

FOR IMMEDIATE RELEASE

HKIoD Releases Revised Guide for INEDs Helps INEDs Meet Growing Public Expectation of Their Performance

Amidst the economic decline for many sectors under the Covid-19 impact, the financial sector is faring with vibrancy. Witness the IPO line-up on HKEX and the financial trading activities. The investing public continues to place stake on listed issuers' performance, which comes with the expectation on corporate governance led by boards of directors. An important board role under public scrutiny is that of the independent non-executive director ("INED"). To provide up-to-date practice guidance, The Hong Kong Institute of Directors ("HKIoD") releases a complete revision of one of its flagship publications, *Guide for Independent Non-Executive Directors* ("the Guide").

Drawing increasing attention from the public and in particular from regulators and stakeholders, the role of INED when performed well adds value to the board. Author of the Guide, Dr Carlye Tsui Wai-ling, CEO of HKIoD, highlights the implication, "Taking up an appointment as an INED carries with it an honour in trust bestowed, a commitment to service and acceptance of expectation in professionalism."

The Guide aims to provide practice notes and advisory tips in concise and user-friendly reading, with highlights on principles for INEDs at work as well as practical aspects of work scope, issues, skills and working relationship with other board members and management. "The INED role calls for serious and diligent service," said Dr Christopher To Wing, Chairman of HKIoD. "While offering practice guidance to INEDs, we encourage the board and management as a team to work together. Hence, the Guide also facilitates teamwork on the board." The Guide is sponsored by the Corporate Governance Development Foundation Fund and the Office of the Privacy Commissioner for Personal Data, Hong Kong.

"INEDs may add value, not only to listed and regulated companies but also to all other types of companies," remarked Mr Henry Lai Hin-wing, Immediate Past Chairman of HKIoD and current Chairman of the institute's Corporate Governance Policies Committee. "While listed companies are mandated by Listing Rules to appoint INEDs to the board, non-listed companies may introduce diversity in perspectives on the board by appointing INEDs."

One important emphasis of the Guide is on corporate sustainability through ESG adoption and reporting led by the board, with INEDs serving as catalyst. Dr Moses Cheng Mo-chi, Founding Chairman of HKIoD and a renowned INED, advocates ESG implementation and opined, "INEDs should be knowledgeable and proactive in driving ESG adoption and should ensure that ESG goals and achievements are communicated well by the company."

Echoing on the teamwork of the board, Dr Kelvin Wong Tin-yau, Past Chairman of HKIoD and a recognised practitioner as both executive director and INED, said, "We will see a paradigm shift in INED focus, to both financial and ESG performance, and extension from independence to interdependence and interplay among all board members."

On the significance of the INED role, Dr David Wong Yau-kar, Past Deputy Chairman of HKIoD and a well-respected business leader, highlighted, “INEDs must be seasoned in assessing business landscape and risks, particularly when the company engages in a major transaction or explores a new business line.”

Given the enormous obligations and responsibilities, it may not be easy to have suitable candidates coming forward to accept INED appointment. Dr Tsui concluded, “Usually INEDs are mission-minded persons who are appropriately trained and who advocate good corporate governance. It is significant to develop a partnership of mutual respect and trust between the INEDs and other board members as well as management. It takes the whole board and management, working together, to realise the maximum value from INEDs.”

HKIoD promotes excellence in director practices through its annual major project of Directors Of The Year Awards, honouring role models among individual director and the collective board. INEDs have been recognised at the Awards for their exemplary performance. Continuing in its 21st anniversary, the awards project this year takes on the theme “Leading in New Normal” (在新常態中領航). Nominations for the awards are open to the public.

The HKIoD *Guide for Independent Non-Executive Directors* can be downloaded for free and nominations of candidates for Directors Of The Year Awards 2021 are welcomed.

1. Guide for Independent Non-Executive Directors : <https://www.hkiod.com/INEDguide.html>
2. Directors Of The Year Awards 2021: <https://www.hkiod.com/dya-current.html>

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The Hong Kong Institute of Directors (“HKIoD”) is Hong Kong’s premier body representing directors to foster the long-term success of companies through advocacy and standards-setting in corporate governance and professional development for directors. A non-profit-distributing organisation with membership consisting of directors from listed and non-listed companies, HKIoD is committed to providing directors with educational programmes and information service and establishing an influential voice in representing directors. With international perspectives and a multi-cultural environment, HKIoD conducts business in biliteracy and trilingualism. HKIoD is a member institute of the Global Network of Director Institutes, a worldwide alliance of leading director institutes.

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