

Submitted via Qualtrics**MTR Corporation Limited****Company/Organisation view****Listed Company****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 have no objection to this proposal. The primary driver for the proposed new CP as stated in the Consultation is the investors' concern over the lack of access to INEDs due to an overlapping of chair and executive and/or the family-controlled phenomenon. The Board structure and governance organisation vary from issuer to issuer with unique characteristics in individual instances. For issuers with established channels for shareholder communications and interactions with INEDs, such CP is not necessary. Given this new CP is proposed to be introduced on a 'comply or explain' basis, we have no objection to its introduction.

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.

Continuous professional training is important in ensuring directors are kept abreast of the latest applicable laws and regulations as well as corporate governance trends, so that their knowledge and skills are refreshed and kept relevant to support discharge of their duties.

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.

Given the part-time nature of non-executive directorships in issuers, a lower threshold for mandatory training hours is preferred, at least in the initial stage of this new requirement.

Suggestions: For a First-Time Director who ceases to be a director of the issuer before completing the 24 hours of training, we suggest his training hours should be allowed to be counted for his following directorship in another issuer if such appointment takes place within 2 or 3 years of cessation of his first appointment – similar to the case in paragraph 42(b) of the Consultation paper. Further, we suggested clarification on (1) whether the number of training hours of a First-time Director has to be disclosed in the CG Report, particularly if the 18-month period has not come to an end as at the date of the Report; and (2) whether the 24 hours training of a First-time Director can be counted as part of his mandatory continuous professional development for 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.

The definitions are fair and appropriate.

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.

Specifying the topics can help to provide clear guidance and framework of the training programmes.

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.

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 have no objection to this proposal. We agreed board performance review is a useful tool to facilitate continuous improvement and transparency of the board, but regular board evaluation itself does not necessarily drive the desired outcome and a lot of times, could be form over substance and costly. As this is going to be introduced as a “comply or explain” CP, we have no objection.

Suggestion: An alternative is to require issuers to publish a policy on their own board performance reviews and make a disclosure on the implementation of the policy in their annual reports. This will allow more flexibility to the issuers to develop a policy that will suit their scale, setup and business operations.

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.

The board skills matrix provides an overview of the skill mix across the Board and enable the Board to evaluate the adequacy and combination of skills, expertise and diversity among its members. It also assists the board in identifying the new/further skills required as part of the board succession planning.

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.

Agree to set a “hard cap” as it is fair and reasonable to expect INEDs to devote sufficient time and attention to an issuer’s business affairs, thus enabling them to make informed and considered judgement. Having a cap will also help to mitigate the risk of potential conflicts of interest.

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?

Yes

Please provide reasons for your views.

We support the proposal in principle. While, in principle, it is a good idea for the nomination committee to perform this role, “sufficient time commitment”, “significant external time commitments” and “contribution to the board” could be subjective and difficult to be quantified using a single model.

Currently, there are no guidance from the Stock Exchange or in the Listing Rules for the nomination committee on how to conduct a reasonable and objective assessment. If such guidance were to be provided, then we would support this MDR.

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.

From a perception perspective, a director having served on a board for more than nine years would give outsiders an impression that he/she is ‘associated’ with the issuer, more than the others. Hence, introducing a hard cap will draw a line in the sand for clarity, despite the independence of that director may not have been impacted in reality.

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.

This cooling off period is similar to the cooling off period required for appointing a partner from an issuer’s professional advisors.

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.

The three-year period allows sufficient time to progressively ‘fade out’ the Long Serving INEDs.

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.

The additional disclosure can improve transparency and reader friendliness.

Comments: The new disclosure requirement of “length of tenure” of each director under the CG Code seems to be duplicated with the requirement to disclose “length of service” under Paragraph 12 of Appendix D2 to the Listing Rules.

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.

The proposal can ensure the diversity of nomination committee and promote a balanced view.

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.

Having a Workforce Diversity Policy in place can formalize an issuer’s commitment to diversity, providing a clear direction to achieve a diverse workforce. In addition, disclosure of this policy would enhance transparency and allow stakeholders to understand an issuer’s efforts and commitment to diversity.

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.

Annual review of the board diversity policy is already a CP that issuers shall comply or explain. Upgrading it to MDR can improve the transparency about the implementation of the board diversity policy.

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.

This revised MDR improves the transparency of gender diversity at both the senior management level and workforce (excluding senior management) level.

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.

Currently, there is only a FAQ guidance note which is not binding on issuers. Codifying the arrangement of temporary deviations as part of Listing Rules can avoid ambiguity and ensure consistency among all issuers.

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 Risk Management ("RM") & Internal Control ("IC") System is important for ensuring the proper running and management of a company through identifying, evaluating and managing its significant risks. Hence, an annual review of the RM&IC System's effectiveness is crucial. The relevant disclosure will enhance transparency, allowing stakeholders to understand how the RM&IC system works and its effectiveness.

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.

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.

The refinement in section D.2 of the CG Code will give clarity on the scope of the reviews which will be helpful to the issuers.

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.

Upgrading the CP to MDR will increase transparency. The requirement to disclose the Board's dividend decisions (whether to declare a payment or not) will enable investors to have more information and better understanding about an issuer's capital management aims.

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.

Since the Guide on Distribution of Dividends is not binding on issuers, codifying the setting of record dates as part of Listing Rules can avoid ambiguity and ensure consistency among all issuers.

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.

As stated in the Consultation Paper, issuers generally follow the Stock Exchange's recommendation of certain disclosures when they receive a modified auditors' opinion in the "Review of Issuers' Annual Reports", codifying the recommendations into the Listing Rules is only formalizing them for issuers to comply.

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.

Support but an adequate time gap should be allowed between the monthly update and the reported period.

Clarity on the expectations regarding the monthly updates would help improve the quality of its content.

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.

Agree to have a consistent approach for the three mandatory board committees.

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?

No

Please provide reasons for your views.

A longer lead-in time, say mid-2025, will help a smooth implementation by the issuers.