

**Submitted via Qualtrics**

**Independent Audit Limited**

**Company/Organisation view**

**Others (please specify)**

**Question 1**

**Do you agree with our proposal to introduce a new Code Provision (CP) under the Corporate Governance Code (CG Code) requiring issuers without an independent board chair to designate one independent non-executive director (INED) as a Lead INED to enhance engagement with investors and shareholders?**

Yes

**Please provide reasons for your views.**

Experience in the UK has shown that a senior independent director can act as a useful channel for the board and other stakeholders in the event of the Chair's ability to lead independent oversight comes under pressure.

**Question 2(a)**

**Regarding continuous professional development for directors, do you agree with our proposal to make continuous professional development mandatory for all existing directors, without specifying a minimum number of training hours?**

Yes

**Please provide reasons for your views.**

A specific requirement helps ensure that there is a proper focus on a structured annual training programme. Experience shows that without this there can be a lack of organisation and a lack of commitment.

We agree that the minimum hours should not be specified.

**Question 2(b)**

**Regarding continuous professional development for directors, do you agree with our proposal to require First-time Directors to complete a minimum of 24 hours of training within 18 months following their appointment?**

No

**Please provide reasons for your views.**

The requirement is dependent on the experience of the director. Also, the induction programme should be designed around the complexity of the business and what the director needs to know and not be structured around a target minimum.

In general, it is preferable to avoid including too many specific requirements.

**Question 2(c)**

**Regarding continuous professional development for directors, do you agree with our proposal to define “First-time Directors” to mean directors who (i) are appointed as a director of an issuer listed on the Exchange for the first time; or (ii) have not served as a director of an issuer listed on the Exchange for a period of three years or more prior to their appointment?**

No

**Please provide reasons for your views.**

It is important not to be overly prescriptive in the Code.

**Question 2(d)**

**Regarding continuous professional development for directors, do you agree with our proposal to specify the specific topics that must be covered under the continuous professional development requirement?**

No

**Please provide reasons for your views.**

This is overly prescriptive and depends on the company. Each company should be determining what is required in order to enable directors to meet their legal duties and add value in their role.

**Question 3**

**Do you agree with the proposed consequential changes to Principle C.1 and CP C.1.1 of the CG Code?**

Yes

**Please provide reasons for your views.**

It is a logical consequence of the changes discussed above. And the changes are not overly prescriptive.

**Question 4**

**Do you agree with our proposal to upgrade the current Recommended Best Practice (RBP) in the CG Code to a CP requiring issuers to conduct regular board performance reviews at least every two years and make disclosure as set out in CP B.1.4?**

No

**Please provide reasons for your views.**

This is insufficient. A formal review should be required annually as changes in the board, the way the board works, and in the company's, circumstances may alter considerably during the course of the year.

Also, a periodic, independent external review should be a requirement or non-compliance explained. Experience in the UK and other countries has shown that this approach is needed in order to make sure that all companies take the requirement seriously. Simply relying on an internal review is insufficient as potentially a significant number of companies may not take a sufficiently rigorous approach and instead opt for box ticking.

**Question 5**

**Do you agree with our proposal to introduce a new CP requiring issuers to maintain a board skills matrix and make disclosure set out in CP B.1.5?**

No

**Please give reasons for your views.**

The requirement to maintain a skills matrix is very sound. Also, the requirement to explain how the combination serves the issuer's needs is also sound.

It is, however, possibly unrealistic to require detailed explanation of what the board is looking to acquire and related plans as making changes may require a number of years. Also, there may be commercial and individual sensitivities that need to be recognised.

**Question 6(a)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the hard cap to ensure that INEDs are able to devote sufficient time to carry out the work of the listed issuers?**

Yes

**Please provide reasons for your views.**

A director position on a listed company board requires the dedication of a significant amount of time. Typically, this is in the region of 30-40 days a year.

Some exceptions may be needed in the case of directorship of asset management / funds given the nature of their activity.

**Question 6(b)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the proposed three-year transition period to implement the hard cap?**

Yes

**Please provide reasons for your views.**

Seems reasonable as it will take time to transition.

**Question 7**

**Do you agree with the proposal to introduce a new Mandatory Disclosure Requirement (MDR) in the CG Code to require the nomination committee to annually assess and disclose its assessment of each director’s time commitment and contribution to the board?**

No

**Please provide reasons for your views.**

This should be internal to the board. There may be numerous mitigating circumstances that should not be disclosed publicly - e.g., illness.

Also, any such assessment may be subjective. Furthermore, any public disclosure could provoke an unhelpful reaction.

It is up to the Chair and the Nomination Committee to manage any such issues in real time.

**Question 8(a)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed hard cap to strengthen board independence?**

Yes

**Please give reasons for your views.**

Experience in the UK and elsewhere has shown that this is important in securing renewal and refreshing of the board and also enabling better diversity.

Furthermore, it gives the Chair and the Nomination Committee an opportunity to refresh the Board and to remove any non-performing directors without it becoming a point of dispute or contention.

