Introduction

1. Corporate governance refers to having the appropriate people, processes and structures to direct and manage the business and affairs of the company to enhance long-term shareholder value, whilst taking into account the interests of other stakeholders. Companies that embrace the tenets of good governance, including accountability, transparency and sustainability, are more likely to engender investor confidence and achieve long-term sustainable business performance.

2. The Code of Corporate Governance (the “Code”), which is applicable to listed companies in Singapore on a comply-or-explain basis, first came into effect on 1 January 2003. The Code aims to promote high levels of corporate governance in Singapore by putting forth Principles of good corporate governance and Provisions with which companies are expected to comply. The Practice Guidance complements the Code by providing guidance on the application of the Principles and Provisions and setting out best practices for companies. Adoption of the Practice Guidance is voluntary.

3. The Code takes as its starting point a recognition that the Board has the dual role of setting strategic direction, and of setting the company’s approach to governance. This includes establishing an appropriate culture, values and ethical standards of conduct at all levels of the company. The role of the Board is therefore broader than that of providing oversight. A well-constituted Board fosters more complete discussions, leading to better decisions and enhanced business performance. This version of the Code expands on the need for a strong and independent element on the Board, along with a diverse skill set.

4. Given the centrality of the Board to good corporate governance, it is fundamental that the Chairman of the Board (the “Chairman”) sets the right tone. The Chairman should encourage a full and frank exchange of views, drawing out contributions from all directors so that the debate benefits from the full diversity of views around the boardroom table. The Chairman should seek to stimulate and engender a robust yet collegiate setting, set the right ethical and behavioural tone, and provide leadership to the Board.

5. Good corporate governance is good for the company, with a well-governed company better placed to perform over the longer-term. The Code should not be seen as burdensome but should help companies by giving clear direction on good Board and Management practices that will help build investor and stakeholder confidence. For
this outcome, a culture of substantive compliance, rather than a checklist approach, is crucial. A sustainably successful company is good for myriad stakeholders: employees, suppliers, customers, shareholders, as well as society at large.

**Comply or explain**

6. This updated version of the Code represents a significant development both in terms of the way the Code is structured, and the way in which companies are required to describe their corporate governance practices.

7. This version of the Code has at its core broad Principles of corporate governance. Compliance with, and observation of, these Principles is mandatory. These Principles set out broadly accepted characteristics of good corporate governance. Companies are required\(^1\) to describe their corporate governance practices with reference to both the Principles and Provisions, and how the company’s practices conform to the Principles.

8. The Provisions that underpin the Principles are designed to support compliance with the Principles. These Provisions, which replace the Guidelines of previous Codes, are drafted in a simple and direct manner, and describe the tenets of good corporate governance. Companies are expected to comply with the Provisions, and variations from Provisions are acceptable to the extent that companies explicitly state and explain how their practices are consistent with the aim and philosophy of the Principle in question. The explanations of variations should be comprehensive and meaningful.

9. The emphasis of the Code is for companies to provide thoughtful and meaningful explanations around their practices, and for investors to carefully consider these discussions as part of their engagements with companies. Frank and informed dialogue between companies and their shareholders is a central tenet of good corporate governance, and encourages more active stewardship. Better engagement between these parties will benefit the company and investors.

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\(^1\) Rule 710 of the SGX Listing Rules (Mainboard) / Rule 710 of the SGX Listing Rules (Catalist)
BOARD MATTERS
THE BOARD’S CONDUCT OF AFFAIRS

Principle:

1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provisions:

1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

1.2 Directors understand the company’s business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company’s expense. The induction, training and development provided to new and existing directors are disclosed in the company’s annual report.

1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company’s annual report.

1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board’s authority to make decisions, and a summary of each committee’s activities, are disclosed in the company’s annual report.

1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director’s attendances at such meetings:

2 Rule 210(5)(a) of the SGX Listing Rules (Mainboard) / Rule 406(3)(a) of the SGX Listing Rules (Catalist) requires any director who has had no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director.
meetings are disclosed in the company’s annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company’s expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

 Principle:

2 The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

 Provisions:

2.1 An "independent" director\(^3\) is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations\(^4\), its substantial shareholders\(^5\) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company\(^6\).

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\(^3\) Rule 1207(10B) of the SGX Listing Rules (Mainboard) / Rule 1204(10B) of the SGX Listing Rules (Catalist) requires the Board to identify in the company’s annual report each director it considers to be independent.

\(^4\) The term “related corporation”, in relation to the company, has the same meaning as currently defined in the Companies Act (Chapter 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

\(^5\) A “substantial shareholder” is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

\(^6\) A director who falls under the circumstances described in Rule 210(5)(d) of the SGX Listing Rules (Mainboard) / Rule 406(3)(d) of the SGX Listing Rules (Catalist) is not independent. These circumstances apply to the following: (i) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the Remuneration Committee; (iii) a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers. Rule 210(5)(d)(i) and (ii) of the SGX Listing Rules (Mainboard) / Rule 406(3)(d)(i) and (ii) of the SGX Listing Rules (Catalist) come into effect from 1 January 2019. Rule 210(5)(d)(iii) of the SGX Listing Rules (Mainboard) and Rule
2.2 Independent directors make up a majority of the Board\(^7\) where the Chairman is not independent\(^8\).

2.3 Non-executive directors make up a majority of the Board.

2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.

