

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.

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.

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.

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.

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.

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.

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.

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 suggest to:

- include the proposed statement in Rule 13.92 rather than in the notes to this rule to emphasize its importance
- require disclosures on workforce diversity policy, initiatives, and data. Data should include a breakdown on appropriate levels such as board, senior management and workforce generally, on gender and other aspects of 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)?

Yes

Please give reasons for your views.

In view of the low number of women on boards in Hong Kong issuers and the need to drive changes, we suggest HKEX to take further steps to advance gender diversity in Hong Kong by:

- encouraging issuers with boards of four members or more, to consider a target of at least 25% within six years with an interim of 20% by 2025. which will also bring Hong Kong into alignment with other key markets such as U.K, Europe, U.S and Australia.

As background, a 30% target is often proposed because there is some research suggesting this is the required critical mass for groups to think inclusively about the board as a whole and stop thinking about having a "minority" of women. It helps erode homogeneity and ultimately promotes better governance.

- where this is not the case, to require full disclosure of the nomination process, highlighting the steps the company has taken to appoint a female director that is the right fit e.g. in requiring at least female candidate within the pool of candidates reviewed

A transition period of 3 years may be too long given the breadth of female talent in Hong Kong. We recommend a 1-year transition period to set and disclose the target and timelines.

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.

Kindly refer to our comments 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 suggest that:

- director's information should also include a summary of background and skill set in addition to gender.
- public database be established that includes analysis updated biannually to include: percentage of women on boards on the Hang Seng Index; 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 in comparison to men
- gender information includes non-binary gender options

We also suggest the appointment of a lead INED. We see the role of a Lead Independent Director as a counterbalance and sounding board to that of the CEO / Chair. In Asia, oftentimes the Chair doubles up as an executive, so can't really be expected to lead the board independently. The LID should be available as a point of contact to major shareholders so that they may voice their concerns over the direction the company is taking, or if they are unsatisfied with an aspect of the leadership.

We would like to have an ongoing dialogue with investee companies throughout the year, but at the very least before and after the proxy voting season. To improve the appointment process,

- a majority independent nomination committee should be in place, and the nominating process should be detailed in the annual report, describing the lengths the company has gone to in order to appoint the

right fit. This transparency is essential to shareholders, especially when assessing gender diversity at board level.

- Another suggestion would be to implement an external board evaluation, whereby a third party would assess the effectiveness of the board as a whole, including audit risks and succession plans (an essential consideration, in light of the COVID crisis). This would be especially useful in Asia, where we often see boards with little refreshment and entrenched directors. Preferably, this external evaluation would take place every three years (at least).

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.

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?

No

Please give reasons for your views.

Kindly refer to our comments in Q6.

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?

No

Please give reasons for your views.

Kindly refer to our comments in Q6.