

Excerpts from Corporate Governance Codes in Other Countries

- The Responsibilities of the Board
(focusing on the composition, form of company organization, procedures, etc.)

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The Responsibilities of the Board

(focusing on the composition, form of company organization, procedures, etc.)

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【Role of independent directors】

● The UK Corporate Governance Code

A.4: Non-Executive Directors

Main Principle

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.

Supporting Principles

Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

The Responsibilities of the Board

【Role of independent directors 2/3】

Code Provisions

- A.4.1 The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate.
- A.4.2 The chairman should hold meetings with the non-executive directors without the executives present. Led by the senior independent director, the non-executive directors should meet without the chairman present at least annually to appraise the chairman's performance and on such other occasions as are deemed appropriate.
- A.4.3 Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.

● Singapore Code of Corporate Governance

2.7 Non-executive directors should:

- (a) constructively challenge and help develop proposals on strategy; and
- (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

2.8 To facilitate a more effective check on Management, non-executive directors are encouraged to meet regularly without the presence of Management.

● ICGN Global Governance Principles

2.6 Independent meetings

The chair should regularly hold meetings with the non-executive directors without executive directors present. In addition, the non-executive directors (led by the lead independent director) should meet as appropriate, and at least annually, without the chair present.

【Independence of independent directors】

● The UK Corporate Governance Code

Code Provisions

- B.1.1 The board should identify in the annual report each non-executive director it considers to be independent. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:
- has been an employee of the company or group within the last five years;
 - has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
 - has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
 - has close family ties with any of the company's advisers, directors or senior employees;
 - holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
 - represents a significant shareholder; or
 - has served on the board for more than nine years from the date of their first election.

● France “Corporate Governance Code of Listed Corporations”

9 Independent Directors

- 9.3 Qualification as an independent director should be discussed by the appointments committee and reviewed every year by the Board of Directors prior to publication of the annual report.

The Board of Directors must, upon the motion of the appointments committee, review individually the position of each of its members on the basis of the criteria mentioned below, then notify its conclusions to the shareholders in the annual report and to the shareholders' meeting when the directors are appointed, so that identification of independent directors is carried out not only by the corporation's management but by the Board itself.

The Board of Directors may consider that, although a particular director meets all of the above criteria, he or she cannot be held to be independent owing to the specific circumstances of the person or the company, due to its ownership structure or for any other reason.

Conversely, the Board may consider that a director who does not meet the above criteria is nevertheless an independent director.

The Responsibilities of the Board

【Independence of independent directors 3/7】

9.4 The criteria to be reviewed by the committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are the following:

- not to be an employee or executive director of the corporation, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years;
- not to be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office for less than five years) is a director;
- not to be a customer, supplier, investment banker or commercial banker:
- that is material to the corporation or its group,
- or for a significant part of whose business the corporation or its group accounts.

The evaluation of how significant the relationship is with the company or its group must be debated by the Board and the criteria that lead to the evaluation must be explicitly stated in the reference document:

- not to be related by close family ties to an executive director;
- not to have been an auditor of the corporation within the previous five years;
- not to have been a director of the corporation for more than twelve years.

Although he or she may be an executive director, a Chairman of the Board may be considered as independent if the company can justify this based on the criteria set out above.

9.5 Directors representing major shareholders of the corporation or its parent company may be considered as being independent, provided that these shareholders do not take part in control of the corporation. Nevertheless, beyond a 10% holding of stock or votes, the Board, upon a report from the appointments or nominations committee, should systematically review the qualification of a director as an independent director, with regard to the make-up of the corporation's capital and the existence of a potential conflict of interest.

● France “Middlenext Governance Code for Small and Midcaps”

R8 : Composition of the Board – Independent directors

Recommendation

There are five criteria justifying the independence of directors, characterised by the absence of any significant financial, contractual or family relationship likely to affect their independence of judgement:

- they must not be a salaried employee or corporate officer of the company or of a company in its group, and must not have held such a position within the last three years;
- they must not be a significant client, supplier or banker of the company or its group, or a client, supplier or banker for whom the company or its group represents a significant share of its business;
- they must not be a reference shareholder of the company;
- they must not have a close family relationship with a corporate officer or reference shareholder;
- they must not have been an auditor of the company in the course of the previous three years.

