

# CORPORATE GOVERNANCE

The Board and management of Keppel Corporation (“KCL”, or the “Company”) firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company’s business and performance, and directors must at all times act objectively in the best interests of the Company.

This report sets out an overview of our corporate governance practices and adheres to the principles of the Code of Corporate Governance 2018 (“2018 CG Code”), with references to the accompanying Practice Guidance.

## BOARD’S CONDUCT OF AFFAIRS

### Principle 1:

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

### Principle 3:

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

**Governance Framework:** KCL’s governance structure is as follows:

Dr Lee Boon Yang is the non-executive and independent Chairman of the Company. Mr Loh Chin Hua is the Chief Executive Officer (CEO) of the Company.

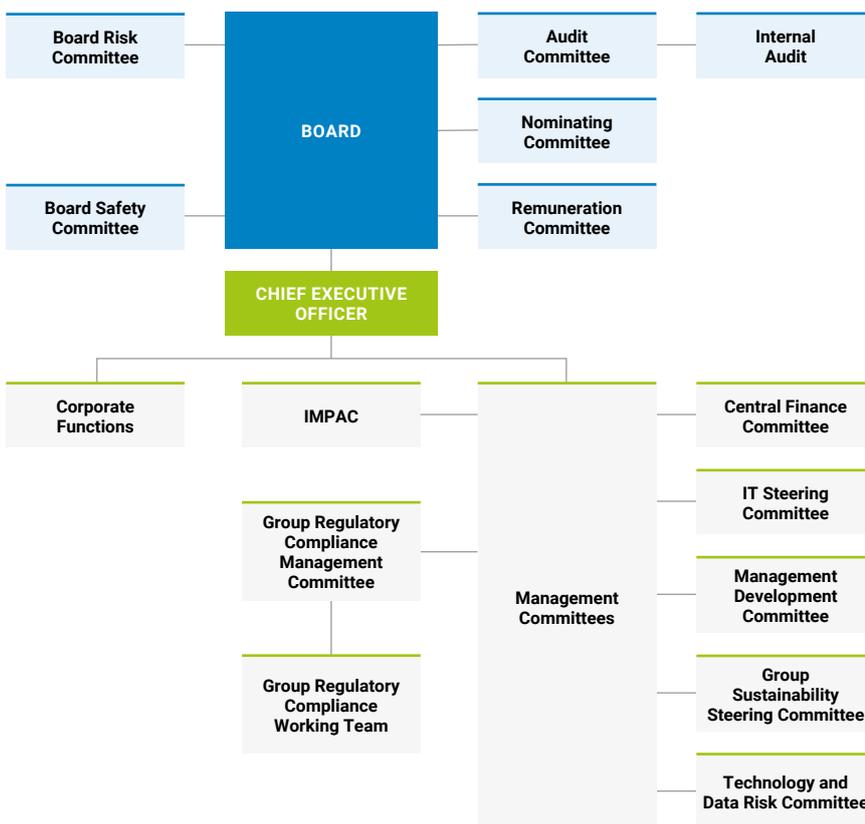
The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of the Company’s operations. He sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and management, and between the executive and non-executive directors (NEDs). At board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting. At annual general meetings (AGMs) and other shareholders’ meetings, the Chairman ensures constructive dialogue between shareholders, the Board and management. The Chairman sets the right ethical and behavioural tone and takes a leading role

in the Company’s drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretaries and management.

To assist the Board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration and Board Safety committees, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group, and the Board is kept updated on discussions of the committees via circulation of minutes and regular updates by the respective chairmen of the committees at board meetings. The responsibilities and authority of the board committees are set out in their respective terms of reference (see Appendix 1).

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussions, executes the agreed strategy, manages and develops the Group’s businesses and implements the Board’s decisions. He is supported by management committees that direct and

## GOVERNANCE FRAMEWORK 2019



guide management on operational policies and activities, which include:

1. *Investments & Major Projects Action Committee (IMPAC)*, which guides the Group to exercise the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital for its chosen lines of business, taking into consideration the relevant risks, in a controlled manner;
2. *Management Development Committee (MDC)*, which nominates candidates as nominee directors to the boards of each unlisted company or entity that the Company is invested in ("Investee Company") so as to safeguard the Company's investment. In respect of Investee Companies that are (a) listed on a stock exchange, (b) managers or trustee-managers of any collective investment schemes, business trusts or any other trusts which are listed on a stock exchange, or (c) parent companies of the Company's core businesses, the Committee recommends the candidates for the approval of the Nominating Committee (NC). The MDC also provides inputs, guidance and direction on operational policies and human resources/organisational matters;
3. *Central Finance Committee*, which reviews, guides and monitors financial policies and activities of Group companies;
4. *Group Regulatory Compliance Management Committee (Group RCMC)*, which articulates the Group's commitment to regulatory compliance, directs and supports the development of over-arching compliance policies and guidelines, and facilitates the implementation and sharing of policies and procedures across the Group;
5. *Group Regulatory Compliance Working Team (Group RCWT)*, which supports the Group RCMC and oversees the development and review of over-arching compliance policies and guidelines for the Group, as well as review training and communication programmes;
6. *Keppel IT Steering Committee*, which provides strategic information technology (IT) leadership and ensures IT strategy alignment in achieving business strategies;
7. *Group Sustainability Steering Committee*, which sets the sustainability strategy and leads performance in key focus areas; and
8. *Technology and Data Risk Committee*, which operationalises the Technology and Data Risk Management operating

standards programme that enhances the Group's safeguards, resilience and responses to cyber threats.

