



News Release

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SGX RegCo caps independent directors' tenure, enhances remuneration disclosures

Singapore Exchange Regulation (SGX RegCo) will limit to nine years the tenure of independent directors (IDs) serving on the boards of listed issuers. The proposal to limit the tenure of IDs, which stemmed from recommendations by the Corporate Governance Advisory Committee (CGAC), received broad market support during a public consultation process.

As transition, IDs whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's annual general meeting (AGM) held for the financial year ending on or after 31 December 2023. This effectively gives affected issuers more than a year to search for new IDs.

SGX RegCo will remove with immediate effect, the two-tier vote mechanism for companies to retain long-serving IDs who have served for more than nine years. Previously, long-serving IDs could continue to be deemed independent so long their appointment was approved by all shareholders, and then by all shareholders excluding the directors and the CEO of the issuer, and associates of these directors and CEO. This mechanism was widely used by issuers to retain hundreds of long-serving IDs, inhibiting board renewal and progress on board diversity.

While concerns about competition, sensitivity and privacy were raised during the consultation, market participants largely supported the proposal for issuers to disclose the exact amount and breakdown of remuneration paid to directors and the CEO in their annual reports. This proposal also stemmed from recommendations by the CGAC.

This new rule, which will take effect for annual reports prepared for the financial years ending on or after 31 December 2024, requires companies to disclose remuneration paid to individual directors and CEO by the issuer and its subsidiaries. SGX RegCo believes that the increased transparency will enable investors to assess whether the directors and CEO are appropriately incentivised. Information to be disclosed must include base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

"SGX RegCo would like to thank the Corporate Governance Advisory Committee and the market for supporting the rules on independent directors' tenure and remuneration disclosures. These changes provide an opportunity for companies to inject new skills, experience and knowledge into their

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boards, all of which will be invaluable in guiding the business for the long term. Various participants within the market community have indicated they are ready to support companies in meeting these requirements so we encourage companies to tap them when making the necessary changes,” said Tan Boon Gin, CEO of SGX RegCo.

“This is an important move that will promote good governance, as well as greater diversity that strengthens boards’ decision making process. This also is in line with our action plans in the White Paper on Singapore Women’s Development, to increase the representation of women on boards. I encourage companies to use this opportunity to think actively about succession planning and refresh their boards with the right mix of board directors to best chart their path forward,” Mr Masagos Zulkifli, Minister for Social and Family Development, said.

Issuers can consider tapping the resources or services the Council for Board Diversity, the Singapore Institute of Directors and the relevant professional associations provide to facilitate their search process for new IDs.

More details on the responses to the public consultation and the new rules are found [here](#).

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