It is the responsibility of the Board of Directors to examine the situation of its members on a case by case basis in the light of the criteria listed above. On condition that it justifies its position, the Board may consider one of its members to be independent if they do not fulfil all these criteria, and may consider one of its members who does fulfil all these criteria not to be independent.

● Singapore Code of Corporate Governance

Board Composition and Guidance

2.3 An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the Nominating Committee ("NC"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the Board any such relationship as and when it arises.

The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following:

- (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years;
- (b) 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;
- (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;

The Responsibilities of the Board

【Independence of independent directors 6/7】

- (d) a director
 - (i) who, in the current or immediate past financial year, is or was; or
 - (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;
- (e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or
- (f) a director who is or has been directly associated with a 10% shareholder of the company, in the current or immediate past financial year.

The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the Board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.

- 2.4 The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

● ICGN Global Governance Principles

2.5 Independence

The board should identify in the annual report the names of the directors considered by the board to be independent and who are able to exercise independent judgement free from any external influence. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- a) is or has been employed in an executive capacity by the company or a subsidiary and there has not been an appropriate period between ceasing such employment and serving on the board;
- b) is or has within an appropriate period been a partner, director or senior employee of a provider of material professional or contractual services to the company or any of its subsidiaries;
- c) receives or has received additional remuneration from the company apart from a director's fee, participates in the company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme;
- d) has or had close family ties with any of the company's advisers, directors or senior management;
- e) holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- f) is a significant shareholder of the company, or an officer of, or otherwise associated with, a significant shareholder of the company;
- g) is or has been a nominee director as a representative of minority shareholders or the state;
- h) has been a director of the company for such a period that his or her independence may have become compromised.

【Composition of the board】

● The UK Corporate Governance Code

B.1: The Composition of the Board

Main Principle

The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

Supporting Principles

The board should be of sufficient size that the requirements of the business can be met and that changes to the board's composition and that of its committees can be managed without undue disruption, and should not be so large as to be unwieldy.

The board should include an appropriate combination of executive and non-executive directors (and, in particular, independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking.

Code Provisions

- B.1.2 Except for smaller companies, at least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent.
A smaller company should have at least two independent non-executive directors.

● France “Corporate Governance Code of Listed Corporations”

9. Independent Directors

9.2 Although the quality of the Board of Directors cannot be defined simply by reference to a percentage of independent directors, as the directors are above all required to be honest, competent, active, regularly attending and involved, it is important to have on the Board of Directors the presence of a significant proportion of independent directors not only in order to satisfy an expectation of the market but also in order to improve the quality of proceedings.

The independent directors should account for half the members of the Board in widely-held corporations without controlling shareholders. In controlled companies, independent directors should account for at least a third. Directors representing the employee shareholders and directors representing employees are not taken into account in order to determine these percentages.

● France “Middlenext Governance Code for Small and Midcaps”

R8 : Composition of the Board – Independent directors

Context: The existence of a large reference shareholder can lead to the Board over-representing the interests of those shareholders to the detriment of the minority shareholders, but also in backing strategic visions or representations of the situation that might prove to be wrong. It is therefore preferable that Boards should open up to personalities from outside the company, who can provide a different insight into the decisions made by the Board. However, as the size of the companies does not always require a large Board, companies might have difficulties attracting such independent directors. Realism is therefore required regarding the number of independent directors.

Recommendation

The Board should include at least 2 independent members. This number may be reduced to one member when the Board has 5 members or less. This may be increased on boards with a large number of members.

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【Composition of the board 4/5】

● Singapore Code of Corporate Governance

Board Composition and Guidance

Principle: :

- 2 There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders . *No individual or small group of individuals should be allowed to dominate the Board's decision making.

*The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

Guidelines:

- 2.1 There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.
- 2.2 The independent directors should make up at least half of the Board where:
 - (a) the Chairman of the Board (the "Chairman") and the chief executive officer (or equivalent) (the "CEO") is the same person;
 - (b) the Chairman and the CEO are immediate family members;
 - (c) the Chairman is part of the management team; or
 - (d) the Chairman is not an independent director.
- 2.5 The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees. The Board should not be so large as to be unwieldy.

● ICGN Global Governance Principles

3.0 Composition and appointment

3.1 Composition

The board should comprise a majority of non-executive directors, the majority of whom are independent, noting that practice may legitimately vary from this standard in controlled companies where a critical mass of the board is preferred to be independent. There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making.