## BOARD MATTERS

Each Board member has equal responsibility to oversee the business and affairs of the Company. Management, on the other hand, is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, all transactions exceeding \$150 million by any Group company (not separately listed) require the approval of the Board. For transactions between \$30 million and \$150 million, IMPAC will determine if Board approval is required, depending on the individual considerations for each case.

**Role:** The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company and establish, with management, the strategies and financial objectives to be implemented by management (including appropriate focus on value creation, innovation and sustainability), monitor the performance of management and ensure that the Company has the necessary resources to meet its strategic objectives;
- set the Company's values, standards (including ethical standards), appropriate tone-from-the-top and desired organisational culture, and put in place policies, structures and mechanisms to ensure such values, standards and culture are complied with;
- constructively challenge management and hold them accountable for performance and ensure proper accountability within the Group;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- be responsible for the governance of risk and ensure that management

maintains a sound system of risk management and internal controls, to effectively monitor and manage risks so as to safeguard the interests of the Company and its stakeholders, and achieve an appropriate balance between risks and company performance; and

- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

**Independent Judgment:** All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self-assessment of the individual directors. Based on the results of the peer and self-assessment carried out by the directors for FY 2019, all directors have discharged this duty well. Mr Teo Siong Seng, Mr Tham Sai Choy and Mrs Penny Goh were not part of this assessment as they were only recently appointed.

**Conflicts of Interest:** Each director must promptly disclose conflicts of interest, whether direct or indirect, in relation to any transaction or proposed transaction. In this connection, the Company has in place a "Keppel Group – Directors' Conflict of Interest Policy" to guide directors in identifying, disclosing and managing situations of actual or potential conflicts, as well as situations which may be perceived to be conflicts of interest. Every director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his/her knowledge, and recuse himself/herself when the conflict-related matter is discussed unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions, and abstain from voting in relation to conflict-related matters. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions.

**Board Strategic Review:** The Board periodically reviews and approves the Group's strategic plans. A two-day off-site board strategy meeting is organised annually for in-depth discussions on strategic issues and the direction of the Group, to give NEDs a better understanding of the Group and its businesses, and to provide an opportunity for NEDs to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme. In FY 2019, the focus of the strategy meeting was to track the progress towards the Group's

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Vision 2020 targets and to discuss the strategic direction towards Vision 2030, with a view to grow Keppel as one integrated business providing solutions for sustainable urbanisation. To support the Board's oversight of the implementation of the strategic plans, one business unit is invited to each quarterly Board meeting to present its plans and current challenges, and provide the Board an opportunity to perform an in-depth review into each of the Group's core businesses.

**Meetings:** The Board meets six times a year and as warranted by particular circumstances. Board meetings are scheduled and the schedule is circulated to the directors prior to the start of the financial year to allow directors to plan ahead to attend such meetings, so as to maximise participation. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's constitution. Furthermore, the NEDs meet without the presence of management from time to time and on a need-be basis, and any relevant feedback would be shared and discussed with the executive director. The attendance of each Board member at the AGM and the board and board committee meetings held in FY 2019 are disclosed in the table below:

If a director was unable to attend a board or board committee meeting, he/she would still receive all the papers and materials for discussion at that meeting. He/she would review them and advise the Chairman or board committee chairman of his/her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

**Non-executive Directors' Meetings:**

The NEDs meet on a need-be basis at the end of each scheduled quarterly meeting without the presence of management to discuss matters such as board processes, risk and compliance matters, succession planning and leadership development, as well as performance management and remuneration matters.

**Company Secretaries:** The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and board committees, and between senior management and the NEDs, as well as facilitating orientation and assisting in the professional development of the directors) are followed and regularly

reviewed to ensure effective functioning of the Board, and that the Company's constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX") are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

**Access to Information:** The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board must be kept well informed of the Company's businesses and affairs, and be knowledgeable about the industries in which the businesses operate. The Company has therefore

## ATTENDANCE

	2019 AGM <sup>7</sup>	Board Meetings	Board Committee Meetings				
			Audit	Nominating	Remuneration	Safety	Risk
Lee Boon Yang	1	12	-	4	5	4	-
Loh Chin Hua	1	12	-	-	-	4	-
Tow Heng Tan <sup>1</sup>	1	10	-	3	3	-	4
Alvin Yeo Khirn Hai	1	9	4	3	-	-	-
Tan Ek Kia	1	10	5	-	-	4	4
Danny Teoh	1	12	5	-	5	-	4
Tan Puay Chiang <sup>2</sup>	1	11	-	4	-	4	-
Till Vestring	1	12	-	4	5	-	-
Veronica Eng	1	12	5	-	-	-	4
Jean-François Manzoni <sup>3</sup>	1	12	-	-	-	-	4
Teo Siong Seng <sup>4</sup>	-	-	-	-	-	-	-
Tham Sai Choy <sup>5</sup>	-	1	-	-	-	-	-
Penny Goh <sup>6</sup>	-	-	-	-	-	-	-
<b>No. of Meetings Held</b>	<b>1</b>	<b>12</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>

## Notes:

<sup>1</sup> Mr Tow Heng Tan ceased to be a non-executive and non-independent director with effect from 1 November 2019, and concurrently ceased to be a member of the Nominating Committee, Remuneration Committee and Board Risk Committee.

