

**Submitted via Qualtrics****AIA Group 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?**

No

**Please provide reasons for your views.**

While this proposal may work better for those listed companies which have a diverse investor base (including AIA), these companies should have adequate communication channels with their investors or other stakeholders to ensure effective two-way communications. AIA has put in place adequate and robust communication channels with its shareholders/stakeholders and an active and open dialogue with our institutional investors is maintained through regular investor interactions, including meetings, investment conferences and roadshows. Investors' feedback and analysts' reports on the Company are circulated to the Board and the Company's Executive Committee on a regular and systematic basis to promote an understanding of external views on the Company's performance. Individual tailored meetings between different stakeholders and our Board Chairman/Board Committee Chairpersons (all being INEDs) are also arranged from time to time.

On the other hand, a majority of the Hong Kong-listed companies have concentrated family/state ownerships. Having a Lead INED may not fit well with their culture or governance programme and thus may not contribute to governance checks and balances to the Chairman/senior management or facilitate investor/stakeholder engagement for these companies.

**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?**

No

**Please provide reasons for your views.**

Under paragraph 40 of the Consultation Paper, the Exchange noted that directors who are members of industry associations (such as the Hong Kong Institute of Directors, the Hong Kong Chartered Governance Institute) or professional bodies (such as the Hong Kong Institute of Certified Public Accountants, the Law Society of Hong Kong) are required to undertake a specified amount of training, i.e. continuous professional development (CPD), each year to develop and enhance the knowledge and skills relevant to performing their roles. The same analogy should not be drawn for the existing directors of listed issuers given that they are appointed for their experience and skills, which (unlike those of the professional accountants or lawyers) are difficult to be developed or enhanced through CPD training.

The directors should be given the flexibility to decide how to best use their time to serve the listed issuer.

**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.**

While we agree that the newly appointed directors should be provided with induction training to get them familiar with the structure and operations of the listed group, we do not think it is appropriate to mandate training for a minimum number of hours in addition to the in-house induction training to be provided by the listed issuer.

We suggest that the training for newly appointed directors to be recommended in the CG Code with no fixed minimum time requirement. The proposal for 24 hours for the CPD training is too prescriptive and excessive, particularly in view of this being separate and additional to the general induction training provided by a listed issuer to its newly appointed 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?**

No

**Please provide reasons for your views.**

The Exchange suggested that the proposed training requirements for First-time Directors should apply regardless of the new director’s experience with an overseas issuer. We believe that listed directorships in jurisdictions which have robust corporate governance requirements in place (such as US, UK, Australia or Singapore) should be considered as relevant experience when determining whether a newly appointed director of a listed issuer should be treated as a First-time Director. These directors are appointed for their regional exposure and skills, which are commensurate with that of a director of a Hong Kong listed issuer.

**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?**

No

**Please provide reasons for your views.**

The five proposed topics are overly prescriptive and could only lead to ‘box-ticking’ compliance. Listed issuers should be given the necessary flexibility to structure its CPD programme relevant to the operations of the issuer or that best suits its circumstances to facilitate effective discharge of duties by their board members. These five topics should remain as suggestions as opposed to mandatory requirements.

Taking the new LR3.09F and 3.09G together, they require all directors to obtain CPD training for all the five specific areas in each of the financial year, which is too prescriptive and unduly burdensome.

On a separate note, we do not agree to the proposed requirement to disclose the names of the external training providers as this may constitute sensitive information. We prefer not to disclose the names of the law firms/service providers which we usually engage for professional services.

### **Question 3**

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

No

**Please provide reasons for your views.**

The wordings should align with our response to 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 support this proposal so long as the issuers are given the option to 'comply or explain'.

As to the disclosure requirement proposed under CP B.1.4, we do not agree to the requirement to disclose the name of the external provider(s) engaged to conduct the board performance review. We prefer not to disclose the name(s) of the external service provider(s) we appoint for the engagement.

