

**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.**

We endorse the proposal regarding re-election of Long Serving INEDs to require independent shareholders' approval. Moreover, the Exchange should provide more clarification regarding (1) the cooling-off period in the calculation of director's tenure and (2) the application of this provision to secondary listed issuers.

☐ In the future, we suggest the Exchange consider a voting system where re-election of all INEDs are subject to a vote by independent shareholders, in order to hold INEDs accountable to independent shareholders.

☐ India's SEBI most recently started requiring INEDs to receive majority approval from (1) all shareholders and (2) all minority shareholders in order to be (re-)appointed. A two-tier voting structure has also been established in Singapore.

#### **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 urge the Exchange to consider requiring a majority independent board if the board chair is not independent. Majority independent boards are becoming the norm in markets such as Malaysia, the Republic of Korea and Singapore.

#### **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 support the proposal that an issuer generally should not grant equity-based remuneration, especially options, with performance-related elements to INEDs. Remuneration with time-based elements also should not be granted to INEDs. However, we are not opposed to granting stocks (not options) in lieu of cash to INEDs.

#### **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 the Exchange require issuers to set a minimal medium-term target of 30% female at board level and to disclose a specific timeline regarding how the company is going to make steady progress towards the target.

We also argue that diversity is multi-dimensional and the board should promote diversity on multiple fronts, including experience, expertise, age, etc.

We recommend that a board skills matrix be disclosed so investors can understand what skills each director is contributing to the board.

#### **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.**

**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.**

**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.**

**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.**

We strongly encourage the Exchange to consider requiring the appointment of a lead independent director (lead INED) who will, as part of their responsibilities, engage with shareholders. This is already adopted in Singapore. Alternatively, issuers can designate an INED responsible for independent shareholder engagement, and INEDs can take turns to assume this role.

☒ Otherwise, the Exchange should require an independent chair of the board, especially when independence level on the board is below majority.

### **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.**

- Given this Consultation's focus on company culture and how this should be aligned with a company's purpose, value and strategy, we suggest that ESG information should be considered a critical

element of company culture and part of the "purpose, value and strategy" of the company, and not just a category of "significant risks". We propose that in line with international trends and data that increasingly reflect ESG as more than a risk consideration, but rather also opportunities and signs of a high performing company, that ESG should not be refined to risks in the Corporate Governance Code (as set out in the introduction and also D.2) but also mentioned as forming part of the "purpose, value and strategy" of a company.

- We suggest the Exchange strengthen the linkage between corporate governance and ESG by encouraging issuers to align remuneration with long-term value creation, including sustainability-related goals of the company.
- We further recommend the Exchange (1) formulate and disclose a specific timeline for implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and (2) incorporate the standards of SASB into the ESG Reporting Guide.

### **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.**

We further suggest the Exchange do more in nudging issuers in the direction of assurance. From a longer term, strategic perspective, and certainly from an investor's standpoint, it may be more important to have ESG information that has been independently reviewed and assured, than have an earlier ESG report.

### **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?**

No

**Please give reasons for your views.**

We suggest all proposals including those related to Long Serving INEDs should be implemented since the financial year commencing on 1 January 2022. Disclosures for financial year commencing 1 Jan 2022 and voting on such matters will only be available in almost Q2 of 2023; we do not see a particular reason why an additional year should be allowed for the proposals related to Long Serving INEDs.