<sup>2</sup> Mr Tan Puay Chiang ceased to be a non-executive and independent director with effect from 1 November 2019, and concurrently ceased to be the Chairman of the Nominating Committee and a member of the Board Safety Committee. Mr Tan ceased to be a member of the Board Risk Committee with effect from 2 January 2019.

<sup>3</sup> Prof Jean-François Manzoni was appointed as a member of the Board Risk Committee on 2 January 2019, and Chairman of the Nominating Committee with effect from 1 November 2019.

<sup>4</sup> Mr Teo Siong Seng was appointed to the Board as a non-executive and independent director with effect from 1 November 2019, and was appointed as a member of the Remuneration Committee and the Board Safety Committee with effect from 1 February 2020.

<sup>5</sup> Mr Tham Sai Choy was appointed to the Board as a non-executive and independent director with effect from 1 November 2019, and was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.

<sup>6</sup> Mrs Penny Goh was appointed to the Board as a non-executive and independent director with effect from 2 January 2020, and was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.

<sup>7</sup> Refers to the AGM held on 23 April 2019.

adopted initiatives to put in place processes to ensure that the NEDs are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

As a general rule, board papers are required to be distributed to the directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussions may be focused on questions that the directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself and discussed. Managers who can provide additional insights into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries.

Regular informal meetings are conducted for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates is circulated to the directors from time to time. Management is also expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information

relevant to the strategic issues facing the Company.

The Board also reviews the budget annually, and any material variance between the projections and actual results would be disclosed and explained. Management also provides the Board members with management accounts monthly and as the Board may require from time to time, to keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

**Orientation:** A formal letter is sent to newly-appointed directors upon their appointment explaining their roles, duties, obligations and responsibilities as a board director. All newly-appointed directors receive a director tool-kit and undergo a comprehensive orientation programme which includes site visits and management presentations on the Group's businesses, strategic plans and objectives.

**Training:** Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board committee members. A training programme is also in place for directors in areas such as accounting, finance, corporate social responsibility, risk governance and management, the roles and responsibilities of a director of a listed company and industry-specific matters. In FY 2019, some KCL directors attended talks on topics relating to the digital economy, cyber security governance and macroeconomic trends. E-training was also conducted on the Group's policies on anti-corruption, personal data protection, competition law, and cyber security. Site visits are also conducted periodically for directors to

familiarise themselves with the operations of the various businesses so as to enhance their performance as board or board committee members. All induction, training and development costs are at the Company's expense.

## BOARD COMPOSITION AND SUCCESSION PLANNING

### Principle 2:

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

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### Principle 4:

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

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### Nominating Committee

For FY 2019, the NC comprised entirely NEDs, majority of whom (including the Chairman) are independent, namely:

- Prof Jean-François Manzoni (from 1 November 2019)  
Independent Chairman
- Mr Tan Puay Chiang (up to 31 October 2019)  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mr Tow Heng Tan (up to 31 October 2019)  
Non-Executive and Non-Independent Member
- Mr Alvin Yeo  
Independent Member
- Mr Till Vestring  
Independent Member

Following the retirement of Mr Tan Puay Chiang and Mr Tow Heng Tan on 1 November 2019, the NC now comprises entirely independent directors.

The NC is responsible for making recommendations to the Board on board appointments, overseeing the Board and senior management's succession and leadership development plans and conducting annual reviews of board diversity, board size, board independence and directors' commitment.

The detailed terms of reference of this Committee is disclosed on page 96 herein.

**Process for appointment of new directors and Board succession planning**

The Board believes that orderly succession and renewal are achieved as a result of careful planning, where the appropriate composition of the Board is continually under review. In this regard, the Board has put in place a formal process for the renewal of the Board and the selection of new directors so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

The NC leads the process and makes recommendations to the Board as follows:

- a. NC reviews annually the balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, and the size of the Board which would facilitate decision-making. In this review, the NC would also take into account the needs of the Group, the collective skills and competencies of the Board and service tenure spread of the directors.
- b. In the light of such reviews and in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.

- c. The NC will, in all cases, take into consideration the following objective criteria identified as necessary for the Board and board committees to be effective:
  - i. Integrity
  - ii. Independent mindedness
  - iii. Able to commit time and effort to carry out duties and responsibilities effectively
  - iv. Track record of making good decisions
  - v. Experience in high-performing companies
  - vi. Financial literacy
- d. External help (for example, Singapore Institute of Directors and search consultants) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
- e. NC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- f. NC makes recommendations to the Board for approval.