### **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 can help to summarise the qualifications and skills of directors which may be useful to investors when assessing the board effectiveness and succession planning of the listed issuer.

**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.**

It is to be noted that INEDs of listed issuers are fully aware of their directors' duties and the liabilities associated with their listed directorships. Further, there are other requirements in the Listing Rules which ensure time commitment by directors, e.g. the nomination committee is required to annually assess each director's time commitment. Introducing a hard cap may unfairly restrict competent, diligent INEDs who are able to devote sufficient time to their multiple directorships.

Nevertheless, we lend our support to this proposal as we note that the responsibilities of an INED have become increasingly demanding and the hard cap will help to safeguard adequate time commitment by INEDs in some cases. For AIA, we are a large and complex organization and we expect our INEDs to devote substantive time to the company and keep their number of listed issuer directorships below the proposed hard cap.

**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.**

This will enable an orderly phasing out of overboarding INEDs.

**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.**

This provides transparency on time commitment and contribution to the board by each director.

**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.**

While intuitively the number of years with which an INED has served on a listed issuer's board is relevant in determining his/her independence, this is only one of the many factors for independence assessment. In fact, an INED's independence should more importantly be assessed against the independence of mind which the INED demonstrates during board deliberations, i.e. whether the INED remains capable of providing an independent and objective contribution to the board. Independence should rather be assessed against an individual's integrity and character, as opposed to the length of service.

For AIA, where any of our INEDs has served on the Board for over nine years, our Nomination Committee (comprising all INEDs of the AIA Board) will undertake a robust process to consider and satisfy itself that the length of his/her tenure has not affected his/her independence having regard to his/her actual contributions, continuing impartiality and ability to continue to demonstrate effective oversight of the Company's management.

We submit that members of the nomination committee or the board are best placed to consider director's independence as they have full and first-hand information on the

INED's performance. Accordingly, we do not support the setting of an arbitrary regulatory cap as proposed.

**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.**

The two-year cooling-off period is arbitrary.

**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.**

This will allow time for issuers to execute their board succession plan.

**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 may constitute useful information for investors.

**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 greater diversity for the board and its nomination committee.

**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.**

This will assist listed issuers to set diversity targets with respect to its workforce and for those listed issuers who already have a workforce diversity policy in place, this will give transparency to the market on such policy.

**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.**

The proposal helps to clarify the existing requirements with respect to the board-diversity related information that listed issuers are currently required to disclose.

**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 constitutes more detailed indicators for the issuer's progress on, and commitment to, diversity across the organization.

**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.**

This helps to codify the Exchange's existing guidance on the subject.

**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 proposed amendments help to highlight the board's responsibility for the issuer's risk management and internal control (RMIC) systems.

**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 proposal helps to ensure continuous monitoring and regular reviews of the issuer's RMIC systems, the effectiveness of which is subject to ongoing internal/external changes and developments.

**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.**

This proposal enhances transparency on the issuer's RMIC systems and their effectiveness. We invite the Exchange to issue more detailed guidance for practitioners that will contain baseline requirements and recommended best practices for the enhanced disclosures as well as the processes and assurance activities that support

the Board in formulating their conclusion of the adequacy and effectiveness of the RMIC systems. This will ensure comparability across listed 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.**

This proposal will improve transparency and accountability regarding the issuer's dividend policy. The enhanced disclosure will enable investors to assess the issuer's capital discipline.

### **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 proposed codification of the Exchange's existing guidance on the setting of a record date by listed 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.**

The proposed codification will facilitate compliance with the Exchange's disclosure recommendations relating to modified auditors' opinion.

### **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 Exchange's expectations with regards to the provision of monthly updates and the proposal makes clear that directors are entitled to and should request such information if the management does not provide it.

**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.**

The proposal ensures consistency of approach across the three mandatory board committees in the case of inability to set up any of such 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?**

Yes

**Please provide reasons for your views.**

The three-year transition period allows listed issuers to execute their respective board succession plan in order to comply with the proposals relating to overboarding and long-serving INEDs.