

**Submitted via Qualtrics**

**(Anonymous)**

**Personal view**

**Investment Management Staff**

**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.**

It has been incredibly hard for foreign investors to get in touch with independent directors. Having a designated Lead INED would allow investors to channel feedback to that Lead INED, provided investor relations is willing to assist in that communication process.

**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.**

Under HK SFC rules, HK licensed investment representatives have to under mandatory number of training hours. Why should directors, who have fiduciary responsibilities as well, be exempt from such professional development hours?

**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.**

Not sure how we formed the basis for the "24 hours of training". I think I would prefer to understand the "training modules" that a director has to undertake. Eg: anti-money laundering rules, public reporting, fiduciary responsibilities, ESG. I think this would provide investors more confidence on the development/skillsets of directors that are being appointed to Boards. This may be publicly available somewhere, but it's not known to me.

**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.**

A lot of rules and regulations, corporate governance and ESG practices can change in two-three years, so it makes sense for a Director to have to undertake professional development again if they have been absent as a Director for two years or three years. In one of our proposals, we have a "cooling off period" of two years for INEDs that have served on a company for nine years, so why not two years as the threshold?

**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.**

Yes I would definitely like this. Please see answer to Ques 2(b). This adds more value to the investment community instead of just hours per se. It is important that the directors possess what is considered the "basic fundamentals"

**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.**

Definitely agree with the spirit of the proposed changes. Overboarding and long tenure of INEDs is a serious issue in HK.

**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.**

Institutional investors already look at things like board attendance as part of our proxy voting process. It would be good to rely on a performance review as an additional assessment criteria

**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 will help ensure diversity of board skills, and allow issuers to identify gaps in their Board. Not a bad thing

**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.**

Definitely agree. I believe Proxy Advisors like ISS and Glass Lewis have an even lower hard cap of four (?). Having to attend at least four board meetings a year, coupled with additional meetings if you're on a sub-committee, it is very hard for INEDs to do the preparatory work and post-meeting reviews if one sits on more than four-six boards, especially given the seasonality of financial years.

**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.**

INEDs are up for election every 2-3 years, so this will give INEDs and issuers a chance to assess which INEDs will seek re-election, transition out those that do not seek re-election and bring new INEDs on board in time for implementation.

**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.**

In the proxy voting process I am already assessing each director's attendance at board meetings. Adding the contribution element supplements the "skills matrix" analysis and helps to determine each director's value add. They are remunerated for their duties, so it is only fair to assess their contribution

**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.**

I thought this should already have been introduced in 2021, so YES. Considering INEDs who have served for more than nine years as still being INEDs is a real corporate governance blemish for HK.

**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.**

I think a case should be made for why this INED is that good. No one is that good. If an issuer needs to go back to the same INED, i would be asking if the issuer has a big enough pool of potential INEDs it is tapping from and what is wrong with this issuer that no one else is willing to serve as INED.

**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?**

No

**Please provide reasons for your views.**

When this was first proposed in 2021, subject to shareholder vote, it should already have been implemented. Having an additional three-year transition on what is already a blemish on HK's corporate governance track record isn't positive for HK's image. This should be rectified as soon as possible.

**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.**

Proxy advisors already possess such information

**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?**

No

**Please provide reasons for your views.**

I think gender diversity targets should be at the overall Board level, not just at the nomination committee level.

**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.**

Absolutely. The best in class companies in the world already have diversity policies for their workforce. In sustainability and annual reports, they also report the diversity of their workforce not just at the firm level, but by seniority levels.

**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.**

Yes, HK boards are notoriously undiverse and need to have board diversity policies.

**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.**

See answer to Q11, this is already the standard of reporting of some of the best companies in the world and is in line with leading ESG reporting standards

**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?**

Yes

**Please provide reasons for your views.**

There should be reasons for deviations from Policy

**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.**

I believe the Board should provide independent oversight on the issuer's risk management controls and ensure such a system is in place. Most boards have risk management committees.

**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.**

It is important to have risk management systems

**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.**

Yes risk management is important

**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.**

Hk companies have been very vague in articulating changes of dividends/dividend policies. Requiring specific disclosure will help when there

are material changes. It will help investors understand why changes were made, and not seem as if they were made on a whim

**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.**

Yes, most other exchanges have a "Record date" requirement

**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.**

Yes definitely. If there is a modified auditors' opinion, there should be a standard framework for disclosures

**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.**

Yes agree. Independent directors can't make assessments without the required information.

**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.**



Aligning nomination committee requirements standardises the process.

**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.**

Transitional arrangements will help with the implementation date. Improving corporate governance shouldn't require that much time.