**Question 8(b)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree that a person can be re-considered as an INED of the same issuer after a two-year cooling-off period?**

No

**Please provide reasons for your views.**

This is an insufficient period to ensure that the director is detached from the company, previous decisions and, most importantly, from the executive team.

**Question 8(c)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed three-year transition period in respect of the implementation of the hard cap?**

Yes

**Please provide reasons for your views.**

Time is required to implement this without causing unhelpful disruption. Also, the changes need to be introduced over time so that the Board does not face the need for wholesale changes in nine years' time.

**Question 9**

**Do you agree with the proposal to require all issuers to disclose the length of tenure of each director in the CG Report?**

Yes

**Please provide reasons for your views.**

It is important that stakeholders have this information given the importance of length of tenure.

**Question 10**

**Do you agree with our proposal to introduce a CP requiring issuers to have at least one director of a different gender on the nomination committee?**

Yes

**Please provide reasons for your views.**

It is important to have a voice promoting gender diversity on the board and in the company. Also, evidence is suggesting that diversity in discussion and in opinions is promoted by having diversity in the committee itself.

It is important to make this a requirement in order to ensure that such changes happen.

**Question 11**

**Do you agree with our proposal to introduce a Listing Rule to require issuers to have and disclose a diversity policy for their workforce (including senior management)?**

Yes

**Please provide reasons for your views.**

A requirement to report is very effective in bringing the necessary focus.

**Question 12**

**Do you agree with our proposal to upgrade from a CP to a MDR the requirement on the annual review of the implementation of an issuer's board diversity policy?**

Yes

**Please provide reasons for your views.**

Mandatory reporting is an effective way to ensure that change happens.

**Question 13**

**Do you agree with our proposal to require as a revised MDR separate disclosure of the gender ratio of: (i) senior management; and (ii) the workforce (excluding senior management) in the CG Report?**

Yes

**Please provide reasons for your views.**

Mandatory disclosure is very effective in making change happen.

**Question 14**

**Do you agree with our proposal to codify the arrangements during temporary deviations from the requirement for issuers to have directors of different genders on the board as set out in draft Main Board Listing Rule 13.92(2) in Appendix I?**

No

**Please provide reasons for your views.**

Whilst we agree with the principle, three months is too short a time to make such an adjustment.

**Question 15(a)**

**Do you agree with our proposal to emphasise in Principle D.2 the board's responsibility for the issuer's risk management and internal controls and for the (at least) annual reviews of the effectiveness of the risk management and internal control systems?**

Yes

**Please provide reasons for your views.**

This will help ensure that Audit Committees and Boards take a suitably structured and rigorous approach to assessing effectiveness, including requiring evidence.

**Question 15(b)**

**Do you agree with our proposal to upgrade the requirement to conduct (at least) annual reviews of the effectiveness of the issuer's risk management and internal control systems to mandatory and require the disclosures set out in MDR paragraph H?**

Yes

**Please provide reasons for your views.**

These detailed requirements will be important in ensuring that a thorough approach is taken. They should help avoid box ticking.

**Question 16**

**Do you agree with our proposal to refine the existing CPs in section D.2 of the CG Code setting out the scope of the (at least) annual reviews of the risk management and internal control systems?**

Yes

**Please provide reasons for your views.**

This level of detail is required in this area to ensure that reporting is not boilerplate and that the statements made are based on sound evidence and process.

**Question 17**

**Do you agree with our proposal to introduce a new MDR requiring specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions during the reporting period?**

No

**Please provide reasons for your views.**

Whilst policy disclosure is important it is unrealistic to expect disclosure of the underlying reasons for a decision.

**Question 18**

**Do you agree with our proposal to introduce a Listing Rule requirement for issuers to set a record date to determine the identity of security holders eligible to attend and vote at a general meeting or to receive entitlements?**

Yes

**Please provide reasons for your views.**

**Question 19**

**Do you agree with our proposal to codify our recommended disclosures in respect of issuers' modified auditors' opinions into the Listing Rules?**

Yes

**Please provide reasons for your views.**

Disclosure is important in such circumstances.

**Question 20**

**Do you agree with our proposal to clarify our expectation of the provision of monthly updates in CP D.1.2 and the note thereto?**

Yes

**Please provide reasons for your views.**



This should be happening as a matter of course to enable directors to perform their duties.

**Question 21**

**Do you agree with our proposal to align requirements for the nomination committee, the audit committee and the remuneration committee on establishing written terms of reference for the committee and the arrangements during temporary deviations from requirements as set out in draft Main Board Listing Rules 3.23, 3.27, 3.27B, 3.27C and 8A.28A in Appendix I?**

Yes

**Please provide reasons for your views.**

Consistency is important and a strong independent presence in the Nominations Committee is essential.

**Question 22**

**Do you agree with the proposed implementation date of financial years commencing on or after 1 January 2025, with transitional arrangements as set out in paragraphs 182 to 183 of the Consultation Paper?**

No

**Please provide reasons for your views.**

While it is important to establish momentum a January 2025 start date is overly ambitious and may lead to a box ticking approach and also unnecessary upheavals and pressures in the NED market.