2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle:**

3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

**Provisions:**

3.1 The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making\(^9\).

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\(^7\) Rule 210(5)(c) of the SGX Listing Rules (Mainboard) / Rule 406(3)(c) of the SGX Listing Rules (Catalist) requires independent directors to make up at least one-third of the Board. This rule will be come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code of Corporate Governance will continue to apply.

\(^8\) The Chairman is not independent when (i) he or she is not an independent director, (ii) he or she is also the CEO, (iii) he or she and the CEO are immediate family members as defined in the Listing Manual of the Singapore Exchange (i.e. the person’s spouse, child, adopted child, step-child, brother, sister and parent), (iv) he or she and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the Nominating Committee, or (v) he or she is part of the Management team.

\(^9\) Rule 1207(10A) of the SGX Listing Rules (Mainboard) / Rule 1204(10A) of the SGX Listing Rules (Catalist) requires the Board to disclose the relationship between the Chairman and the CEO if they are immediate family members.
3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

**BOARD MEMBERSHIP**

**Principle:**

4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

**Provisions:**

4.1 The Board establishes a Nominating Committee (“NC”) 10 to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel11;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment 12 of directors (including alternate

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10 Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed has written terms of reference which clearly set out the authority and duties of the committee.

11 The term “key management personnel” shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

12 Rule 720(5) of the SGX Listing Rules (Mainboard) / Rule 720(4) of the SGX Listing Rules (Catalist) requires all directors to submit themselves for re-nomination and re-election at least once every three years.
directors, if any)\textsuperscript{13}.

4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company’s annual report.

4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence\textsuperscript{14}, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments\textsuperscript{15} of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC’s and Board’s reasoned assessment of the ability of the director to diligently discharge his or her duties.

\textsuperscript{13} Rule 720(6) of the SGX Listing Rules (Mainboard) / Rule 720(5) of the SGX Listing Rules (Catalist) requires key information on directors to be provided together with each resolution on the proposed appointment or re-appointment of directors.

\textsuperscript{14} Such relationships include business relationships which the director, his or her immediate family member, or an organisation which the director, or his or her immediate family member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the company or any of its related corporations, and the director’s direct association with a substantial shareholder of the company, in the current and immediate past financial year. Where the director or his or her immediate family member, or a company that he, she or they are a substantial shareholder in, provides to or receives from the company or its subsidiaries any significant payments or material services, the amount and nature of the service is disclosed.

\textsuperscript{15} The term “principal commitments” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.
BOARD PERFORMANCE

**Principle:**

5 The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

**Provisions:**

5.1 The NC recommends for the Board’s approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.
**REMUNERATION MATTERS**

**PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**Principle:**

6. The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

**Provisions:**

6.1 The Board establishes a Remuneration Committee ("RC")\(^{16}\) to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

6.4 The company discloses the engagement of any remuneration consultants and their independence in the company’s annual report.

**LEVEL AND MIX OF REMUNERATION**

**Principle:**

7. The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation

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\(^{16}\) Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed should have written terms of reference which clearly set out the authority and duties of the committee.
of the company, taking into account the strategic objectives of the company.

**Provisions:**

7.1 A significant and appropriate proportion of executive directors’ and key management personnel’s remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

**DISCLOSURE ON REMUNERATION**

**Principle:**

8 The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

**Provisions:**

8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a
director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee’s relationship with the relevant director or the CEO or substantial shareholder.

8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.
ACCOUNTABILITY AND AUDIT
RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle:**

9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders\(^\text{17}\).

**Provisions:**

9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

9.2 The Board requires and discloses in the company’s annual report that it has received assurance from:

   (a) the CEO and the Chief Financial Officer (“CFO”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

   (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

AUDIT COMMITTEE

**Principle:**

10 The Board has an Audit Committee ("AC")\(^\text{18}\) which discharges its duties objectively.

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\(^{17}\) Rule 610(5) and Rule 719(1) of the SGX Listing Rules (Mainboard) / Rule 407(4)(b) and Rule 719(1) of the SGX Listing Rules (Catalist) require the Board to comment on the adequacy and effectiveness of the company's internal controls and risk management systems, and the AC’s concurrence with the Board’s comments. Where either the Board or the AC comments that the issuer’s group’s internal controls or risk management systems have weaknesses, the issuer must provide clear disclosure on the weaknesses and the steps taken to address them.

\(^{18}\) Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an audit committee, a nominating committee and a remuneration committee. Each committee formed should have written terms of reference which clearly set out the authority and duties of the committee.
Provisions:

10.1 The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company’s internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

10.4 The primary reporting line of the internal audit function is to the AC, which also
decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.
SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle:

11 The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions:

11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.

11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the company’s annual report.

11.4 The company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

11.6 The company has a dividend policy and communicates it to shareholders\(^{19}\).

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\(^{19}\) Rule 704(24) SGX Listing Rules (Mainboard)/ Rule 704(23) of the SGX Listing Rules (Catalist) requires that in the event that the Board decides not to declare or recommend a dividend, the company must expressly disclose the reason(s) for the decision together with the announcement of the financial statements.
ENGAGEMENT WITH SHAREHOLDERS

**Principle:**

12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

**Provisions:**

12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

12.3 The company’s investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.
MANAGING STAKEHOLDERS RELATIONSHIPS
ENGAGEMENT WITH STAKEHOLDERS

**Principle:**

13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

**Provisions:**

13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

13.3 The company maintains a current corporate website to communicate and engage with stakeholders.