

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.

Brunswick believes a company should have a purpose which is supported by principles and values, all being approved by the board. Communication of the purpose, principles and values throughout the organization should ensure good conduct. It is good conduct that creates a good culture. It is not possible to start with culture unless the board has approved the purpose, principles, and values.

Issues relating to Wells Fargo when more than 5,000 employees thought it was not wrong to create false accounts in order to maximize remuneration, or the Royal Commission into the Australian Financial Services Commission focused on misconduct not culture.

We urge HKEX to include the following in the Corporate Governance Code ("Code"):

- Require the board to establish 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 to in practice set the "tone from the top". Such framework to include requirements for the Board to:
 - o Articulate and disclose its purpose, principles and values
 - o Establish and disclose a Code of Conduct to guide the behaviour of employees and directors and ensure 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.

Brunswick is supportive of the inclusion of both whistle blowing and anti-corruption policies in Appendix 14. We also believe that for larger companies the whistle blower policy should have an external process which allows for serious complaints to go straight to the chair of the audit committee. This should ensure that matters involving senior management get reported to the chair of the audit committee. These two policies should underpin the stated principles and values already approved by the board. In

addition to polices the board should also have in place a reporting mechanism to ensure that sufficient information is received by the board to give directors a level of comfort that the polices are effective

We support HKEX's proposal in principle but strongly recommend the following further adjustments:

- Upgrade this CP to a Mandatory Disclosure Obligation and include a requirement that the policy be communicated, implemented, reviewed and measured for effectiveness. Otherwise it is of very limited effect
- Add a requirement that material breaches of the policy be reported to the Board in order for the Board to address material issues and incidents promptly as well as assessing the effectiveness of the policy and make adjustments if required
- Add 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.

TWF is pleased to see the inclusion of both whistle blowing and anti-corruption policies in Appendix 14 as both issues go to the heart of unethical and unlawful conduct which are not only fundamental elements of good corporate governance but, as detailed above, underpin and support the establishment and development of principles and values and a corporate culture. We support HKEX's proposal in principle but strongly recommend the following further adjustments:

- Upgrade the requirement to establish a whistleblowing policy to a Mandatory Disclosure Obligation and add a requirement that the policy be communicated, implemented, reviewed and measured for effectiveness. Otherwise it is of limited effect
- Add an obligation that the Audit Committee (or Committee comprising a majority of INEDs with an independent chair) receive all complaints or concerns such that material issues and incidents can be quickly addressed as well as assessing the effectiveness of various polices and make adjustments if required
- Add an additional requirement for larger issuers to establish an independent whistleblowing process whereby complaints are independently reviewed/investigated and reported to the Audit Committee (or a Committee comprising a majority of INEDs)

- Add a requirement that the policy and system be 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?

Yes

Please give reasons for your views.

The objective of the proposed CP is not clear. We believe that such a provision will lead to perfunctory disclosures which will be of limited benefit to shareholders.

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.

In the context of the Hong Kong market, Brunswick is supportive of approval by independent shareholders for INEDs serving for nine years or more. This will give independent shareholders a greater voice which will be positive in Hong Kong given the strength of companies with block shareholders, either family or state. We believe it will encourage those companies that are poor at succession planning (which has resulted in a majority of long serving INEDs) to improve processes. Good succession planning is vital in order to refresh the board in an orderly manner while retaining longer term corporate knowledge.

We also believe HKEx should consider a maximum nine year term for INEDs. This approach will also contribute to improved succession planning processes on boards.

Many countries, including the UK, require a lead independent director. As mentioned above, given the strength of controlling shareholders in Hong Kong we support the appointment of a lead independent

director, which we will believe will help enhance the reputation of both the company and the market by demonstrating greater oversight. Duties of a lead independent director may include:

- Presiding at all meetings of the board at which the chair is not present, including sessions of the independent directors;
- Calling meetings of the independent directors;
- Serve as principal liaison on board-wide issues between the independent directors and the chair;
- Approving the quality, quantity, appropriateness and timeliness of information sent to the board as well as approving meeting agenda items;
- Facilitating the board's approval of the number and frequency of board meetings, as well as meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Retain outside advisors and consultants who report directly to the board of directors on board-wide issues;
- Ensuring he/she be available, if requested by shareholders, when appropriate, for consultation and direct communication;
- He/she 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 the break out of responsibilities.

We also support separate disclosure of voting by independent shareholders on all INED votes. Where there is not majority support for the re-election of NEDs (by independent shareholders) a CP should require that the issuer report back to HKEX within 30 days of the meeting the Board's rationale for the continuation of that director in office. The purpose of this recommendation is that it is important for the views of independent shareholders to be understood by issuers regarding the election of directors. NEDs (including INEDs) who can be re-elected by the significant voting power of the major shareholder (s) even if a majority of independent shareholders do not support such re-election

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.

Yes this is supportable.

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.

We support a RBP that non-executive directors not be granted performance based remuneration as to do so would more closely align their interests with those of management, whose performance and remuneration they are intended to monitor on behalf of shareholders.

The definition for INEDs should be revised to exclude non-executive directors who receive performance based remuneration.

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.

The gender statistics for Hong Kong boards over the last ten years have been out of line with other global financial markets. Things must change.

Diversity is a fundamental aspect of good governance and diverse boards are also a proxy for, and a visible indicator of, high quality corporate governance. In times of increased volatility due to Covid-19 and geopolitical factors it is even more important that Hong Kong embraces a strong corporate governance regime and rises to international best practice to maintain Hong Kong's position and reputation as a leading global financial centre.

Unfortunately, the previous regulatory interventions from HKEX with respect to board gender diversity under Rule 13.92 and GL86-16 have had limited impact on the overall percentages in relation to board gender diversity for both the HSI and the overall market. We support the current proposal under this section but believe bolder reform is urgently needed to achieve real progress. Without this, Hong Kong will continue to lag behind other markets with respect to board gender diversity.

The single gender board statement is supported however to ensure it is actually mandatory it must be included in Rule 13.92 itself rather than in the notes to the rule

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 are supporting of this proposal but would like to see this go further by setting a minimum target of 30% women on boards and women in senior management to be achieved by 2025. Our concern is that, as worded, simply placing one woman on a board will tick a box for some companies and not address the issues

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.

Yes this is supportable and there should also be a requirement for the board to provide a high level feedback to shareholders of the outcome of the review in the annual report

We must aim for 50% women on boards. To get there, we need meaningful targets set by HKEX which, if not met, should be mandated through quotas.

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 is supportable.

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 supportable and in addition the nomination committee provide an annual summary of their work to shareholders in the annual report (similar to what the audit committee already do)

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.

This is supportable

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.

Yes this is supportable

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.

This is supportable

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.

The inclusion of ESG risks as part of risk management is fundamental if a company is to understand, acknowledge and integrate ESG risks into strategy.

However we urge HKEX to continue it's work on the elaboration on governance and ESG and overall risk and recommend that the Board also be required to disclose it's material risks (including ESG risks) and how it manages or intends to manage such 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.

Yes this is supportable and should help linked financial performance with ESG performance.

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.

This is supportable

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.

There are other significant ESG topics which Hong Kong companies are failing to disclose enough information for investors. We believe that HKEx should consider further work in the following areas:

- Climate change and disclosures in line with the Taskforce on Climate Related Financial Disclosures
- The adoption by Hong Kong companies of the Sustainable Accounting Standards Board (SASB)
- Research the adoption of integrated reporting in Hong Kong

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.