

Submitted via Qualtrics

Masterpiece Risk Advisory Limited

Company/Organisation view

Accounting Firm

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.

We are in favor of the proposal as it has the potential to enhance and strengthen communication among INEDs and between INEDs and the rest of the board. The Lead INED could play a vital role in bridging the gap between directors and shareholders.

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.

We support the proposed amendment based on the existing requirement for directors to engage in training programs designed to enhance and update their knowledge and skills. Therefore, we believe that implementing the proposed amendment would not pose a challenge, and it aims to improve directors' capabilities in fulfilling their responsibilities, ultimately enhancing the overall effectiveness of the board.

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.

We support the mandate for first-time directors to undergo a minimum of 24 hours of training within the initial 18 months of their appointment. This requirement aims to ensure that newly appointed directors comprehend their responsibilities within a listed company and the regulatory obligations they must adhere to. Apart from familiarizing themselves with directorial duties and compliance with listing rules, it is also crucial for first-time directors to receive training specific to the company's business operations. Such training will provide them with a comprehensive understanding of the company's affairs, enabling them to contribute valuable insights and opinions that benefit the company.

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.

We support the proposed definition of a "first-time director" due to the dynamic nature of market conditions, listing rules, and applicable regulations, which undergo changes annually. Consequently, we believe that individuals who have not held directorship positions within a listed company for more than three years may lack familiarity with the current market conditions. Therefore, we advocate considering such individuals as "first-time directors" to acknowledge their potential knowledge gaps and ensure appropriate measures are in place to address their specific needs.

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.

We endorse the incorporation of specific training topics into the training requirements. The proposed topics are directly relevant to the day-to-day involvement of directors in listed company operations, enabling them to acquire a comprehensive understanding of their responsibilities and

effectively carry out their duties. This alignment ensures that directors are equipped with the necessary knowledge and skills to navigate their roles successfully.

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.

We support the proposed amendment that highlights the significance of directors' training.

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.

We endorse the proposed amendment to implement board performance evaluations with the aim of enhancing board effectiveness and offering valuable feedback to identify areas for improvement.

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.

We support the requirement for listed companies to establish a board skills matrix and disclose it in the corporate governance report. We believe that this practice primarily involves a modification in the current disclosure method, which facilitates investors' analysis of the board of directors of the listed company. Furthermore, it assists the company in comprehending the specific board talents necessary for its business operations.

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.

We endorse the proposal to impose a maximum limit of six listed issuers' boards on which independent non-executive directors can serve.

Independent non-executive directors carry the responsibility of providing impartial perspectives to the listed company. The INEDs make their presence vital for the shareholders. Hence, it is essential for the INEDs to allocate sufficient time to comprehensively review the business of each listed company they are affiliated with.

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.

We support the proposition to establish a transition period that allows ample time for seeking suitable candidates for replacement.

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.

We support the notion that the nomination committee should conduct annual evaluations of the time and contributions of each director and make relevant disclosures to the board. As the nomination committee is responsible for reviewing the board's composition, including skills, knowledge, and experience, at least once a year, it is imperative for the committee to provide recommendations on any proposed board changes that align with the issuer's corporate strategy. We believe that this procedure not only assists investors in evaluating the listed company's board of directors but also aids the company in identifying the critical board skills necessary for its business operations.

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.

We support the proposal to implement a mandatory requirement that restricts the tenure of independent non-executive directors to nine years, after which they will no longer be deemed independent. The rationale behind this stems from the expectation that independent non-executive directors offer unbiased and equitable viewpoints to the listed company. When an independent non-executive director serves the company for more than nine years, there is a risk of becoming excessively familiar with the company's operations and management, potentially compromising their ability to identify issues or provide independent and innovative opinions. Consequently, we consider this proposed requirement to be fair and justifiable.

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?

Yes

Please provide reasons for your views.

We agree to provide a cooling-off period which could enhance the independence of independent non-executive directors.

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.

We support the implementation of a three-year transition period due to the presence of a substantial number of independent non-executive directors on the board who have served the listed company for more than nine years.

Given the need to find independent non-executive directors who meet the company's specific requirements, it is reasonable to allow sufficient time for the listed company to conduct a thorough search and identify suitable candidates.

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.

We support the proposal to include the length of tenure for each director in the corporate governance report. The disclosure serves the purpose of assisting investors in evaluating the directors' experience, independence, and other relevant factors. Moreover, it enables the listed company to assess whether there is a requirement to appoint additional directors to strengthen the board's effectiveness. By providing this information, stakeholders can make informed decisions and the company can maintain transparency and accountability in its governance practices.

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.