**Re-nomination of Directors**

The NC is also charged with the responsibility of re-nomination having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his/her peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's AGM, and a newly appointed director must submit him/herself for re-election at the AGM immediately

following his/her appointment. Please refer to Appendix 2 on pages 100 to 103 for further details.

**Alternate Director**

The Company has no alternate directors on the Board.

**Annual Review of Board Diversity and Independence**

**Board Diversity:** The Company recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenges needed to support good decision-making for the benefit of the Group, and is committed to ensuring that the Board comprises directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that the Company has the opportunity to benefit from all available talent. In identifying suitable candidates for new appointments to the Board, the NC would ensure that female candidates are included for consideration. The final decision on the appointment of directors would be based on and driven by merit against the objective criteria set by the Board from time to time on the recommendation of the NC, after having regards to the benefits of diversity and the needs of the Board.

The Company has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives. The annual assessment is led by the NC as part of the process for appointment of new directors and Board succession planning. To help the NC identify gaps (if any) in skills, knowledge, experience and other aspects of diversity in the board composition in any given year of assessment, each member of the Board is required to complete a Board Diversity Matrix to indicate which of the list

of skills, knowledge, experience and other aspects of diversity (identified by the NC, and set out in the Board Diversity Matrix, as being able to contribute to the Company's strategy and business) the board member possesses. The returns from the board members are then consolidated into a single Board Diversity Matrix to highlight the Board's current mix of skills, knowledge, experience and other aspects of diversity and gaps therein, if any.

The Board will, taking into consideration the recommendations of the NC, review and agree annually on the qualitative and measurable quantitative objectives for achieving diversity on the Board. The objectives identified in FY 2019, and the progress towards achieving such objectives, are set out below:

The NC conducted an assessment in January 2020 and is satisfied that the Board and the board committees comprise directors, who as a group, provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity. The NC is also satisfied that the directors, as a group, possess core competencies including accounting or finance, business or management experience, human resource, risk management, technology, mergers and acquisitions, legal, international perspective, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective, taking into account the Company's strategy and business.

**Board Independence:** The NC determines on an annual basis whether or not a director is independent. In January 2020, the NC carried out reviews on the independence of each director based on the respective directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and board committees, taking into account the listing rules on the circumstances in which a director will not be deemed independent and guidance in the 2018 CG Code as to the circumstances in which a director should not be deemed independent.

In this connection, the NC (save for Mr Alvin Yeo who abstained from deliberation on this matter) noted that Mr Alvin Yeo has served on the Board beyond nine years and is Senior Partner of WongPartnership LLP,

## OBJECTIVES FOR FY 2019

### Objectives

Appoint at least two additional independent directors with some of the core competencies already present on the Board by end-FY 2020 for succession planning purposes.

### Progress

Mr Tham Sai Choy was appointed as a non-executive and independent director with effect from 1 November 2019. Mr Tham was Managing Partner of KPMG Singapore and then Chairman of KPMG Asia Pacific before he retired in 2017. He was a member of KPMG's global board, and had served on its executive committee and risk committee, and chaired its compensation and nominations committee. As a member of the executive committee, Mr Tham was responsible for KPMG's global strategies and planning, including developing the firm's capabilities in cyber security, data analytics and digital transformation. Mr Tham also worked with many of Singapore's listed companies in their audits and other consultancy work over his 36 years of practice. He was appointed as a board member with a view of being the successor to Mr Danny Teoh in the roles of Audit Committee Chairman and Board Risk Committee member.

Mrs Penny Goh was appointed as a non-executive and independent director with effect from 2 January 2020. Mrs Goh was Co-Chairman and Senior Partner of Allen & Gledhill LLP, where she had, for many years, headed the firm's corporate real estate practice. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts, and has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and the Asia Pacific, involving investment, joint development and profit participation structures. Mrs Goh was appointed with a view to succeeding Mr Alvin Yeo as a board member with legal expertise and to enhance the gender diversity of the Board.

Broaden the skillset of directors on the Board by appointing at least one director with the relevant expertise and experience that would complement those already on the Board and which would help drive the Group's strategy.

Mr Teo Siong Seng was appointed as a non-executive and independent director with effect from 1 November 2019. His strong background, knowledge and experience in the China market; experience in growing businesses in frontier countries such as East and West Africa, and his knowledge and experience from serving as Chairman of the Singapore Business Federation, Honorary President of the Singapore Chinese Chamber of Commerce & Industry and as director of Business China, would enhance the balance and breadth of skills of the Board, and help drive the Group's strategy.

Improve gender diversity over a three-year period by ensuring that at least 20% of the Board will comprise female directors by end-FY 2021.

With the recent appointment of Mrs Penny Goh, together with Ms Veronica Eng, the female representation on the Board is currently 18%. This objective will be met with the appointment of an additional female director by end-FY 2021.

