

## ANNEXURE B

## PROPOSED ACE LR AMENDMENTS IN RELATION TO DIRECTOR APPOINTMENT AND INDEPENDENCE

## ACE Market Listing Requirements

## CHAPTER 1 DEFINITIONS AND INTERPRETATION

## PART A - DEFINITIONS

## 1.01 Definitions

In these Requirements, unless the context otherwise requires:-

independent director	means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or listed corporation. Without limiting the generality of the foregoing, an independent director is one who -
	(a) is not an executive director of the applicant, listed corporation or any related corporation of such applicant or listed corporation (each corporation is referred to as the “said Corporation”);
	(b) is not, and has not been within the last 3 years, an officer <del>(except as an independent director)</del> of the said Corporation. For this purpose, “officer” has the meaning given in section 2 of the Companies Act <u>but excludes an independent director who has served for a cumulative period of less than 12 years;</u>
	(c) is not a major shareholder of the said Corporation;
	(d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
	(e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
	(f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; <del>or</del>

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- (g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or the listed corporation) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange-; or
- (h) has not served as an independent director of the said Corporation for a cumulative period of more than 12 years from the date of his first appointment as an independent director.

[Cross reference: Guidance Note 9]

[End of Chapter 1]

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**CHAPTER 15 CORPORATE GOVERNANCE****PART B - DIRECTORS****15.01A Fit and proper policy**

A listed corporation must -

- (a) have a fit and proper policy for the appointment and re-appointment of directors of the listed corporation and its subsidiaries;
- (b) ensure the policy addresses board quality and integrity; and
- (c) make available the policy on its website.

**PART B(A) - NOMINATING COMMITTEE****15.08A Nominating committee**

- (1) A listed corporation must establish a nominating committee which comprises exclusively of non-executive directors, a majority of whom must be independent.
- (2) The nominating committee must have written terms of reference dealing with its authority and duties which must include the selection and assessment of directors, and such information must be made available on the listed corporation's website.
- (3) The listed corporation must provide, in its annual report, a statement about the activities of the nominating committee in the discharge of its duties for the financial year. Such statement must include the application of the listed corporation's fit and proper policy, how the requirements set out in Rule 2.20A of these Requirements are met and contain the following information:
  - (a) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed corporation;
  - (b) the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
  - (c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.

*[End of Chapter 15]*

## GUIDANCE NOTE 9

REQUIREMENTS FOR DIRECTORS AND SIGNATORY OF STATUTORY DECLARATION  
FOR ACCOUNTS

Details		Cross References
Effective date:	3 July 2006	Rules 1.01, 9.27, 15.06, 15.07 and 15.09
Revision date:	3 August 2009, 1 June 2013, 13 July 2015, 2 January 2018, 1 October 2020, [ ]	

## 1.0 Introduction

1.1 A director who is appointed to act as an “independent director” of an applicant or a listed corporation must satisfy the definition of “independent director” set out in Rule 1.01 of the Listing Requirements (“**said definition**”). The said definition reads as follows:

*“independent director” means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or listed corporation. Without limiting the generality of the foregoing, an independent director is one who -*

- (a) *is not an executive director of the applicant, listed corporation or any related corporation of such applicant or listed corporation (each corporation is referred to as “**said Corporation**”);*
- (b) *is not, and has not been within the last 3 years, an officer ~~(except as an independent director)~~ of the said Corporation. For this purpose, “officer” has the meaning given in section 2 of the Companies Act but excludes an independent director who has served for a cumulative period of less than 12 years;*
- (c) *is not a major shareholder of the said Corporation;*
- (d) *is not a family member of any executive director, officer or major shareholder of the said Corporation;*
- (e) *is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation (this paragraph is referred to as “**paragraph (e)**”);*
- (f) *has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange (this paragraph is referred to as “**paragraph (f)**”); ~~or~~*

- (g) *has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or the listed corporation) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange (this paragraph is referred to as “**paragraph (g)**”)-; or*
- (h) *has not served as an independent director of the said Corporation for a cumulative period of more than 12 years from the date of his first appointment as an independent director.*

## I. INDEPENDENCE OF DIRECTORS

### 2.0 General

- 2.1 Directors must give effect to the spirit, intention and purpose of the said definition. If a person does not fall within any of paragraphs (a) to ~~(g)~~(h) of the said definition, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the applicant or listed corporation must still apply the test of whether the said director is able to exercise independent judgement and act in the best interests of the applicant or listed corporation as set out in the said definition.

[End of Guidance Note 9]

## GUIDANCE NOTE 11

### RISK MANAGEMENT AND INTERNAL CONTROL, CORPORATE GOVERNANCE AND SUSTAINABILITY STATEMENT

Details	Cross References
Effective date: 3 July 2006	Rules 15.25, 15.26 and paragraph 30 of Appendix 9C
Revision date: 3 August 2009, 29 November 2012, 3 May 2016, 31 December 2016, 31 December 2017, 31 December 2018, <a href="#">[1]</a>	

1.0 - 3.0 [No change].

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

#### 4.0 Contents of the Risk Management and Internal Control Statement

- 4.1 In making the Risk Management and Internal Control Statement, a listed corporation is required to address Part II of Principle B, Intended Outcome [910.0](#), Practices [910.1](#) and [910.2](#) read together with Guidance [910.1](#) and [910.2](#) as set out in the MCCG which relate to risk management and internal control framework.
- 4.2 The listed corporation should also be guided by the **Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers** which is issued by the Taskforce on Internal Control with the support and endorsement of the Exchange.
- 4.3 A listed corporation must ensure that the Risk Management and Internal Control Statement contains adequate information to enable an informed assessment of its state of internal control.

5.0 - 6.0 [No change].

[End of Annexure B]