

**APPENDIX 1
ACE LR AMENDMENTS IN RELATION TO
CORPORATE GOVERNANCE & OTHER AMENDMENTS**



CG AMENDMENTS

Mandating poll voting for related party transactions

CHAPTER 10 – TRANSACTIONS

10.08 Related party transactions

(1) – (6) ...

(7) In a meeting to obtain shareholder approval -

- (a) the interested director, major shareholder or person connected with a director or major shareholder with any interest, direct or indirect (“**interested major shareholder**” or “**interested person connected with a director or major shareholder**”); and
- (b) where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder,

must not vote on the resolution approving the transaction. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transaction.

(7A) A listed corporation must ensure that any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.

(8) – (11) ...

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Limiting the number of directorship in listed issuers and removing the restriction on number of directorships in non-listed companies

CHAPTER 15 – CORPORATE GOVERNANCE

15.06 Restriction on directorships in listed issuers

- (1) A director of an applicant or a listed corporation must not hold more than ~~255~~ directorships in ~~listed companies/issuers, of which—~~
- ~~(a) the number of directorships in listed companies must not be more than 10; and~~
- ~~(b) the number of directorships in companies other than listed companies must not be more than 15.~~
- (2) For the purposes of this Rule, **“companies”** ~~means companies incorporated under or corporations registered as foreign companies under the Companies Act 1965, regardless of whether such companies are public or private companies or whether they are listed companies or not~~ **“listed issuers”** has the meaning given in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

~~[Cross reference: Guidance Note 9]~~

15.07 Method of computation

~~For the purposes of Rule 15.06, a director of an applicant or a listed corporation must comply with the method of calculation of number of directorships prescribed by the Exchange [Deleted].~~

~~[Cross reference: Guidance Note 9]~~

GUIDANCE NOTE 9 - REQUIREMENTS FOR DIRECTORS AND SIGNATORY OF STATUTORY DECLARATION FOR ACCOUNTS

1.0 Introduction

1.1 – 1.3 ...

- 1.4 ~~Pursuant to Rule 15.06 of the Listing Requirements, a director of an applicant or a listed corporation may only hold not more than 10 directorships in listed companies and not more than 15 directorships in companies other than listed companies (“non-listed companies”). [Deleted]~~

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- 1.5 ~~Rule 15.07 of the Listing Requirements sets out the method of computing the number of directorships that may be held by a director as stipulated under Rule 15.06 of the Listing Requirements. [Deleted]~~
- 1.6 This Guidance Note clarifies the following:
- (a) certain aspects of the said definition; and
 - (b) the requisite qualifications in relation to the signatory and the said audit committee member; ~~and~~
 - (c) ~~the method of calculation of number of directorships held by a director of an applicant or a listed corporation [deleted].~~

III RESTRICTION IN NUMBER OF DIRECTORSHIPS

Paragraphs 8.0 – 10.0 [Deleted]

Mandating establishment of a nominating committee and requiring disclosure of its activities

CHAPTER 15 – CORPORATE GOVERNANCE

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.~~
- ~~(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 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;~~

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- (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.

CHAPTER 9 – CONTINUING DISCLOSURE

APPENDIX 9C

**Contents of annual report
(Rule 9.25)**

- (7) The audit committee report in respect of the financial year required under Rule 15.15.
- (7A) A statement on the activities of the nominating committee in the discharge of its duties for the financial year required under Rule 15.08A(3).

Enhancing disclosure on directors' training

CHAPTER 15 – CORPORATE GOVERNANCE

15.08 Directors' training

- (1) A director of a listed corporation must ensure that he attends such training programmes as may be prescribed by the Exchange from time to time.
- (2) The Exchange considers continuous training for directors of listed corporations as important to enable the directors to effectively discharge their duties. In this respect, the board of directors of a listed corporation must on a continuous basis, evaluate and determine the training needs of its directors. The subject matter of training must be one that aids the director in the discharge of his duties as a director.
- (3) The board of directors must disclose in the annual report of the listed corporation, ~~whether its directors have attended training for the financial year.~~ a statement on the training attended by its directors which includes the following information:

 - (a) the board has undertaken an assessment of the training needs of each director;
 - (b) a brief description on the type of training that the directors have attended for the financial year; and

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~~(c) in exceptional circumstances. Where any of its directors have/has not attended any training during the financial year, the board of directors must state the reasons valid justifications for the non-attendance in the annual report for each director of such director.~~

[Cross reference: Guidance Note 10]

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APPENDIX 9C

Contents of annual report

(Rule 9.25)

- (29) A statement by the board of directors ~~containing a brief description on the type of training that the directors have attended for the financial year. Where any of the directors have not attended any training during the financial year, to state the reasons for each director relating to the training attended by directors in respect of the financial year required under Rule 15.08(3).~~

Aligning the disclosure requirements in annual reports in relation to the Corporate Governance Statements with the new Malaysian Code on Corporate Governance 2012

CHAPTER 15 – CORPORATE GOVERNANCE

PART E – CORPORATE GOVERNANCE DISCLOSURE

15.25 Disclosure pursuant to the Code

- (1) A listed corporation must ensure that its board of directors ~~makes the following statements in relation to its compliance with~~ provides a narrative statement of its corporate governance practices **“Corporate Governance Statement”** with reference to the Malaysian Code on Corporate Governance 2012 **“Code”**, in its annual report.
- (2) ~~In making the Corporate Governance Statement, the listed corporation must include the following information:~~
- (a) how the listed corporation has applied the ~~p~~Principles set out in ~~Part 1 of the Malaysian Code on Corporate Governance~~ the Code **“Principles”** to their/its particular circumstances, ~~having regard to the Recommendations stated under each Principle~~ **“Recommendations”**; and

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- (b) ~~a statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance which statement must specifically identify and give reasons for any areas of non-compliance with Part 2any Recommendation which the listed corporation has not followed, together with the reasons for not following it~~ and the alternatives ~~to the Best Practices~~ adopted by the listed corporation, if any.

[Cross reference: Guidance Note 11]

GUIDANCE NOTE 11 – INTERNAL CONTROL AND CORPORATE GOVERNANCE STATEMENT

1.0 Introduction

- 1.1 Rule 15.25 of the Listing Requirements provides that a listed corporation must include ~~the following statements (“Corporate Governance Statement”)~~ in its annual report, ~~a narrative statement of its corporate governance practices (“Corporate Governance Statement”) with reference to -in relation to its compliance with-~~ the Malaysian Code on Corporate Governance 2012 (“Code”); ~~In making the Corporate Governance Statement, the listed corporation must include the following information:~~
- (a) how the listed corporation has applied the ~~p~~Principles set out in ~~Part 1 of the Malaysian Code on Corporate Governance~~the Code (“Principles”) to ~~their~~its particular circumstances, ~~having regard to the Recommendations stated under each Principle (“Recommendations”);~~ and
- (b) ~~a statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance which statement must specifically identify and give reasons for any areas of non-compliance with Part 2any Recommendation which the listed corporation has not followed, together with the reasons for not following it~~ and the alternatives ~~to the Best Practices~~ adopted by the listed corporation, if any.
- 1.2 Rule 15.26(b) of the Listing Requirements requires a listed corporation to ensure that its board of directors make a statement in its annual report about the state of internal control of the listed corporation as a group (“Internal Control Statement”).
- 1.3 This Guidance Note clarifies the obligation of the listed corporations in making the Corporate Governance Statement and the Internal Control Statement.

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2.0 Location of the Corporate Governance Statement and the Internal Control Statement in the annual report

- 2.1 A listed corporation may combine both the Corporate Governance Statement and the Internal Control Statement (both statements are collectively referred to as “**said Statements**”).
- 2.2 A listed corporation must set out the said Statements prominently and clearly in its annual report. The said Statements must not be incorporated into the Chairman’s statement in the annual report as referred to in paragraph 8 of Part A in Appendix 9C of the Listing Requirements.