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which is one of the law firms providing legal services to the Group. Mr Yeo had declared to the NC that although he is a partner with a 5% or more stake in WongPartnership LLP, he did not involve himself in the selection and appointment of legal advisers for the Group, and that he supported the selection of legal advisers based on objective criteria. In addition, the NC noted that with WongPartnership LLP being one of the top law firms in Singapore, it was not unexpected that its services would be sought by the Group from time to time. Taking these factors into consideration, along with his invaluable contributions on the Board and board committees, and the outcome of the recent self and peer Individual Director Performance assessment, the NC unanimously agreed that Mr Yeo has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The NC also noted that Mr Tan Ek Kia has served on the Board beyond nine years and is a non-executive and independent director on the board of TransOcean Ltd and Chairman of KrisEnergy Ltd, both of which have business dealings with the Keppel Offshore & Marine (Keppel O&M) Group. Mr Tan had declared to the NC that he recused himself where there was potential conflict of interest and continued to exercise independent judgment. The NC also took into account Mr Tan's invaluable contributions on the Board and board committees, and the outcome of the recent self and peer Individual Director Performance assessment, and unanimously agreed that Mr Tan has, at all times, exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The NC noted that Mr Danny Teoh had declared his shareholding in Workflow International Limited which could be a supplier of services to M1 Limited ("M1"), and his directorship on DBS Group Holdings Ltd ("DBS"), which provided services to the Group. The NC considered that both interests were declared to the Board, and that Mr Teoh has abstained from voting whenever there was potential conflict of interest. The NC further considered that, as DBS was a leading bank in Singapore and Southeast Asia, it was not unexpected that its services would be sought by the Group from time to time. Noting also that Mr Teoh has served on the Board beyond nine years, but taking into account his invaluable contributions on

the Board and board committees and the outcome of the recent self and peer Individual Director Performance Assessment, the NC unanimously agreed that Mr Teoh has, at all times, exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The NC noted that Mr Tham Sai Choy had declared his directorship on DBS which provided services to the Group. The NC considered that such interest was declared to the Board, and Mr Tham would abstain from voting when there was potential conflict of interest. The NC further considered that, as DBS was a leading bank in Singapore and Southeast Asia, it was not unexpected that its services would be sought by the Group from time to time. Taking into account these factors and his participation and actual performance on the Board and board committees in discharge of his duties since his appointment on 1 November 2019, the NC unanimously agreed that Mr Tham should continue to be deemed an independent director.

The NC noted that Mrs Penny Goh was former Co-Chairman and Senior Partner and now non-executive Senior Adviser of Allen & Gledhill LLP (A&G) which provided legal services to the Group. She had declared that she was not involved in the selection and appointment of legal advisors of the Group and did not regard the business relationship with A&G as something that could affect her independent judgment. The NC further considered that, as A&G was one of the top law firms in Singapore, it was not unexpected that its services would be sought by the Group from time to time, and Mrs Goh did not hold 5% or more stake in A&G. Taking into account the above factors, the NC unanimously agreed that Mrs Goh should continue to be deemed an independent director.

The NC noted that Dr Lee Boon Yang has served on the Board beyond nine years. Taking into consideration, among other things, his invaluable contributions on the Board and board committees and his outstanding rating in respect of his performance as Board Chairman and director in the recent board, Chairman and individual director performance assessment exercise, and that there were no other circumstances that would deem him non-independent, the NC (save for Dr Lee who abstained from deliberation on this matter) agreed unanimously that Dr Lee has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Following the review, the NC was of the view that Dr Lee Boon Yang, Mr Alvin Yeo, Mr Tan Ek Kia, Mr Danny Teoh, Mr Till Vestring, Ms Veronica Eng, Prof Jean-François Manzoni, Mr Teo Siong Seng, Mr Tham Sai Choy and Mrs Penny Goh should be deemed independent. The Board has reviewed the basis of the NC's recommendations, and concurred with the assessment of independence in respect of the above-mentioned directors.

In view of the above, the Board currently comprises a majority of independent directors, with a total of 11 directors of whom 10 are independent.

**Lead Independent Director:** The NC has deliberated and decided that it was not necessary to appoint a Lead Independent Director given the majority independence of the Board and that the Chairman was independent. Further, matters affecting the Chairman such as succession and remuneration were deliberated by the board committees where the majority of the members (including the Chairman) were independent directors, and where the Chairman was conflicted, he would recuse himself and abstain from voting.

Taking into account the independence and diversity of the Board, the NC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

#### Annual Review of Board Size

The Board, in concurrence with the NC, is of the view that the current Board size was appropriate to facilitate effective decision-making, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees. Nevertheless, the NC will continue to search for additional directors to be appointed in FY 2021 to enhance the Board's diversity and for succession planning purposes. No individual or small group of individuals dominate the Board's decision-making.

#### Annual Review of Directors' Commitments

The NC assesses annually whether a director is able to and has been adequately carrying out his/her duties as a director of the Company. Instead of fixing a maximum number of listed company board representations and/or other principal commitments that a director may have, the NC assesses holistically whether a director is able to and has been adequately carrying

out his/her duties as a director of the Company, taking into account the results of the assessment of the effectiveness of the individual director, the level of commitment required of the director's listed company board representations and/or other principal commitments, and the director's actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

For the recently appointed directors namely, Mr Teo Siong Seng, Mr Tham Sai Choy and Mrs Penny Goh, the NC had met with them prior to their appointments to ensure that they were aware of the expectations and the level of commitment required as directors on the Board, and taking into account the level of commitment required of their other listed company board representations and other principal commitments, was of the view that they should be able to adequately discharge their duties.

