

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?

No

Please give reasons for your views.

Whilst we recognize the potentially positive effect of a good Board and company culture, especially if one could be required, we believe that requiring issuers to provide a Code of Conduct is more measurable and drives culture, purpose and values. A Code of Conduct would also indicate the behaviours which represent good culture.

The Code should require the board to implement a framework to help determine an issuer's purpose, principles and values together with a framework for behaviours (or conduct) that are aligned with these values so show examples from the very top of its leadership structure. A framework should include the following for the Board to:

- o Communicate and disclose its principles, values and purpose
- o Define and provide the necessary disclosures for a Code of Conduct which serves as a guide for employee and director behaviour. This Code of Conduct ensures that the Board is informed of material breaches of the Code.

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.

1. Upgrade this CP to a Mandatory Disclosure Obligation and add a requirement that the policy be articulated, disseminated, implemented, reviewed and measured for effectiveness. If this policy is not required to be reviewed and measured, the policy could be of limited effect.
2. Include a requirement that material breaches of the policy be reported to the Board so that the Board has the opportunity to address material issues and incidents swiftly and effectively. The Board should also be required to assess the effectiveness of the policy and make changes if deemed necessary.
3. Include a requirement that the policy be reviewed on a regular basis and at least every 2 years

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.

Our view is that this should instead be a Mandatory Disclosure Obligation. Further, we recommend an additional requirement: the policy should be communicated, disseminated, implemented, reviewed and measured to ensure effective results.

1. Add an obligation that the Audit Committee (or Committee comprising a majority of INEDs) to receive all complaints or concerns so that material issues and incidents can be quickly and appropriately addressed. This obligation also serves as a means of assessing the effectiveness of various policies and the committee is then able to make changes if needed.
2. Include an extra requirement for larger issuers to implement an independent whistleblowing process. We envision this process to function in a way that complaints are independently reviewed/investigated and reported to the Audit Committee (or a Committee comprising a majority of INEDs)
3. Include a requirement that the policy and system are reviewed on a regular basis and at least every 2 years.

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?

No

Please give reasons for your views.

Additionally, we encourage HKEX to consider that:

Independent views and input should be obtained from INEDs and we encourage HKEX to continue to bolster requirements in relation to INEDs including term limits instead of seeking independent input and views from non-board members. We believe that seeking independent input may serve to risk diluting the role and importance of INEDs.

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.

Additionally, we encourage HKEX to:

1. Introduce 9 year limits for INEDS and expect this will be introduced within 3 years since independence is a key requirement to support good corporate governance. Given the large number of Long Serving INEDS, introducing these term limits will promote turnover and board changes which will support board diversity and achieve better board quality overall.
2. Introduce a requirement to appoint a Lead INED (who is not a Long Serving INED) as a CP given the significant presence of block shareholders in Hong Kong.
3. The responsibilities of the lead independent director should include but are not limited to:
 - o Presiding at all meetings of the board at which the chair is not present, including sessions of the independent directors;
 - o Calling meetings of the independent directors;
 - o Serving as principal liaison on board-level issues between the independent directors and the chair;
 - o Approving the quality, quantity, appropriateness and timeliness of information sent to the board as well as authorizing meeting agenda items;
 - o Ensuring the board's approval of the number and frequency of board meetings, as well as meeting schedules to ensure that there is sufficient time for discussion of all agenda items;
 - o Engage outside advisors and consultants who report directly to the board of directors on board-level issues;
 - o Ensuring they be available, if requested by shareholders, when appropriate, for consultation and direct communication;
 - o They should agree to and document the split roles between a non-independent chair, the CEO and the lead independent director and have this published on the company's website so that shareholders can understand their responsibilities. Introduce a CP that INEDs meet on their own at least twice per year
4. It is important that independent shareholders views are to be understood by listed companies when it pertains to to the election of directors. Often, companies do not pay attention to the situation where a majority of independent shareholders do not support the re-election of NEDs (including INEDS) who become re-elected due to the significant voting power of the block shareholder.

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.

As per our views in the previous section. However, in addition we encourage HKEC to:

1. Introduce a requirement to appoint a Lead INED (who is not a Long Serving INED) as a CP in view of the significant presence of block shareholders in Hong Kong
2. Introduce a CP that INEDs meet on their own at least twice per year
3. Require the board to articulate a transition plan for Long Serving INEDs within 3 years.

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 encourage HKEX to make this a CP vs an RBP.

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.

- 1) We encourage HKEX to include the below wording in Rule 13.92 in its main language.

2) Amend Rule 13.92 to require an issuer to have a diversity policy that is applicable across the issuer i.e. throughout the company and not only in relation to its board.

3) Rule 13.92 should require the board to set measurable objectives to achieve gender diversity in the structure of its entire company. It should apply these requirements for other areas of diversity including race

4) Implement our recommendations in 6a along with what we propose in 6b. If these recommendations are not implemented together, we are concerned there is a risk that issuers will only appoint one woman per board to meet the above requirement.

5) 30% diversity is important given that research demonstrates that this is the required critical mass for groups to stop thinking about having a “minority” of women and instead think inclusively about the board as a diverse whole, operating as one body regardless of gender. Reaching for a 30% level of diversity is important as it helps to decrease homogeneity and "group think" and ultimately could lead to better governance. We encourage HKEX to set targets of 30% within six years with an interim of 25% by 2025 which will also bring Hong Kong into alignment with other key markets such as U.K, Europe, U.S and Australia.

6) Requirements on single gender boards should take effect from 2022 (or when the new proposals are implemented) as a transition period of 3 years is too long given the diversity and quality of female talent in Hong Kong

7) If HKEX decides to introduce a transition period, we recommend at maximum a 1 year time frame. This 1 year time frame should be included in Rule 13.92 or another regulation rather than a statement of intent only.

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.

Given the low number of women on boards in Hong Kong and the lack of action and progress on this issue, we encourage HKEX to further advance gender diversity in Hong Kong by:

1) Requiring issuers to achieve board gender diversity of at minimum 25% by 2025

a) Provide added Guidance that if 80% of all issuers fail to meet the above target by 2025 then HKEX will introduce mandatory quotas with penalties for issuers who fail to meet these proposed targets. We further suggest that in 2025 HKEX should raise the above target to 30%, which then must be met by 2027

b) Diversity policies should be applicable across the issuer and its entire organization to actually achieve targets.

c) Requiring the issuer to set measurable objectives to implement its diversity policy

In addition, issuers should also disclose the following in each reporting period: (1) the measurable objectives for that period to achieve gender diversity; (2) the organization's progress towards achieving those objectives; (3) transparency around the proportions of men and women across the board and entire company,

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 encourage HKEX to amend the proposal so that an issuer's diversity policy is applicable across the issuer's organization and not only in relation to the board (to align with proposals in 6(a) and 6(b))

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 further suggest that HKEX:

- 1) Includes non-binary gender options as part of gender information
- 2) Establishes a public database that includes analysis updated biannually to include: percentage of women on boards on HSI; percentage of women on boards across all issuers; percentage of women appointed to new IPO issuers and the number and percentage of women appointed to boards in the foregoing period vs other genders.
- 3) In addition to gender information, Director's information should also include a summary of background and skill set.

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.

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.

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.

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.

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 encourage HKEX to require the board to disclose whether it has any material exposure to environmental or social risks. If it does identify these risks, to disclose these and advise how it manages or intends to manage those risks.

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.

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?

No

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?

No

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?

Yes

Please give reasons for your views.

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.