

# 2018 review of corporate governance code

## Guidelines to be shifted to SGX Listing Rules

- At least one-third board to comprise independent directors (IDs)
- Lower the shareholding threshold for assessing director independence to 5%, from 10%
- A director is not independent if he or immediate family member is a substantial shareholder with a 5% stake or more.
- Impose the nine-year limit on IDs as a hard limit, or:
- Appointment of IDs who have served more than 9 years to be put to an annual vote requiring approval from majority of all shareholders and majority of non-controlling shareholders; A transition period of three years to be provided regardless of the option adopted.
- Relationship between chairman and CEO must be disclosed if they are immediate family members.
- Directors must be submitted for re-nomination and re-appointment at least once every three years.
- If dividends are not paid, companies must disclose the reasons.

## Other key revisions:

- Shift away from instructive style
- 15 overly-prescriptive guidelines, some already in listing rules, to be dropped
- Provides greater clarity on director independence
- Separate disclosure on non-controlling shareholders' votes on ID appointments
- Majority of board to comprise IDs, if Chairman is not independent
- Companies to disclose board diversity policy and progress
- Companies to disclose relationship between remuneration and value creation
- Sets up an industry-led Corporate Governance Advisory Committee