For the other directors, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. The NC noted that based on the attendance of board and board committee meetings during the year, the directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC also noted that, based on the Independent Co-ordinator's Report on individual director assessment for FY 2019, all the directors performed well. The NC was therefore satisfied that in FY 2019, where a director had other listed company board representations and/or other principal commitments, the director was able and had been adequately carrying out his/her duties as director of the Company.

#### **Nominee Director Policy**

At the recommendation of the NC, the Board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a "Nominee Director" is a person who, at the request of the Company, acts as director (whether executive or non-executive) on the board of another company or entity ("Investee Company") to oversee and monitor the activities of the relevant Investee Company so as to safeguard the Company's investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his/her capacity as a Nominee Director.

The policy also sets out the internal process for the appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

#### **Key information regarding directors**

The following key information regarding directors is set out in the following pages of this Annual Report:

Pages 30 to 33: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive, whether considered by the NC to be independent; and details of their membership on board committees.

Page 115: Shareholding in the Company and its subsidiaries.

## **BOARD PERFORMANCE**

### **Principle 5:**

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

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The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, each of its board committees, the contribution by the Chairman, as well as peer and self-assessment of the individual director to the effectiveness of the Board.

**Independent Co-ordinator:** To ensure that assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the board members. Mr Michael Lim, former Chairman of PricewaterhouseCoopers and Land Transport Authority, and currently Chairman of Nomura Singapore Limited, was appointed to this role. Mr Michael Lim does not have business relationships or any other connections with the Company or its directors which may affect his independent judgment.

### **Formal Process and Performance Criteria:**

The evaluation processes and performance criteria are disclosed in Appendix 1 on pages 95 to 98 of this report.

**Objectives and Benefits:** The board assessment exercise provides an

## CORPORATE GOVERNANCE

opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allow him/her to discharge his/her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or board committees. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assists the NC in determining whether to re-nominate directors who are due for retirement at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

## REMUNERATION REPORT

**Principle 6:**

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

**Principle 7:**

*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

**Principle 8:**

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

**Remuneration Committee**

For FY 2019, the Remuneration Committee ("RC") comprised entirely NEDs, majority of whom (including the Chairman) are independent, namely:

- Mr Till Vestring  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mr Danny Teoh  
Independent Member
- Mr Tow Heng Tan  
(up to 31 October 2019)  
Non-Executive and  
Non-Independent Member
- Mr Teo Siong Seng  
(from 1 February 2020)  
Independent Member

Following the retirement of Mr Tow Heng Tan on 1 November 2019, the RC now comprises entirely independent directors.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, thereby maximising shareholder value. The RC recommends to the Board, for endorsement, a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, share-based incentives and awards, benefits-in-kind and termination payments) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme in respect of the

outstanding options granted prior to the termination of the KCL Share Option Scheme in end-2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The detailed terms of reference of this Committee are disclosed on page 96 herein.

**Access to expert advice:** The RC has access to expert advice from external remuneration consultants where required. In FY 2019, the RC sought views from external remuneration consultants, Aon Hewitt, on market practice and trends, and benchmarks against comparable organisations. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.

**Policy in respect of Non-Executive Directors' Remuneration**

Each NED's remuneration comprises a basic fee and an additional fee for services performed on board committees. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. The NEDs participated in additional ad-hoc meetings with management during the year and are not paid for attending such meetings. Executive directors are not paid directors' fees.

The directors' fee structure, which remained unchanged since FY 2017, is set out in the table below.

**DIRECTORS' FEE STRUCTURE**

	<b>Basic Fee (per annum)</b>	
Board Chairman	\$750,000 (all-in)	
Board Member	\$108,000	
	<b>Additional Fees for Membership in Board Committees (per annum)</b>	
	<b>Chairman</b>	<b>Member</b>
Audit Committee	\$67,000	\$36,000
Board Risk Committee	\$67,000	\$36,000
Remuneration Committee	\$47,000	\$31,000
Board Safety Committee	\$47,000	\$31,000
Nominating Committee	\$40,000	\$24,000

Each of the NEDs (including the Chairman) will receive 70% of his/her total directors' fees in cash ("Cash Component"), and 30% in the form of shares in the Company ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the AGM provided that it does not fall within any applicable restricted period of trading (in the event that the first trading day after the date of the AGM falls within a restricted period of trading, the Remuneration Shares will be purchased on the first trading day after the end of the restricted period of trading) ("Trading Day") for delivery to the respective NEDs, will be based on the market price of the Company's shares on the SGX on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. Such incorporation of an equity component in the total remuneration of the NEDs is intended to achieve the objective of aligning the interests of the NEDs with those of the shareholders' and the long-term interests of the Company. The aggregate directors' fees for NEDs for FY 2019 are subject to shareholders' approval at the AGM. The Chairman and the NEDs will abstain from voting and will procure their respective associates to abstain from voting in respect of this resolution.

