

Submitted via Qualtrics**Columbia Threadneedle Investments****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.

We agree with the proposal of having a channel of communication with the board through the lead independent director. The board should proactively and regularly make itself available for consultation with shareholders. Boards should appoint a senior or lead independent director to fulfil a formal liaison role with key stakeholders. This is most important in cases where the CEO also holds the chair position, has executive responsibilities or was not independent on appointment. Where appropriate, NEDs should be prepared to discuss matters of strategy, performance, risk, capital structure, standards of operational practice, and oversight of company-specific environmental and social matters.

Ideally, we also expect regular non-executive director (NED) only meetings chaired by a senior or lead independent director, although the chair may be present (provided they are a non-executive). NEDs should meet without executive board members present on a regular basis and when circumstances demand. They should also have at least one meeting per year to hold an unconstrained discussion away from day-to-day business matters. NEDs should meet with executives on a regular basis to minimize the risk that NEDs could become marginalized from the business.

We also support the proposal to clearly define and provide guidance about the role of lead INED in the Corporate Governance Code that includes all the function we mentioned above.

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.

All directors should regularly be provided opportunities to attend conferences, classes, or webinars to upskill and remain relevant. However, setting a minimum number of training hours can become a box ticking exercise. The quality of training outweighs the quantity of training and different directors might need a different level of training. We encourage companies to develop regular director training plans and demonstrate the outcome and benefits from the training results.

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 proposal of complete a minimum of 24 hours of training within 18 months following their appointment. All directors should receive appropriate training when being onboarded. Ideally, the onboarding process should include assignment of a board mentor. Mentors are normally long- or medium-standing directors willing to take on the responsibility of providing ad hoc support and context for new directors.

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 definition of “First-time Directors” to include directors who have not served on an issuer's board on the Exchange for a period of three years.

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 support the proposal of specifying the specific topics that must be covered by rule 3.09G. Other topics may be an outcome of the board evaluation process or a request from directors or management directly. We encourage companies to develop regular director training plans that include educating directors on relevant environmental, social and governance matters.

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 changes of the wording in the Principle C.1 and Code Provisions C.1.1 which clarifies the 24-hour training requirement for First-time Directors is separate from the general induction training provided by an issuer to newly appointed directors.

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 support the proposal for issuers to conduct regular internal board performance reviews at least once every two years and make disclosure as set out in CP B.1.4. We also encourage large or systemically important companies should leverage professional and independent assistance to facilitate evaluations on a periodic basis (typically every three years).

When conducting this review, it should not be treated as a compliance exercise. It offers a unique opportunity for the board to reflect, provide feedback, and optimise its performance. Board evaluations are an important tool for improving board performance. All boards should implement an evaluation process that considers the effectiveness of the entire board, its committees, the contributions made by each member, including its systems for interaction between the board and company management, areas for improvement, and behaviors and overall board culture.

The nominating or corporate governance committee may oversee the evaluation process and should also include a robust description of the board evaluation process, cadence, and outcomes (including strengths and opportunities identified). Companies should consider using the corporate governance report or annual shareholder meeting materials to explain the board evaluation process, and to justify the value that non-independent directors bring to the board.

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.

A relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. Companies should therefore strive to widen the pool of potential candidates for board and management roles to ensure they draw on the richest possible combination of competencies and experiences.

We encourage companies to specify each candidate's qualifications, experiences and skills that are of relevance and importance to the board's oversight of company strategy.

For all newly appointed directors, we encourage disclosure of qualifications, experiences and skills that are considered by the board to be of relevance and importance to its oversight of company strategy. To this end, we encourage disclosure of a clear and concise board skills matrix in the proxy voting materials and annual report.

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 assess the number of directorships an individual director holds to ensure they have sufficient time and energy to perform their role as a non-executive director properly, as this is a demanding role. We generally do not support non-executive directors holding more than five directorships at public companies, and we consider a non-executive chair role to be roughly equivalent to two directorships. Especially, Mainland China has imposed a cap of three concurrent INED directorships that an individual can hold on its issuers. Audit Committee chair roles may be considered more burdensome than a typical non-executive directorship. Factors that determine the appropriate number of directorships are the size of the company, its complexity, its circumstances, other commitments that a director has and the results of board evaluation, among others. We consider that holding multiple directorships in large companies can be excessive even for a full-time non-executive director, especially when considering board committed participation. Multiple directorships should be avoided for a full-time executive.

We recommend the Exchange to also introduce a hard cap of listed issuer directorships for executive directors. We expect executive officers to hold no more than one external directorship to ensure they have sufficient time and energy to discharge their roles properly, particularly during unexpected company situations requiring substantial amounts of time.

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 proposal of a three-year transition period before implementing a hard cap on listed issuer directorships. Directors who are currently overly committed need time to transit away from the roles they are given, and the issuers need sufficient time to identify a suitable candidate and develop resources to train the new onboarding director.

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 proposal that the nomination committee report should include a robust description of the board evaluation process, time commitment, cadence, and outcomes (including strengths and opportunities identified).

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 impose a hard cap to strengthen board independence in the Hong Kong market. Many jurisdictions in Asia already put a mandatory cap on independent director tenure, such as 9 years in Singapore, 9 years in Taiwan, 10 years in India, and 6 years in mainland China. To ensure that the board retains an open and critical perspective, it forces the board to be continually refreshed.

