons for your views.**

#### **Question 6d**

**Do you agree with our proposal to amend the relevant forms to include directors' gender information?**

**Please give reasons for your views.**

#### **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.**

This is aligned with the focus on the role of independence in the nomination committee in bringing in potential candidates to the board including qualifications, skills, experience and diversity. The proposed upgrade not only will strengthen the board membership appointment procedures, but will also enhance the objectivity of the appointment process ensuring independent results.

### 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?

Please give reasons for your views.

### Question 9

Do you agree with our proposal to introduce a Rule requiring disclosure of directors' attendance in the poll results announcements?

Please give reasons for your views.

### Question 10

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

Please give reasons for your views.

### 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?

Please give reasons for your views.

### **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.**

The alignment of publication timeframe will enable the stakeholders and investors to simultaneously analyze the issuer's financial and non-financial information. In anticipation of the aligned publication timeframes of ESG and annual reports, issuers need to consider advance preparation, and additional resources should be planned to avoid compromising the quality of either 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?**

**Please give reasons for your views.**

### **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?**

**Please give reasons for your views.**

### **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?**

No

**Please give reasons for your views.**

Given the number of enhancements to the Code, as well as related amendments to the Rules, a period of less than 6 months may not be sufficient to prepare themselves for the additional requirements and proposals as outlined in the Consultation Paper.

**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.**

The proposed implementation dates should be an appropriate timeframe for the issuers to better prepare themselves for the additional requirements and disclosures in the area of Long Serving INED as outlined in the Consultation Paper.