

Submitted via Qualtrics**Robeco****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.

Ideally the Chair of the Board is independent and open to speak with shareholders. Should the company have to choose for a non-independent Chair, or strong reasons to allocate that the chair could not be independent, companies should disclose the reasons for that decision. The Lead INED should be available to shareholders, if they have reason for concern that contact through the normal channels of Chair or chief executive has failed to resolve. When the role was introduced, it was initially met with some scepticism, but the role has now become generally accepted. It is now considered best practice and included in the Financial Reporting Council UK Corporate Governance Code.

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.

Directors already have an ongoing duty of care for the company, which includes taking steps to improve their professional development, skills and knowledge.

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.

First-time Directors would benefit from structured training in the understanding of the duties and legal responsibilities of a company director as well as the other critical board roles, activities and duties associated with leading a 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.

“First-time Directors” to mean directors who are appointed as a director of an issuer listed on the Exchange for the first time.

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 topics are adequately covered by established providers in Hong Kong and internationally.

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?

Yes

Please provide reasons for your views.

There should be a formal and rigorous annual review of the performance of the board, its committees, and individual directors, and such reviews to be disclosed. Through the review process, the board's work can be aligned with the company's strategic objectives.

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.

Currently, this approach is becoming increasingly common in other jurisdictions. Disclosure of the skills matrix can increase the accountability of the board on the matters in the matrix, justifies the presence of directors on the board, and allows an assessment of any skills gaps in the overall board.

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.

The ICGN principles suggest a maximum of 3 directorships in total. In many countries five additional directorships are common, where Chair roles count double. A total of 6 should be a maximum and within that maximum boards are encouraged to still adequately review if any additional roles have a significant time constraint on the directorship.

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, as many boards will require a multi-year term, several years will be needed to gradually build down the number of directorships in line with the cap.

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.

While we agree with an annual assessment of each director's contribution to the board, but the value of each director's contribution may not be correlated to the time spent. We believe that disclosure of board skills and performance assessment should be on a collective, and not on an individual basis.

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 introduction of a maximum tenure of 9 years for independent directors. However, our recommendation would be to set the limit at 12 years, which is the maximum limit mentioned under ICGN Global Governance Principles. We believe that a 12-year limit achieves very similar benefits in incentivizing appropriate board refreshment, while being less restrictive for companies that might have a smaller pool of qualified and independent board candidates to draw from.

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.

Instead of a maximum tenure of nine years with a cooling for period for a new term we suggest a maximum 12-year term without possibility for a “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.

Yes, we suggest the earlier time of 3 years or the natural end of a current board term.

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.

In the UK, nine years is considered to be the maximum term for a Chair, with no limit for INEDs. However, in the EU, best practice is 12 years. Individual countries across Europe typically set their own best practice guidelines on NED independence.

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.

We suggest that issuers take a holistic approach to diversity for their entire board. In most mature companies in mature markets a 30% or higher is an expectation in terms of board diversity. We don't have specific diversity requirements per committee, other than that key committee should be majority independent and independently led.

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)?

No

Please provide reasons for your views.

We agree with the introduction of a LR to disclose a diversity policy for issuers' workforce (including senior management).

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.

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.

Comparing the ratio of the work force and for senior management allows investors to get a sense of internal mobility. For example, if the work force has a 50/50 gender ratio, and senior management is 90/10, that may indicate the possibilities of advancement within 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.

The European Women on Boards Directive aims to have gender balance among directors of listed companies by 2026. The directive requires that companies have at least 40% female non-executive directors or 33% female representation among both executive and non-executive directors. UK-listed companies must have at least 40% women on their boards, and at least one woman in a senior position (e.g. CEO, Chair, CFO, or Senior Independent Director).

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 proposal to strengthen board accountability and reporting on risk management and internal controls, and to remind boards of their responsibilities.

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.

See our response to Q. 15 (a)

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.

See our response to Q. 15 (a)

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.

While we agree with the Exchange's rationale contained in points 160-163 of the CP, we believe that dividend policy is only a part of a company's capital management. Future MDRs should also require issuers to disclose a comprehensive financial strategy and priorities for capital management, including how issuers assess their capital efficiency, and plans to address low valuations.

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 rationale contained in CP note 168

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.

Codifying the recommended disclosures improves disclosures for market participants and creditors.

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 rationale contained in the CP note 176.

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.

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.