【Role and position of the board chairman】

● The UK Corporate Governance Code

A.2: Division of Responsibilities

Main Principle

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

Code Provision

- A.2.1 The roles of chairman and chief executive should not be exercised by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established, set out in writing and agreed by the board.

A.3: The Chairman

Main Principle

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.

Supporting Principle

The chairman is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The chairman should also promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. The chairman should ensure effective communication with shareholders.

Code Provision

A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If exceptionally a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next annual report.

● France “Corporate Governance Code of Listed Corporations”

3 Separation of the Offices of Chairman of The Board of Directors and Chief Executive Officer

3.1 The diversity of forms of organisation of the management and supervisory powers under French law

French law offers an option between a unitary formula (Board of Directors) and a two-tier formula (Supervisory Board and Management Board) for all corporations.

In addition, corporations with Boards of Directors have an option between separation of the offices of Chairman and Chief Executive Officer and maintenance of the aggregation of such duties. The law does not favour either formula and allows the Board of Directors to choose between the two forms of exercise of executive management. It is up to each corporation to decide on the basis of its own specific constraints. When a corporation opts for separation of the offices of Chairman and Chief Executive Officer, if appropriate, the tasks entrusted to the Chairman of the Board of Directors in addition to those conferred upon him or her by law must be described.

The Responsibilities of the Board

【Role and position of the board chairman 4/5】

● Singapore Code of Corporate Governance

Chairman and Chief Executive Officer

Principle:

- 3 There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines:

- 3.1 The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.
- 3.2 The Chairman should:
 - (a) lead the Board to ensure its effectiveness on all aspects of its role;
 - (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
 - (c) promote a culture of openness and debate at the Board;
 - (d) ensure that the directors receive complete, adequate and timely information;
 - (e) ensure effective communication with shareholders;
 - (f) encourage constructive relations within the Board and between the Board and Management;
 - (g) facilitate the effective contribution of non-executive directors in particular; and
 - (h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.

● ICGN Global Governance Principles

2.1 Chair and CEO

The board should have independent leadership. There should be a clear division of responsibilities between the chairmanship of the board and the executive management of the company's business.

2.2 Lead independent director

The chair should be independent on the date of appointment. If the chair is not independent, the company should adopt an appropriate structure to mitigate any potential challenges arising from this, such as the appointment of a lead independent director. The board should explain the reasons why this leadership structure is appropriate and keep the structure under review. A lead independent director also provides shareholders and directors with a valuable channel of communication should they wish to discuss concerns relating to the chair.

2.4 Effectiveness

The chair is responsible for leadership of the board and ensuring its effectiveness. The chair should ensure a culture of openness and constructive debate that allows a range of views to be expressed. This includes setting an appropriate board agenda and ensuring adequate time is available for discussion of all agenda items. There should also be opportunities for the board to hear from an appropriate range of senior management.

【Setting up and operating committees】

● The UK Corporate Governance Code

Code Provisions

B.2.1 There should be a nomination committee which should lead the process for board appointments and make recommendations to the board. A majority of members of the nomination committee should be independent non-executive directors. The chairman or an independent non-executive director should chair the committee, but the chairman should not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship. The nomination committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

Code Provisions

C.3.1 The board should establish an audit committee of at least three, or in the case of smaller companies two, independent non-executive directors. In smaller companies the company chairman may be a member of, but not chair, the committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience.

C.3.2 The main role and responsibilities of the audit committee should be set out in written terms of reference and should include:

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management systems;
- to monitor and review the effectiveness of the company's internal audit function;
(omitted)
- to report to the board on how it has discharged its responsibilities.

D.2: Procedure

Main Principle

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Supporting Principles

The remuneration committee should take care to recognise and manage conflicts of interest when receiving views from executive directors or senior management, or consulting the chief executive about its proposals. The remuneration committee should also be responsible for appointing any consultants in respect of executive director remuneration.

The chairman of the board should ensure that the committee chairman maintains contact as required with its principal shareholders about remuneration.

Code Provisions

- D.2.1 The board should establish a remuneration committee of at least three, or in the case of smaller companies two, independent non-executive directors. In addition the company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. Where remuneration consultants are appointed, they should be identified in the annual report and a statement made as to whether they have any other connection with the company.
- D.2.2 The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below board level.

