

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, the CP should state that the board should assess and monitor culture. (Similar to provision 2 of the UK CG Code)

The HKEX should also add a RBP recommending issuer to establish and disclose a code of conduct for its directors, senior executives and employees, and ensure that the board (or a committee of the board) is informed of any material breaches of that code. (Similar to Recommendation 3.2 of the ASX CG 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.

In addition, we suggest the HKEX to:

- Upgrade this suggested CP to a MDR to disclose the anti-corruption policy; and
- Add a CP requiring the anti-corruption policy to be reviewed periodically to ensure its effectiveness.

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.

In addition, we suggest the HKEX to:

- Upgrade this suggested CP to a Mandatory Disclosure Obligation to disclose the whistleblowing policy; and
- Add a CP requiring the whistleblowing policy to be reviewed periodically to ensure its effectiveness.

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.

In addition, we suggest the HKEX to add a CP that INEDs should meet on their own regularly and at least twice a year.

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.

In addition, we suggest the HKEX to add a CP that INEDs should meet on their own regularly and at least twice a year.

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.

No comment.

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.

Please also refer to answers to Questions 6(b) and 6(c) below.

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 suggest the HKEX to:

- Add a CP in the Corporate Governance Code requiring issuer to disclose in relation to each reporting period, the measurable objectives set for that period to achieve gender diversity and the entity's progress towards achieving those objectives. The objectives should include appropriate and meaningful benchmarks, for example, achieving specific numerical targets for the proportion of women on its board, senior management and in the workforce generally within a specific timeframe. This is similar to Recommendation 1.5 of the ASX CG Code.

- Add a RBP in the Corporate Governance Code recommending issuer to set the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 25% of its directors of each gender within a specified period. Based on the circumstances, the HKEX may consider to upgrade such requirement as a CP in a few years' time, and/or to raise this target to 30% in the future. (As a comparison, Recommendation 1.5 of the ASX CG Code states that if the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in its board should be to have not less than 30% of its directors of each gender within a specified period.)

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.

In addition, we suggest the HKEX to amend the proposal so that the issuer's diversity policy is applicable across the issuer, including its board and senior management, and not only in relation to the board.

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.

The NC has a very crucial role to ensure that the nomination and appointment process of directors is independent and rigorous.

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?

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.