The Monetary Authority of Singapore and the Singapore Exchange changes to the SGX Listing Manual (Mainboard and Catalist) and the Singapore Code of Corporate Governance (“Code”) on 6 August 2018. This fact sheet provides a summary of the key changes to assist listed companies in identifying key areas where they may be impacted.

To what extent are the changes mandatory to implement?

<table>
<thead>
<tr>
<th>“Mandatory”</th>
<th>“Comply or Explain”</th>
<th>“Non-binding”</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGX LISTING RULES (LR) Shift of important requirements of the Code to the SGX LR for mandatory compliance.</td>
<td>CODE PRINCIPLES Over-arching, non-disputable statements which embody the fundamentals of good corporate governance and are expected to be complied with.</td>
<td>PRACTICE GUIDANCE Non-binding supplement to the Code providing guidance and best practices examples.</td>
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<tr>
<td>CODE PROVISIONS Actionable steps guiding compliance with the substance of the Principles.</td>
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When would the changes become effective?

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<tbody>
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<td>CG Code: Annual Reports relating to financial years commencing 1 January 2019 onwards</td>
<td>2001</td>
<td>2005</td>
<td>2012</td>
</tr>
<tr>
<td>SGX Listing Rules: 1 January 2019*</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
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<tr>
<td>*3-year transition period (for some requirements)</td>
<td>2021</td>
<td>2022</td>
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How significant are the changes?

Overall the Code has been significantly streamlined to strengthen core tenets of good governance and to clarify and align certain aspects.

Source: KPMG Governance Framework
What are the key changes?

**Director Independence & Board Composition**

**Definition of independence**
- Two-tiered shareholder vote to approve Independent Directors (IDs) who have served beyond 9-years. Requires majority:
  - All shareholders
  - All shareholders (excluding shareholders who serve as directors or the CEO (and their associates))
- Substantial shareholder from 10% to 5%
- Mandating core tests of independence:
  - Director employed by company (or related corporations) during past 3 years
  - Director’s family member employed by company (or related corporations) during past 3 years (with family member remuneration determined by Remuneration Committee (RC))

**Board composition**
- At least one-third IDs
- Majority IDs (where Chairman is not independent) – up from at least half
- Majority of Non-Executive Directors (NEDs)

**Chairman & CEO**
- Disclose if Chair and CEO related
- Chair and CEO are separate persons
- Definition of Chairman independence to include ‘close family ties’

**Diversity**
- Disclose board diversity policy, including measureable objectives and progress made

**Board Structure & Protocols**

**Board Committees**
- Establish Audit Committee (AC), Nominating Committee and RC with terms of reference (ToR)
- Disclose names, ToR, authority and activities

**Culture and Ethics**
- Board puts in place a code of conduct and ethics, sets the tone-from-the-top and desired organisational culture

**Director Information**
- Disclose key information on directors (appointment or re-appointment of directors)

**Training**
- Directors with no prior experience of a listed issuer on the Exchange must undergo training

**Audit Committee**

**Internal Audit (IA)**
- Establish independent and adequately resourced IA function
- Review adequacy, effectiveness, independence of IA

**External Audit (EA)**
- Review adequacy, effectiveness and independence, scope and results of EA
- 2-year cooling-off period for partners/directors of audit firms to serve on AC

**Whistleblowing**
- Publicly disclose whistleblowing policy, ensure matters are ‘safely raised’ and communicate to employees

**Risk Management and Internal Controls**

**Board’s comment**
- Board to comment on adequacy and effectiveness of internal controls and risk management systems
- Disclose material weaknesses

**Assurances**
- Assurances from CEO and other ‘key management personnel’ who may be responsible on the adequacy and effectiveness of internal controls and risk management systems

**Shareholders & Stakeholders**

**Shareholders**
- Disclose director AGM attendance
- Publish minutes of AGM on website

**Dividends**
- Establish and communicate dividend policy
- Disclose reason not to declare a dividend

**Stakeholders**
- Identify, engage with and manage material stakeholder groups
- Disclose strategy and key areas of focus in managing stakeholder relationships
- Maintain a current corporate website

**Remuneration**

**Value creation**
- Companies to disclose link between remuneration and value creation

**Employee remuneration**
- Disclose employee remuneration in bands of $100k (immediate family members of director or CEO) – up from $50k
- Disclose employee remuneration in bands of $100k (substantial shareholder links)

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