

**Submitted via Qualtrics**

**John Gale**

**Personal view**

**Lawyer**

**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.**

I agree provided it is on a comply or explain basis only and provided adequate guidance is issued regarding the expected role and functions of the lead INED(as stated in para 27).

**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.**

As CPD is an increasing part of professional life, it is difficult to see how CPD can be avoided for Directors.

However, some guidance should be offered on minimum time spent as this is a feature of CPD in most professions, despite the CG requirement to disclose time spent. For example, the amount of training time expected of a full-time executive Director should be significantly more than that of an NED/INED.

Quality training has a cost, both in terms of sourcing the training and devoting time to it. If a typical INED only spends 15 days a year on listco business, a requirement for (say) 15 hours of CPD each year is a 12% increase in his or her commitment to the Listco, potentially for no further remuneration.

There will also be a practical issue for Directors who hold 2 or more directorships in terms of whether training by Listco A can count for his/her training requirement by other Listcos.

**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?**

Yes

**Please provide reasons for your views.**

24 hours over 18 months implies a base line of 16 hours a year. See comments above. Will disclosure of materially less than 16 hours p.a. be viewed adversely?

**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?**

Yes

**Please provide reasons for your views.**

**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?**

Yes

**Please provide reasons for your views.**

It provides a basic foundation as to the scope of training

**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.**

**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?**

Yes

**Please provide reasons for your views.**

Given the format of the review is not fixed and may be flexible, and the review is of overall effectiveness rather than individual personal performance, there is no reason not to implement the requirement which is consistent with other markets.

**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?**

Yes

**Please give reasons for your views.**

This seems a necessary foundation for the board effectiveness review (Question 4) as well as setting objectives for board recruitment and/or succession planning.

**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.**

If a rule of thumb is that an INED spends 15 days a year on company affairs, a maximum of 6 (90 working days) is about right given that work for all 6 listcos will not be split evenly across the year.

However, see comments below. I think the rule is being built upside down by looking at directorships with insufficient concentration on other activities, which are unfairly assigned to the nomination committee to judge without the benefit of guidelines against with to measure their assessment.

For example, 6 as a maximum may be fine if all are INED roles but, if one of the 6 directorships is executive, the maximum should probably be 2 or 3.

**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.**

To allow reasonable time for companies affected by overboarding INEDs to find replacements.

**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?**

Yes

**Please provide reasons for your views.**

As indicated in Q6, I think guidelines should be set as to what additional activities are reasonable. The nomination committee can then apply those guidelines and "comply or explain" any discrepancies.

Activities such as public body appointments, executive directorships (including in private businesses) and charitable appointments are likely to be more time consuming than most INED roles. Each such role should be counted, in principle, as at least one of the 6 permitted directorships (and a full time

executive directorship or service on a public body (eg Legco) should displace at least 3 directorships.

**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.**

Consistency with practice on other Exchanges.

**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.**

Seems illogical, and not comparable to the 2 year period after which a financial adviser is able to become an INED. There is a lot of difference between being an external adviser and being part of the board or management.

I cannot see how an INED will have shed his presumed non-independence after only 2 years (or indeed after any period of time) unless the other members of the board have substantially changed in the meantime.

**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.**

For reasons of practicality, it will take some time for many companies to find replacements for their long-serving INEDs

**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.**

To better inform shareholders.

**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.**

A seat on the nomination committee would be a crucial position to promote a gender diversity policy.

**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.**

To provide supporting information as to how the company's diversity policy is working across the company.

**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.**

As it will shortly be a requirement to have gender diversity on the board, mandatory reporting on the wider company policy is consistent.

**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.**

Enables the diversity policy to be assessed at different levels across the company, and potentially caters for a situation where senior management and the workforce may be drawn from different demographics.

**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.**

I agree with the principle to require a replacement to be appointed, but 3 months is probably too short to search for a replacement and make an appointment. 6 months, or even 12 months, is a more realistic minimum.

**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.**

Its a statement of the obvious

**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.**

As directors, including INEDs, have been disciplined for failures to ensure effective RMIC, a documented annual review should not be controversial.

**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.**

Guidance in the rules on scope of reviews is always helpful.

**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?**

Yes

**Please provide reasons for your views.**

Provision of fair information to shareholders

**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.**

An expectation of issuers should be contained in the Listing Rules, not in separate guidance materials

**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.**

Support codification of expected requirements

**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.**

Support clarification

**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.**

For consistency

**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?**

Yes

**Please provide reasons for your views.**

Agree with reasons specified in the Consultation Paper