

Submitted via Qualtrics**T Rowe Price Associates****Company/Organisation view****Investment Manager****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.

Yes, we agree with this proposal. Designating one INED as a Lead INED can enhance engagement with shareholders and investors by providing a dedicated point of contact to address investor concerns. It also helps deliver feedback to the Board on behalf of shareholders and promotes transparency. Similar mechanisms such as the Senior Independent Director Role in the UK have demonstrated that this role enhances engagement with shareholders and investors. Over the medium to long term, we encourage all companies (regardless of whether they have an independent board chair) to adopt the Lead INED mechanism.

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.

Yes, we agree with this proposal. The world is rapidly changing, driven by technology, innovation, and new industry trends. It's important for board directors to continue professional development to keep up with these changes, contribute to board discussions, and oversee the business effectively.

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.

Yes, we agree with this proposal. It's crucial for the first time directors to complete a minimum amount of training to better contribute to board discussions and oversee the business.

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 agree with the definition.

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 agree with the proposed training topics, as they cover the roles and functions of the Board, regulatory developments, corporate governance, ESG, risk management, internal control, and industry-specific developments. We also suggest including basic knowledge of audit and financial reporting procedures given the importance of financial integrity.

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 agree with the proposed consequential changes to Principle C.1 and CP C.1.1 for the reasons outlined under question 2.

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 agree with the proposal. Regular board assessments can help identify strengths and areas for improvement, allowing the Board to take targeted actions to enhance its overall effectiveness. They also provide insights that can lead to more informed decisions and opportunities for directors to give constructive feedback. The proposed disclosure requirement helps improve transparency to the market and can deepen engagement with shareholders and investors.

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 agree with the proposal. The skills matrix helps visualize the strengths and weaknesses of the Board, helps the Nomination Committee in its search for new board members. It also helps evaluate how incumbent board members contribute to the Board, particularly if the company's business mix or structure has significantly changed and requires different skill sets. It is also helpful for succession planning considerations.

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 agree with the proposal. If an individual serves on more than six public company boards simultaneously, they may be spread too thin if a controversy occurs which requires significant attention, and unable to meaningfully contribute to board discussions and allocate enough time to oversee each business.

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.

Yes, we agree with the proposed three- year transition period.

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.

Yes, we agree with this proposal. It enhances the accountability of directors and monitors whether they dedicate sufficient time and attention to the company. The assessment will also capture other commitments, such as directorship roles in non-listed companies, full-time or part-time occupations, NGO roles etc. Disclosure of the assessment will enhance engagement with shareholders and promote transparency at the board level.

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?

No

Please give reasons for your views.

We take a nuanced approach to assessing the independence of INEDs rather than over-relying on tenure as a single metric. We do not have a “hard cap” in our voting policy but encourage companies to disclose how the long-serving INEDs contribute to board discussions, and the process undertaken by the

Nomination Committee and the Board to determine that a long-serving INED continues to be independent.

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.

As previously mentioned, we do not over-rely on tenure to assess a director’s independence and therefore do not believe a 2 year cooling-off period will necessarily change a director’s independence.

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.

N.A

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 agree with the proposal. While we don’t rely on tenure as a single metric to assess the independence of board directors, disclosure on tenure is encouraged as it promotes transparency to 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.

We support the proposal. We are a member of the 30% Club HK Investor Group and support the aspirational target of 25% female representation at the board level by 2025 and 30% by 2028. The proportion of women on Hang Sheng Index Boards has meaningfully improved from 14.3% to 19.1% during the 2021-23 period. However gender diversity has been stagnant from 2023 to 2024 as it stays at ~19%. In a 2022 ACGA research, it showed that based on samples of top 100 companies in Hong Kong, public companies with a female Nomination Committee Chair had 25% female representation at board level vs an average of 16%. We believe having a different gender on the Nomination Committee helps promote female visibility during the nomination and selection process and mitigates against window-dressing behaviours.

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, we support the proposal. It enables companies to provide further transparency on their diversity policies and helps investors and shareholders to better assess their ESG profile. It also enhances accountability by encouraging companies to proactively assess how to improve diversity at both the workforce and senior management 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, we agree with the proposal. An annual review allows companies to adapt their diversity policies to evolving workforce dynamics, regulatory requirements, and social expectations. It also helps measure progress against diversity goals and benchmarks, holding senior management accountable for implementing and maintaining effective diversity initiatives.

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.

Yes, we agree with the proposal. Disclosure on diversity at both the senior management and workforce levels helps investors assess the talent pipeline and the diversity of leadership.

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.

Yes, we agree with the proposal. If companies with single-gender boards fail to appoint at least one director of a different gender before the 31 December 2024 deadline, they should publish an announcement containing the relevant details and reasons. The three-month period for the company to appoint appropriate members is also reasonable. It incentivizes companies with single-gender boards to address the issue proactively before the deadline.

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 agree with the proposal. The requirement serves as a helpful reminder for board directors to focus on risk management and internal controls. Annual reviews and relevant disclosures better hold the management team accountable for risk management and internal control.

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 agree with the proposal. The requirement serves as a helpful reminder for board directors to focus on risk management and internal controls. Annual reviews and relevant disclosures better hold the management team accountable for risk management and internal control.

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 agree with the scope outlined, which requires detailed disclosures covering the risk management & internal control systems in place, evaluating their appropriateness and effectiveness, and requiring details of significant control failings and remediation measures.

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.

Yes, we agree with the proposal. Relevant disclosures on value enhancement efforts, the aim of the dividend policy, and the decision-making process improve transparency for shareholders and investors, holding companies accountable for shareholder returns. In Japan, the governance reforms focused on capital management and shareholder return have been positively

received by the market. We encourage companies to have a returns driven-mindset when making capital allocation decisions and keep a close dialogue with shareholders and regulators.

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.

We agree with the proposal. It will provide shareholders with more clarity in participating in corporate events and enable market intermediaries to take timely actions.

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.

We agree with the proposal as it enhances transparency and accountability on financial integrity.

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 agree with the proposal. Monthly updates to board members help keep the board informed of financial performance and potential abnormalities in a timely manner.

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. It provides transparency to the market and holds companies more accountable to the Main Board Listing Rules.

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 with transitional arrangements 151 as set out in paragraphs 182 and 183 as the timelines appear reasonable.