3.0 Contents of the Corporate Governance Statement

General

~~3.1 There are 2 parts to the Corporate Governance Statement, namely—~~

~~(a) — a narrative statement on application of the Principles; and~~

~~(b) — a statement on extent of compliance with the Best Practices.~~

A listed corporation must be mindful that the purpose of the Corporate Governance Statement is to give shareholders a meaningful description or discussion of its corporate governance practices, rather than just complying with provisions of the Listing Requirements. Therefore, a listed corporation must ensure that the Corporate Governance Statement contains adequate information to enable an informed assessment by shareholders of its corporate governance practices.

~~3.2 In disclosing the application of each Principle, A listed corporation must ensure that the narrative statement on application of each Principle contains adequate information to enable an informed assessment of the application of each Principle by the listed corporation—it has regard to the Recommendations stated under the Principle. If the listed corporation has not followed any of the Recommendations, it must deal with them individually, give reasons for not following them and state the alternatives adopted, if any.~~

3.2A In explaining the reasons for not following any of the Recommendations, a listed corporation must not use compliance with the requirements under the Listing Requirements as a reason justifying the departure from the Recommendations (in areas where both the Listing Requirements and the Code govern the same subject matter). The listed corporation must still explain the reasons for not following the Recommendations, and state the alternatives adopted, if any.

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- 3.3 ~~In making the statement on the extent of compliance with the Best Practices, a listed corporation must—~~
- ~~(a) make a general statement stating whether it complies with the Best Practices. Although it need not comment separately on each Best Practice with which it complies, a listed corporation must nevertheless provide adequate information to enable an informed assessment of its corporate governance practices; and~~
- ~~(b) in respect of Best Practices which the listed corporation does not comply with, it must deal with them individually, give reasons for the non-compliance and alternatives to the Best Practices adopted, if any.~~
- In assessing whether a Recommendation is followed, a listed corporation must have regard to the commentaries set out in the Code which provide guidance to the listed corporation in implementing the Recommendation (“Commentaries”).
- 3.4 A listed corporation must **also** ensure that the Corporate Governance Statement covers its corporate governance practices for the whole financial year. If a practice had been in place for only part of the financial year, the listed corporation must state so and the period during which it had been in place.
- 3.5 If a listed corporation has not ~~complied with~~followed any ~~Best Practice~~Recommendation for a certain part of the financial year, but –
- (a) intends to take steps or has taken steps to ~~be compliant with~~follow such ~~Best Practice~~Recommendation; or
- (b) intends to establish or has established an alternative approach,
- such listed corporation should make a statement to that effect.
- 3.6 ~~There are certain Best Practices that form the subject matter of provisions in the Listing Requirements. If a listed corporation does not comply with a Best Practice but complies with a Listing Requirement dealing with the same issue, it must still explain the reasons for departing from the Best Practice. Compliance with a Listing Requirement dealing with an issue also covered by a Best Practice must not be used by a listed corporation as a circumstance justifying departure from a Best Practice~~[Deleted].
- Additional considerations
- 3.7 In making the Corporate Governance Statement, a listed corporation must also consider the following:
- (a) Treat the Corporate Governance Statement as a tool to communicate effectively with shareholders and the investing public and describe the actual governance practices in a coherent and concise manner, whilst ensuring adherence to the spirit of the Code.

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Note: Ask the following questions:

- (i) Is the listed corporation addressing the right issues?
 - (ii) Is the listed corporation reporting the issues clearly?
 - (iii) Is the listed corporation linking the issues coherently?
 - (iv) Is there any information that has been missed out?
- (b) Ensure that key messages on governance are clearly set out and avoid compliance box-ticking or boilerplate statements. The listed corporation must avoid taking a mechanical or legalistic approach in making the Corporate Governance Statement. For example, the listed corporation should not merely -
- (i) list down those Principles which have been applied or Recommendations which have been followed; or
 - (ii) state the process and procedures without further elaboration on how such processes and procedures have been applied during the financial year.
- (c) Report how the Principles have been applied, based on the listed corporation's actual corporate governance practices having regard to its particular circumstances and business. The listed corporation must avoid -
- (i) reporting in form over substance; or
 - (ii) vague or general statements without any real connection to the listed corporation's situation.
- (d) Provide a balanced report by describing key issues and incidences of failure, and explaining how the issues were managed, actions that were taken to remedy the failures and lessons learnt.
- (e) Ensure that the information is easy to understand. This can be achieved by using simple, plain everyday language and avoiding legalistic or technical terms.
- (f) Use the listed corporation's website to add depth to the governance reporting and keep shareholders updated throughout the year. Avoid cluttering the Corporate Governance Statement with static information such as policies, charters and codes that have not changed, or long convoluted write-ups, so that the key information and messages are not lost in the volume of data presented. Where possible, publish such static information on the listed corporation's website.

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4.0 Contents of the Internal Control Statement

4.1 In making the Internal Control Statement, a listed corporation is required to address the Principle, ~~and Best Practices~~ Recommendation and Commentary in the Code which relate to internal control, namely the following:

- (a) Principle ~~D-II in Part 16~~ of the Code on recognizing and managing risks, which reads as follows:

~~“The board should maintain a sound system of internal control to safeguard shareholders’ investment and the company’s assets.”~~ “The board should establish a sound risk management framework and internal control system.”

- (b) ~~Best Practice AAI in Part 2~~ Recommendation 6.1 read together with the Commentary of the Code which ~~reads, inter alia, states~~ as follows:

~~“The board should establish a sound framework to manage risks.~~

Commentary:

- The board should determine the company’s level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the company’s assets.
- Internal controls are important for risk management and the board should be committed to articulating, implementing and reviewing the company’s internal controls system.
- Periodic testing of the effectiveness and efficiency of the internal controls procedures and processes must be conducted to ensure that the system is viable and robust.
- The board should disclose in the annual report the main features of the company’s risk management framework and internal controls system.”

~~“The board should explicitly assume the following specific responsibilities, which facilitate the discharge of the board’s stewardship responsibilities –~~

- ◆ ~~Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;~~
- ◆ ~~Reviewing the adequacy and the integrity of the company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.”~~

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- 4.2 In making the Internal Control Statement, a listed corporation should be guided by the **Statement on Risk Management and Internal Control: ~~Guidance~~ Guidelines for Directors of ~~Public Listed Companies-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 Internal Control Statement contains adequate information to enable an informed assessment of its state of internal control.
- 5.0 The said Statements**
- 5.1 The said Statements must clearly identify the board of directors of the listed corporation as the party which is making the statements.

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OTHER AMENDMENTS

Allowing certain information in annual reports to be published on the website

CHAPTER 9 – CONTINUING DISCLOSURE

9.25 Disclosure in annual report

- (1) A listed corporation must set out separately in its annual report, the items set out in Appendix 9C unless the following conditions are met:
- (a) the information has been previously announced or disclosed to shareholders pursuant to these Requirements, or remains substantially unchanged from year to year;
 - (b) the listed corporation publishes such information on its website; and
 - (c) the listed corporation discloses in the annual report, the address of its website and the place on its website where the information can be accessed.
- (2) Unless otherwise specified in Appendix 9C, the information provided pursuant to Appendix 9C must be information made up to a date not earlier than 6 weeks from the date of the notice of the annual general meeting in the annual report of the listed corporation.

Clarifying the requirement on disclosure of poll results

CHAPTER 9 – CONTINUING DISCLOSURE

9.19 Immediate announcements to the Exchange

A listed corporation must immediately announce to the Exchange the events set out below. This requirement is in addition to the other announcement requirements which are imposed under this Chapter and other parts of these Requirements, and are not exhaustive –

- (7) all resolutions put to a general meeting of a listed corporation and immediately after such meeting whether or not the resolutions were carried. If the resolution is decided on poll, the announcement must include –
- (a) ~~the total number of votes cast on the poll~~ (together with the percentage) in favour of and against the resolution; ~~and~~
 - (b) ~~the total number of shareholders who abstained from voting;~~