We also expect the requirement to be imposed on issuers with a primary listing in the US and secondary listing in Hong Kong, especially when there are exempted to hold regular elections at the annual shareholder meetings.

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 support the proposal of re-considered the INED's independence after a two-year cooling-off period.

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 proposal of a three-year transition period before implementing a hard cap on the tenure of independent directors. Directors who are currently have long tenure need time to transit away from the roles they are given, and the issuers need sufficient time to identify a suitable candidate and develop resources to train the new onboarding director.

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 of disclosing the length of tenure of each director in the CG Report. The nominating committee should review the mix of new and experienced directors necessary to achieve a balanced board. This information helps shareholders to evaluate if the appropriate balance of independence is not met.

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.

Whilst we understand the notion, we would be more supportive of specific disclosure of how the Nomination Committee ensures diversity in the recruitment process, including on the pipeline gender mix during sifting of candidates and how the interview process accommodated for diverse candidates, as well as how the whole board ensured that it was satisfied with the diverse mix of candidates. With gender diversity in Hong Kong being only around 17%, there is also a high chance that the only female director on the board is non-independent.

We encourage the nomination committee to focus on reporting its annually activity and the report should provide a detailed discussion of its process for identifying and appointing executive and non-executive directors, including the processes it employs to ensure board membership reflects an appropriate diversity of perspectives, experiences, gender and racial or ethnic representation as well as cultural backgrounds.

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 efforts to strengthen non-discrimination policies, achieve diversity objectives, and address glass ceilings at all levels within organizations. We welcome disclosure of specific diversity targets and reporting on performance against these targets, as well as reporting on gender and ethnicity pay gaps within companies and plans to address these. We will look for disclosure of how measures to increase diversity have been applied and the management and oversight of these measures. In an environment where many industries and companies are facing shortages of skilled workers, thus increasing competition for talent, it is advisable and appropriate for company policies and practices to exceed legal requirements in order to attract and retain employees.

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 welcome disclosure of specific diversity targets set by the board and subsequent reporting on performance against these targets. In all cases, candidates must be selected for their ability to oversee and enhance long-term company performance. Boards should recruit members with the appropriate combination of skills and experience, and should affirm the value of individual diversity, including gender, racial, ethnic, national origin, professional background and other relevant factors that may enhance the board's overall performance. As boards cannot be transformed overnight, we

look for a statement that sets out the board's approach to promoting diversity at the board, executive management, and company-wide workforce level.

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 efforts to achieve diversity objectives and address glass ceilings at all levels within organizations. We welcome disclosure of specific diversity targets and reporting on performance against these targets, as well as reporting on gender and ethnicity pay gaps within companies and plans to address these.

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 codify the arrangement if an issuer temporarily deviates from the requirement of having directors of different genders on the board. Issuers should immediately publish an announcement containing the relevant details to communicate with shareholders and appoint appropriate member(s) to the board to meet such requirement within three months as set up in the draft MB Rule 13.92(2).

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 proposed amendments to emphasise board's responsibility for the issuer's risk management and internal controls.

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.

Either as part of the audit committee report or a standalone report, the company should explain the results of the board's review of internal controls, including any identified (or potential) weaknesses in internal controls and how the board plans to respond to these. If the audit committee's remit includes risk management, the audit committee report should also address the board's oversight of enterprise-wide risks. Effective systems of internal control and risk management should cover all material risks, including environmental, social and corporate governance (ESG) issues.

The audit committee is also responsible for publishing the annual audit report, which is essential for investors to evaluate the overall health of the business. The audit committee report should provide meaningful disclosure on the committee's work and the issues it has addressed.

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 proposal to refine the existing Code Provisions in section D.2 of the CG Code, especially the addition of Code Provisions of providing remedial measures to address control failings or weaknesses.

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.

Companies should ensure that shareholders are provided with sufficient information regarding income allocation and dividends to enable informed

decisions. Shareholder should also have the right to approve the implementation of the company's dividend policy.

The purpose of the disclosure should not simply be related to compliance, rather it should be to enhance investors' understanding of the use of capital, strategy and long-term plan.

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 support the proposal to promote the expectation of setting a record date from the Exchange guidance to a Listing Rule. We recommend that a record date be set a maximum of five working days prior to AGMs for custodians and registrars to clearly establish those shareholders eligible to vote. This will give time for all relevant formalities to be completed.

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 support the proposal to codify the Exchange's recommendation in respect of issuers' modified auditors' opinions, as it is already a common practice. The audit committee should report on its conduct during the year and, in particular, any specific matters of judgement relating to the application of accounting principles or the scope of the audit. It should also comment on the process for ensuring the independence of the auditors and for evaluating the impact of non-audit work. The audit committee report should include a narrative description of any related-party transactions, with reference to how these might impact the interests of minority shareholders. Any qualification of the audit statement and all matters raised in the auditor's report must be fully explained.

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 to clarify the Exchange's expectation to provide monthly updates giving a balanced and understandable assessment of the issuer's financial and operating performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.

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 agree with the 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 the requirements.

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 proposal of a three-year transition period before implementing a hard cap on directorships and independent director tenure, and for the rest of the proposals in the consultation to commence on or after 1 January 2025. Directors who are currently overly committed and independent directors with tenure over 9 years need time to transit away from the roles they are given, and the issuers need sufficient time to identify a suitable candidate and develop resources to train the new onboarding director.