

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?

Please give reasons for your views.

Requiring an issuer's board to set culture in alignment with issuer's purpose, value and strategy is a good principle for any company. However, it can present significant difficulties in reinforcing it. Measuring/monitoring a culture without a clear definition of what culture means will lead to different interpretations and results, as every organization defines its culture differently. The provision tries to address behaviors and actions that deviate from a given path or plan; in this context it would be more beneficial to focus on strategy, particularly in the context of risk culture as mentioned in point 45, which is a more direct and clear point: "Boards should lead in shaping and developing the issuers risk culture." It is easier to track a range of expected behaviors in a company when it relates to making management decisions. Suggesting sanctioning companies for not having a code of conduct could be perceived as overreaching. Rather if something does happen then not having a code of conduct could be taken as an example of mismanagement.

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.

Yes, such policies should always be made public, with the system of complaint being made clear for potential uses. There should be a review by the audit committee of the policies and procedures, and also an independent review every other year of the system and 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.

refer to answer to Q2a

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.

Yes, given the renewed importance of the 'independence' of the INEDs it is important that they are given as much information as possible to help them evaluate the issues presented to them. The more information that they have access to, the better their ability to make informed decisions. Companies should encourage directors to get more information themselves, by keeping a record of what information they accessed and the sources.

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?

No

Please give reasons for your views.

(i) No, we do not necessarily agree that a long serving INED should be subject to independent shareholder approval. Independent shareholders do not necessarily always have the company's best interest at heart and may have a different agenda with particular INEDs. The bigger issue is how anyone is able to assess the effectiveness of an INED's performance. The decision to retain them on a board should be based on their performance. Our recommendation is that board directors' performance should be regularly evaluated, and performance not tenure should be the decisive factor in renewing a director's position.

(ii) Yes, it should however be made very clear why a long serving INED is being asked to stay on and if the majority of independent shareholders vote against renewal then the board needs to make a statement as to why it will continue to make the appointment.

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, tenure itself is not the issue, performance is. However, given the fact that it seems very hard to remove a director on performance then practically speaking tenure is the only way to ensure a refreshment of the board. This approach has the risks of removing high-performers and retaining low-performers.

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?

No

Please give reasons for your views.

No, if the board has helped align the culture or behaviors to their values, purpose and strategy then there should be no issue to align board's performance to the company's performance. However, in practice this is down to actions vs philosophy. It is also a question of degree of materiality. As long as the amounts are set at a low enough level to be immaterial, then it should not really compromise their objectivity or independence. If it does, then the issue is not the compensation model but rather the selection model used to select the director. No one will take on INED roles for nothing. To get the best possible people you do need to have a competitive compensation model.

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.

Yes, but diversity is more than just gender and should be broader than just in the boardroom.

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.

Yes, the NC should also have access to independent information around market compensation.

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?

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.

Yes, if they are subject to annual re-appointment.

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?

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?

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?

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?

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.

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.