● German Corporate Governance Code

5.3 Formation of Committees

- 5.3.1 Depending on the specifics of the enterprise and the number of its members, the Supervisory Board shall form committees with sufficient expertise. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees.
- 5.3.2 The Supervisory Board shall set up an Audit Committee which, in particular, handles the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the Annual Financial Statements, here in particular the independence of the auditor, the services rendered additionally by the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement, and - unless another committee is entrusted therewith - compliance. The chairman of the Audit Committee shall have specialist knowledge and experience in the application of accounting principles and internal control processes. He should be independent and not be a former member of the Management Board of the company whose appointment ended less than two years ago.
- 5.3.3 The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

● France “Corporate Governance Code of Listed Corporations”

15 Committees of the Board

The number and structure of the committees are determined by each Board. However, in addition to the tasks assigned to the audit committee by law, it is recommended that the compensation and the appointments of directors and executive directors should be subject to preparatory work by a specialised committee of the Board of Directors.

When the Board has appointed specialised committees to address particular concerns, the creation of such committees shall in no event remove the matter from the purview of the Board itself, which has sole statutory decision-making authority, nor be allowed to cause division within the Board which, as a collegial body, is and should remain accountable for the performance of its duties. The committees do not act in the place of the Board, but rather as an extension of the Board, facilitating its work. For this reason in particular, the quality of reports by the committees to the Board and the inclusion in the annual report of a description of the committees' activities should be stressed.

The committees of the Board may contact, when exercising their duties, the principal managers of the corporation after informing the Chairman of the Board of Directors and subject to reporting back to the Board on such contacts.

The committees of the Board may request external technical studies relating to matters within their competence, at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. In the event of committees having recourse to services offered by external consultants (e.g. a compensation consultant in order to obtain information on compensation systems and levels applicable in the main markets), the committees must ensure that the consultant concerned is objective.

The Responsibilities of the Board

【Setting up and operating committees 6/15】

Each committee must be provided with internal rules setting out its duties and mode of operation. The committees' internal rules, which should be approved by the Board, may be integrated into the internal rules of the Board or be set out in separate provisions.

The committees' secretariat tasks shall be undertaken by the persons nominated by the Chairman of the committee or by agreement with the Chairman.

The existence of cross-directorships in the committees should be avoided.

16 The Audit Committee

Each Board should appoint an audit committee, the duties of which are inseparable from those of the Board of Directors, which is legally bound to approve the corporate accounts and to prepare the consolidated accounts. Approving the accounts is the main occasion on which the Board assumes two of its essential duties: the review of management performance and verification of the reliability and clarity of the information to be provided to the shareholders and the market.

16.1 Membership

The audit committee members should be competent in finance or accounting.

The proportion of independent directors on the audit committee (excluding the directors representing employee shareholders and directors representing employees, who are not taken into account) should be at least equal to two-thirds, and the committee should not include any executive director.

The appointment or extension of the term of office of the audit committee's Chairman is proposed by the appointments/nominations committee, and should be specially reviewed by the Board.

17 The Committee in Charge of Appointments or Nominations

The appointments or nominations committee plays an essential role in shaping the future of the company, as it is in charge of preparing the future membership of leadership bodies. Accordingly, each Board should appoint, from its members, a committee for the appointment or nomination of directors and executive directors, which may or may not be separate from the compensation committee.

17.1 Membership and form of operation

When the appointments or nominations committee is separate from the compensation committee, the recommendations relating to the latter's membership and mode of operation are also applicable to it (see hereafter).

However, unlike the provisions governing the compensation committee, the Chief Executive Officer shall be associated with the appointments or nominations committee's proceedings. In the event that the offices of Chairman of the Board of Directors and Chief Executive Officer are separate, the Chairman may be a member of this committee.

18 The Committee in Charge of Compensation

18.1 Membership

The committee should not include any executive directors, and should have a majority of independent directors. It should be chaired by an independent director. It is advised that an employee director be a member of this committee.

● France “Middlenext Governance Code for Small and Midcaps”

R12 : Creation of committees

Context:

The varying situations of companies and sizes of their boards require a very realistic approach to the number and efficiency of committees. Pragmatism would suggest that companies should have the greatest possible latitude in choosing how they address this.

