

### **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.**

In addition, companies should disclose any significant issues that were not in line with the company's values and principles in the Annual Report. All breaches of the company's values should be reported to the board. Companies should establish whistleblower programs to facilitate reporting of any breaches of company values, in addition to reporting of any illegal or unethical behavior or hostile work environments.

### **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.**

Ensuring that the boards receive independent input is paramount, especially independent views from INEDs. We support great INED roles and participation. For any company with a controlling shareholder, the board should have a majority of independent directors.

**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.**

Companies should disclose the mandates of INEDs, as well as the policy regarding their independence. Companies that have a controlling shareholder should appoint the majority of directors as independent directors who are independent of the controlling shareholder. Further, they should also establish an independent special committee composed of independent persons, including independent directors, to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders, and should appoint a lead independent director responsible for engaging with shareholders.

**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.**

True INED independence need to be regularly reviewed. Disclosing the INED (and all directors) tenure on the board improves transparency. A time limit to the INED mandate should be considered.

**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 agree that single gender boards do not achieve an appropriate level of diversity. Moreover, we believe that boards with only one woman do not achieve an appropriate level of diversity. We urge Hong Kong to embrace gender diversity because we believe boards that genuinely embrace diversity, as manifested through appropriate gender representation, with a broad spectrum of skills and experience, are more likely to achieve better outcomes for investors. There is increasing research to support this hypothesis. We support the 30% Club target of 25% of female directors by 2025 and even more ambitious targets for the future.

#### **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.**

We support the establishment of numerical targets and timelines to achieve better diversity. We believe these targets and timelines should be set by the exchange for all listed companies and IPO candidates.

#### **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.**

Diversity progress and targets should be regularly reviewed.

**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 believe more transparency on board directors is a key to better governance. We would welcome additional transparency on directors' gender, as well as directors' skills, background, independence (if INED), and any other directorships

**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.**

In addition to the board being responsible for evaluating and determining the nature and extent of risk, there should be a specific requirement for the board to disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. The more disclosure on these issues the better. We support disclosure in the TFCF format.

#### **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?**

Yes

**Please give reasons for your views.**

In addition,

- There should be criminal liability for falsely certifying all material facts in the annual report – not only the financial information, but also the presentation of business description, reporting of all material breaches, etc.
- There should also be provisions for continued board director education and Minimum board training.
- There should be Provisions around “over-boarding”, as every directorship requires a big commitment every year.

### **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.**

INEDs should simply not be considered as independent over 9 years.