

**Submitted via Qualtrics**

**Susan Holliday**

**Personal 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.**

It is important that there is an independent contact for investors, regulators and the public. It is preferable to have a separate CEO and chair and for the chair to be independent. However, if this is not the case, I would support an independent lead director, which works well in UK and US.

**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.**

The issues facing board directors are constantly changing due to geopolitical events, macro economics and technology developments amongst other topics. Continuing professional education needs to be relevant both to the company and the director. I would expect companies to have their own requirements in terms of hours of training and any mandatory training (eg, compliance for financial services companies), therefore I do not think it makes sense for the exchange to set the number of 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.**

There should be a requirement for first time directors to have training but I disagree with the details. The definition of first time director fails to distinguish between experienced directors who have not served on a Hong Kong listed board before, and completely new board members. 24 hours is too much for a director who has served on other boards and who likely will have already received extensive training (as an example if spent 6 days doing board training at Harvard Business School this year). I also think 18 months is too long.

I suggest changing the requirement to say that new directors need to demonstrate [12] hours of training within the previous 12 months or the 12 months after being appointed, or something similar.

**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.**

I think it should be directors who have not served before on a for profit board, or 1st time directors on a Hong Kong listed board. The existing suggestion is too broad and too complicated.

**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. It is important to have a common understanding of governance among board members. However, the topics should be examples, as not all directors will need training in all these topics every year. As a Qualified Risk Director with DCRO Institute, I recommend that all directors undergo training in risk topics and that boards are recommended to include at least one qualified finance expert and qualified risk director

**Question 3**

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

**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?**

No

**Please provide reasons for your views.**

The principle makes sense however once every three years seems preferable to allow boards time to make any changes and to make sure if it not just a compliance exercise. Companies should disclose if the board performance review was externally facilitated or not. Many boards do annual internal assessments and external assessments every three or four years as an example.

**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 is best practice and helpful for shareholders to exercise their votes for board directors

**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?**

No

**Please provide reasons for your views.**

Six is far too many. If all the boards are listed the cap should 4 and should include listed boards in other jurisdictions. Board directors' work is becoming more time consuming and it is important that all directors have enough capacity to deal with ad hoc events. It is also not healthy for the economy to have the same directors serving on too many boards as there may not be enough diversity of view points.

**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.**

**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.**

It seems duplicative with board effectiveness reviews, limits to the number of boards served on and limits to independence.

**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.**

Yes, works well in UK

**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.**

There should be no cooling off period if it's the same issuer. It is important to have board refreshment and diversity of experience

**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.**

**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.**

This is best practice and important information for 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.**

Diversity in all aspects is important on the board as a whole and on all committees

**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.**

Yes, this is important information for stakeholders

**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?**

**Please provide reasons for your views.**

**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.**

**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?**

**Please provide reasons for your views.**

**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.**

The board's responsibility for annual reviews of the effectiveness of risk management and internal control systems is crucial for ensuring robust

corporate governance. This responsibility involves overseeing the establishment and maintenance of an effective

system of internal control, which should be measured against internationally accepted

standards and tested annually for adequacy. Regular reviews help the board ensure that the risk management framework is aligned with the company's strategic objectives and that it effectively mitigates potential risks, while enhancing upside possibilities. This process is vital for maintaining the integrity of corporate reporting and ensuring that the

company is well-prepared to handle emerging risks, ultimately protecting shareholder value. The DCRO Institute has published the Guiding Principles for Board Risk Committees, and the 7th Principle that states, "The board risk committee should provide sufficient guidance and information to allow the full board to issue a simple-language disclosure about the organization's risk culture and control processes".

It is recommended that board's either have a separate Risk Committee or disclosure where risk topics are considered such as by the Audit Committee, the Nominating and Governance Committee, Sustainability Committee etc.

#### **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.**

This is a core responsibility of the board, and is a reason why the board needs risk capabilities and Qualified Risk Directors as board members.

#### **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.**

It is important to ensure the independence of the risk function and the reporting line of the Chief Risk Officer or equivalent, and Head of Internal Audit should be disclosed.

**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?**

**Please provide reasons for your views.**

**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?**

**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.**

If a company receives a qualified audit opinion investors and other stakeholders need to understand why and how the company is addressing the issues.

**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?**

No

**Please provide reasons for your views.**

Monthly is not applicable to all sectors and there needs to be clear delineation between board directors with oversight and the executive management team.

**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.**

It is recommended for there to be a director who sits on more than one committee to ensure there is no duplication of gaps. For example a member of the audit committee should sit on the risk committee and vice versa.

**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?**

**Please provide reasons for your views.**