The directors' fees to NEDs are currently paid in arrears after the end of the year. From FY 2020 onwards, approval of the shareholders will be sought for the payment of directors' fees on a half-yearly basis in arrears instead of once per year after the end of the financial year. The payment of fees on a half-yearly basis in arrears will allow the payment schedule to be more aligned with the period of service that the NEDs discharge their service for.

The amount of fees has been computed taking into consideration the number of board committee representations by the NEDs and also caters for additional fees (if any) which may be payable due to the formation of additional board committees, or additional Board or board committee members being appointed in the course of FY 2020. In the event that the amount proposed is insufficient, approval will be sought at the next AGM before payments are made to the NEDs for the shortfall amount.

The RC is of the view that the remuneration of NEDs is appropriate to their level

of contribution, taking into account factors such as effort, time spent and responsibilities, and to attract, retain and motivate the directors to provide good stewardship of the Company.

**Remuneration policy in respect of Executive Director and other Key Management Personnel**

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual employee's performance, and is aligned with shareholders' and other stakeholders' interests.

In designing the remuneration structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration, and between cash versus equity incentive remuneration, and appropriate to attract, retain and motivate key management personnel to successfully manage the Company for the longer term.

The total remuneration structure reflects the following four key objectives:

- a. Shareholder Alignment: To incorporate performance measures that are aligned to shareholders' interests;
- b. Long-term Orientation: To motivate employees to drive sustainable long-term growth;
- c. Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and
- d. Synergy: To facilitate talent mobility and enhance collaboration across businesses.

The total remuneration structure comprises three components; that is, annual fixed cash, annual performance bonus and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances, which the Company benchmarks with the relevant industry market median. The size of the Company's annual performance bonus pot is determined by the Group's financial and non-financial performance, and is distributed to employees based on their individual performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL RSP and the KCL PSP. A portion of the annual

performance bonus is granted in the form of deferred shares that are awarded under the KCL RSP. The KCL PSP comprises performance targets determined on an annual basis. The KCL RSP and KCL PSP are long-term incentive plans which vest over a longer-term horizon. Executives who have a greater ability to influence Group outcomes have a greater proportion of their overall remuneration at risk. The Company performs regular benchmarking reviews on employees' total remuneration to ensure market competitiveness.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

- a. by placing a significant portion of executives' remuneration at risk ("At Risk component") and subject to a vesting schedule;
- b. by incorporating appropriate key performance indicators ("KPIs") for awarding of annual performance bonus:
  - i. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Financial and Business Drivers; (ii) Process; (iii) Stakeholders; and (iv) People. Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, sustainability efforts, employee engagement, talent development and succession planning; and
  - ii. The four scorecard areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for staff to understand how they contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group. The RC reviews and approves the scorecard annually.

- c. by selecting performance conditions for the KCL PSP awards, such as Total Shareholder Return, Return on Capital Employed and Net Profit that are aligned with shareholder interests;
- d. by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or vested; and
- e. by forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

- a. prudent funding of annual performance bonus;
- b. granting a portion of the annual performance bonus in the form of deferred shares, to be awarded under the KCL RSP;
- c. vesting of contingent share awards under the KCL PSP being subject to KPIs and/or performance conditions being met;
- d. potential forfeiture of variable incentives in any year due to misconduct; and
- e. requiring the executive director and key management personnel to hold a minimum number of shares under the share ownership guideline.

The RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of the variable component of remuneration, the RC has taken into account the extent to which the performance conditions, set forth above, have been met. The RC is therefore of the view that remuneration is aligned to performance during FY 2019.

In order to align the interests of the executive director and key management personnel with that of shareholders, the executive director and key management personnel are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company. They are also required to hold a minimum number of shares ranging from 1.5 to more times of their annual fixed pay under the share ownership guideline so as to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

#### Long-Term Incentive Plans

##### KCL Share Plans

The KCL Share Plans are put in place to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KCL RSP applies to a broader base of employees while the KCL PSP applies to a select group of key management

personnel. The range of performance targets to be set under the KCL PSP emphasise stretched or strategic targets aimed at sustaining longer-term growth.

Following the delisting of M1 in April 2019, a six-year M1 transformation plan was put in place to enhance and drive M1's long-term performance. Through the transformation plan, the Group seeks to develop and implement new strategic and operational plans to sharpen M1's competitive edge, increase its momentum in digital transformation and undertake growth initiatives.

Given the highly stretched goals set out in the M1 transformation plan, the Board has approved a remuneration model to align the transformation plan and key M1 executives' remuneration. The one-time Transformation Incentive Plans ("3-Year PSP-TI M1" and "6-Year PSP-TI M1"), which are awarded under the KCL PSP, are long-term incentive plans with three- and six-year performance periods respectively. Subject to meeting the performance conditions set, the vesting dates are in 2022 and 2025.