Recommendation

Each company should decide whether to create one or several specialised or ad hoc committees (audit, compensation, appointments, strategy...), according to its own situation. Concerning the setting up of an audit committee, the company decides, in accordance with the applicable regulations and in the light of its particular situation, whether to set up an audit committee or to organise a board meeting to fulfil that mission itself in the conditions defined by the texts.

R13 : Board and committee meetings

Context:

The size of the company, that of the Board, current issues and major events affecting the life of the company are all decisive factors in finding the right frequency.

Recommendation

The frequency and duration of meetings should allow in-depth examination of the themes that are addressed. This frequency is at the discretion of the company, depending on its size and specific characteristics, but a minimum of 4 meetings a year is recommended. Minutes are drawn up of each Board meeting summarising the debates. The Chairman’s report must indicate the number of meetings held yearly and the attendance rate of the directors.

● Singapore Code of Corporate Governance

4.1 The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three directors, the majority of whom, including the NC Chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.

4.2 The NC should make recommendations to the Board on relevant matters relating to:

- (a) the review of board succession plans for directors, in particular, the Chairman and for the CEO;
- (b) the development of a process for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programs for the Board; and
- (d) the appointment and re-appointment of directors (including alternate directors, if applicable).

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.

Procedures for Developing Remuneration Policies

Principle:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines:

- 7.1 The Board should establish a Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be nonexecutive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.
- 7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.
- 7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.

- 7.4 The RC should review the company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.

Audit Committee

Principle :

- 12 The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines :

- 12.1 The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors. The Board should disclose in the company's Annual Report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.
- 12.2 The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
- 12.3 The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

12.4 The duties of the AC should 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 and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- (c) reviewing the effectiveness of the company's internal audit function;

● ICGN Global Governance Principles

1.7 Committees

The board should establish committees to deliberate on issues such as audit, remuneration and nomination. Where the board chooses not to establish such committees, the board should disclose the fact and the procedures it employs to discharge its duties and responsibilities effectively.

3.8 Nomination committee

The board should establish a nomination committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the nomination committee should be described in the committee's terms of reference. This includes:

- a) developing a skills matrix, by preparing a description of the desired roles, experience and capabilities required for each appointment, and then evaluating the composition of the board.
- b) leading the process for board appointments and putting forward recommendations to shareholders on directors to be elected and re-elected;
- c) upholding the principle of director independence by addressing conflicts of interest (and potential conflicts of interest) among committee members and between the committee and its advisors during the nomination process;
- d) considering and being responsible for the appointment of independent consultants for recruitment or evaluation including their selection and terms of engagement and publically disclosing their identity and consulting fees;
- e) entering into dialogue with shareholders on the subject of board nominations either directly or via the board; and
- f) board succession planning.

5.5 Risk committee

While ultimate responsibility for a company's risk management approach rests with the full board, having a risk committee (be it a stand-alone risk committee, a combined risk committee with nomination and governance, strategy, audit or other) can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's risk management approach.

6.8 Remuneration committee

The board should establish a remuneration committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the remuneration committee should be described in the committee terms of reference. This includes:

- a) determining and recommending to the board the remuneration philosophy and policy of the company;
- b) designing, implementing, monitoring and evaluating short-term and longterm share-based incentives and other benefits schemes including pension arrangements, for the CEO and senior management;
- c) ensuring that conflicts of interest among committee members and between the committee and its advisors are avoided;
- d) appointing any independent remuneration consultant including their selection and terms of engagement and disclosing their identity and consulting fees; and
- e) maintaining appropriate communication with shareholders on the subject of remuneration either directly or via the board.

7.9 Audit committee

The board should establish an audit committee comprised of non-executive directors, the majority of whom are independent. At least one member of the audit committee should have recent and relevant financial experience. The chair of the board should not be the chair of the audit committee, other than in exceptional circumstances which should be explained in the annual report. The main role and responsibilities of the audit committee should be described in the committee's terms of reference. This includes:

- a) monitoring the integrity of the accounts and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- b) maintaining oversight of key accounting policies and accounting judgements which should be in accordance with generally accepted international accounting standards, and disclosing such policies in the notes to the company's accounts;
- c) agreeing the minimum scope of the audit as prescribed by applicable law and any further assurance that the company needs. Shareholders (who satisfy a reasonable threshold shareholding) should have the opportunity to expand the scope of the forthcoming audit or discuss the results of the completed audit should they wish to;
- d) assuring itself of the quality of the audit carried out by the external auditors and assessing the effectiveness and independence of the auditor each year. This includes overseeing the appointment, reappointment and, if necessary, the removal of the external auditor and the remuneration of the auditor. There should be transparency in advance when the audit is to be tendered so that shareholders can engage with the company in relation to the process should they so wish;
- e) having appropriate dialogue with the external auditor without management present and overseeing the interaction between management and the external auditor, including reviewing the management letter provided by the external auditors and overseeing management's response; and
- f) reporting on its work and conclusions in the annual report.