We support the inclusion of a member from the opposite gender in the nomination committee to foster diverse perspectives on gender during the appointment process. This measure aims to ensure a more inclusive and balanced approach to decision-making, promoting diversity and equal representation within the committee. By incorporating members from different genders, the nomination committee can benefit from a wider range of viewpoints, experiences, and insights, ultimately enhancing the effectiveness and fairness of the appointment process.

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.

We support the proposal to mandate the disclosure of a diversity policy for the workforce, including senior management, as a requirement under the Listing Rules. Emphasizing diversity within the workforce helps mitigate the risk of "groupthink" and cultivates an environment that encourages constructive dialogue and informed decision-making, ultimately contributing to the company's overall success.

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.

We support the proposal to make the annual review of the implementation of the board diversity policy a mandatory disclosure requirement. With the formal implementation of board diversity regulations, it is crucial for listed companies to assume the responsibility of regularly assessing their performance in terms of board diversity. By conducting annual reviews and taking necessary actions based on the findings, companies demonstrate their commitment to promoting and maintaining diversity within their boards, aligning with the evolving regulatory landscape and fostering an inclusive corporate environment.

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.

We support the proposal to revise the mandatory disclosure requirements by introducing separate disclosures for the gender ratio of senior management and the workforce (excluding senior management). This differentiation is essential due to the varying total number of individuals in each category and the potential differences in factors contributing to gender diversity across industries. By presenting the data separately, it enables a more comprehensive evaluation of a company's progress in diversity initiatives and provides valuable insights into the underlying reasons. This approach benefits both the listed company and investors, facilitating a more effective assessment of diversity efforts and aiding in making informed adjustments to further enhance diversity within the company.

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.

We support the proposal to elevate the requirement of having directors of different genders on the board from a mere guideline to a mandatory listing rule. This step is crucial in promoting the adoption of gender diversity and strengthening the overall diversity of the board of directors. By making it a formal requirement, listed companies will be compelled to actively pursue gender diversity within their boards, fostering a more inclusive and balanced decision-making environment.

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.

We support the recommendation to enhance Principle D.2 by highlighting the board's role in overseeing the issuer's risk management and internal controls, including the requirement for regular (at least annual) reviews of their effectiveness. Effective risk management plays a crucial role in identifying and addressing potential and existing risks, enabling the timely implementation of mitigation measures. Similarly, the internal control system safeguards the company's assets, ensures operational efficiency and compliance, and facilitates accurate financial reporting. By emphasizing the board's responsibility for these systems and conducting periodic reviews, it contributes to the long-term growth and stability of the company.

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.

We support the proposal to elevate the requirement of conducting annual reviews of the issuer's risk management and internal control systems to a mandatory obligation, along with the inclusion of the outlined disclosures in the mandatory disclosure requirement. As previously mentioned, risk management and internal control systems are critical for the effective functioning and achievement of goals within the company. Therefore, we agree with the suggested recommendation, and we also concur that the results of these reviews should be disclosed in the corporate governance report. This disclosure enables investors to evaluate the strength and effectiveness of the group's 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.

We support the initiative to enhance the current provisions of the Corporate Governance Code in section D.2. This refinement will offer greater clarity to listed companies by clearly defining the factors to be considered during the review 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?

Yes

Please provide reasons for your views.

We support the proposal to introduce a new MDR that mandates specific disclosure of the issuer's policy on dividend payments and the board's dividend decisions during the reporting period. Dividends play a significant role in influencing investors' decisions to invest in a company. Hence, publicly disclosing the dividend policy and providing insights into the rationale behind dividend distributions enhances the transparency of the company. Moreover, it enables stakeholders to evaluate the company's performance more effectively, making informed decisions based on a comprehensive understanding of the company's dividend strategy and its alignment with financial performance and corporate objectives.

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.

N/A

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.

N/A

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.

We support the proposal to provide further clarity on the expectations for monthly updates in CP D.1.2 and the accompanying note. By offering additional guidance, listed companies will have a clearer understanding of the information they need to provide to the directors for effectively evaluating the company's situation and forming well-informed opinions. This clarification ensures that the monthly updates contain the necessary and relevant information, facilitating more meaningful discussions and decision-making by the board of directors.

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.

We support the proposal to standardize the requirements for the nomination committee, audit committee, and remuneration committee concerning the establishment of written terms of reference and managing temporary deviations from requirements. This alignment ensures a consistent management approach across all three mandatory board committees. By implementing uniform guidelines, listed companies can promote transparency, accountability, and effective governance practices within each committee. This harmonized approach facilitates clarity in committee operations and enables appropriate handling of temporary deviations, maintaining a cohesive and well-regulated governance framework.

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.

We support the proposed implementation date of financial years commencing on or after 1 January 2025, along with the suggested transitional arrangements for overboarding Independent Non-Executive Directors (INED) and long-serving INED. The transition period strikes a balance between allowing companies sufficient time for adjustment and recognizing the need for expediency in achieving compliance.