【Commitment of directors】

● The UK Corporate Governance Code

B.3: Commitment

Main Principle

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

Code Provisions

- B.3.1 For the appointment of a chairman, the nomination committee should prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A chairman's other significant commitments should be disclosed to the board before appointment and included in the annual report. Changes to such commitments should be reported to the board as they arise, and their impact explained in the next annual report.
- B.3.2 The terms and conditions of appointment of non-executive directors should be made available for inspection. The letter of appointment should set out the expected time commitment. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.
- B.3.3 The board should not agree to a full time executive director taking on more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.

● German Corporate Governance Code

5.4 Composition and Compensation

5.4.5 Every member of the Supervisory Board must take care that he/she has sufficient time to perform his/her mandate. Members of the Management Board of a listed company shall not accept more than a total of three Supervisory Board mandates in non-group listed companies or in supervisory bodies of non-group companies which make similar requirements.

● France “Corporate Governance Code of Listed Corporations”

19 **Number of Directorships for Executive and Non-Executive Directors**

The director should give his or her duties the necessary time and attention.

An executive director should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group. He or she must also seek the opinion of the Board before accepting a new directorship in a listed corporation.

In the case of a separate Chairman, the Board may draw up specific recommendations on this issue, taking into account its particular situation and the missions conferred to him/her.

A non-executive director should not hold more than four other directorships in listed corporations, including foreign corporations, not affiliated with his or her group. This recommendation will apply at the time of appointment or the next renewal of the term of office.

The director should keep the Board informed of directorships held in other companies, including his or her participation on committees of the Boards of these companies, both in France and abroad.

● Singapore Code of Corporate Governance

4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's Annual Report.

● ICGN Global Governance Principles

1.4 Commitment

The board should meet regularly to discharge its duties and directors should allocate adequate time to board meeting preparation and attendance. Board members should know the business, its operations and senior management well enough to contribute effectively to board discussions and decisions.

1.5 Directorships

The number, and nature, of board appointments an individual director holds (particularly the chair and executive directors) should be carefully considered and reviewed on a regular basis and the degree to which each individual director has the capacity to undertake multiple directorships should be clearly disclosed.

【Directors training】

● The UK Corporate Governance Code

B.4:Development

Main Principle

All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.

Supporting Principles

The chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities.

To function effectively all directors need appropriate knowledge of the company and access to its operations and staff.

Code Provisions

- B.4.1 The chairman should ensure that new directors receive a full, formal and tailored induction on joining the board. As part of this, directors should avail themselves of opportunities to meet major shareholders.
- B.4.2 The chairman should regularly review and agree with each director their training and development needs.

● German Corporate Governance Code

5.4 Composition and Compensation

- 5.4.5 The members of the Supervisory Board shall on their own take on the necessary training and further education measures required for their tasks. They shall be supported by the company appropriately.

● France “Corporate Governance Code of Listed Corporations”

13 Director’s Training

- One of the major conditions for appointing a director is his or her abilities, but it cannot be expected *a priori* that every director has specific prior knowledge of the corporation's organisation and activities. Each director should accordingly be provided, if he or she considers it to be necessary, with supplementary training relating to the corporation's specific features, its businesses and its markets.
- The audit committee members should be provided, at the time of appointment, with information relating to the corporation's specific accounting, financial and operational features.
- Directors representing employees or directors representing employee shareholders shall be provided with training adapted to the performance of their duties.

● Singapore Code of Corporate Governance

- 1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate.
- It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.
- The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's Annual Report the induction, orientation and training provided to new and existing directors.
- 1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.

● ICGN Global Governance Principles

1.6 Induction

The board should have in place a formal process of induction for all new directors so that they are well-informed about the company as soon as possible after their appointment. Directors should also be enabled to regularly refresh their skills and knowledge to discharge their responsibilities.