Executives will only benefit from the two PSP-TI M1 awards if M1 meets the stretched financial and non-financial targets linked to the M1 transformation plan, and if the executives meet or exceed their individual performance targets. In addition, the vested shares are subject to a selling moratorium of one year.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements, or in misconduct resulting in financial loss to the Company. Outstanding performance bonuses, KCL RSP and KCL PSP are also subject to the RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out on pages 116 to 118.

**Level and mix of remuneration of Directors and Key Management Personnel (who are not also Directors or the CEO) for the year ended 31 December 2019**

The level and mix of each of the director's remuneration are set out below:

Remuneration & Name of Director	Base/Fixed Salary (\$)	Performance-Related Cash Bonuses Earned <sup>1</sup> (\$)	Directors' Total Fees <sup>2</sup> (\$)		Benefits-in-Kind (\$)	Contingent Awards of Shares <sup>3</sup> (\$)		Total Remuneration (\$)
			Cash component <sup>4</sup>	Shares component <sup>4</sup>		PSP	RSP	
Loh Chin Hua	1,255,360	1,923,899	–	–	n.m. <sup>5</sup>	2,044,000	1,956,228	7,179,487 <sup>6</sup>
Lee Boon Yang	–	–	525,000	225,000	–	–	–	750,000
Tow Heng Tan <sup>7</sup>	–	–	116,019	49,723	–	–	–	165,742
Alvin Yeo Khirn Hai	–	–	117,600	50,400	–	–	–	168,000
Tan Ek Kia	–	–	158,900	68,100	–	–	–	227,000
Danny Teoh	–	–	169,400	72,600	–	–	–	242,000
Tan Puay Chiang <sup>8</sup>	–	–	104,429	44,755	–	–	–	149,184
Till Vestring	–	–	125,300	53,700	–	–	–	179,000
Veronica Eng	–	–	147,700	63,300	–	–	–	211,000
Jean-François Manzoni <sup>9</sup>	–	–	105,410	45,176	–	–	–	150,586
Teo Siong Seng <sup>10</sup>	–	–	12,634	5,415	–	–	–	18,049
Tham Sai Choy <sup>10</sup>	–	–	12,634	5,415	–	–	–	18,049
Penny Goh <sup>11</sup>	–	–	–	–	–	–	–	–

Notes:

- <sup>1</sup> The RC is satisfied that the quantum of performance-related cash bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY 2019 were met.
- <sup>2</sup> Based on the NEDs' fee structure set out earlier, the total fees amount to \$2,278,610. The directors' total fees are subject to shareholders' approval at the Company's AGM.
- <sup>3</sup> Shares awarded under the KCL PSP are subject to pre-determined performance targets over a three-year performance period. As at 30 April 2019, being the grant date for the contingent awards under the KCL PSP, the estimated value of each share was \$5.60. As at 17 February 2020, being the grant date for the contingent deferred shares award under the KCL RSP, the estimated value of each share was \$6.48. For the KCL PSP, the figures are based on the value of the PSP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
- <sup>4</sup> The amounts stated may be adjusted as indicated on page 83 of this report.
- <sup>5</sup> n.m. – not material
- <sup>6</sup> Total remuneration shown above for Mr Loh Chin Hua does not include vested share of carried interests for funds created during the time he was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.
- <sup>7</sup> Mr Tow Heng Tan retired from the Board with effect from 1 November 2019. Concurrently, Mr Tow ceased to be a member of the Nominating Committee, Remuneration Committee and Board Risk Committee. Fees are prorated accordingly.
- <sup>8</sup> Mr Tan Puay Chiang retired from the Board with effect from 1 November 2019. Concurrently, Mr Tan ceased to be the Chairman of the Nominating Committee and a member of the Board Safety Committee. He ceased to be a member of the Board Risk Committee with effect from 2 January 2019. Fees are prorated accordingly.
- <sup>9</sup> Prof Jean-Francois Manzoni was appointed as a member of the Board Risk Committee with effect from 2 January 2019 and the Chairman of the Nominating Committee with effect from 1 November 2019. Fees are prorated accordingly.
- <sup>10</sup> Mr Teo Siong Seng and Mr Tham Sai Choy were appointed to the Board with effect from 1 November 2019. Fees are prorated accordingly.
- <sup>11</sup> Mrs Penny Goh was appointed to the Board with effect from 2 January 2020.

## GOVERNANCE

### CORPORATE GOVERNANCE

PSP and RSP Shares granted and vested for the Executive Director are shown below:

Name of Executive Director	PSP Awards	Vesting Date	Contingent Awards of PSP Shares	Number of PSP Shares Vested	Value of PSP Shares Vested (\$) <sup>1</sup>	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested (\$) <sup>1</sup>
Loh Chin Hua	2016 Awards	28 Feb 2019	0 to 450,000 <sup>2</sup>	177,000	1,102,710	2016 Awards	9 Mar 2017	180,000	60,000	405,000
		28 Feb 2022	0 to 1,125,000 <sup>3</sup>	–	–		28 Feb 2018	60,000	472,200	
		28 Feb 2019					28 Feb 2019	60,000	373,800	
	2017 Awards	28 Feb 2020	0 to 495,000	–	–	2018 Awards	28 Feb 2018	272,352	90,784	714,470
							28 Feb 2019	90,784	565,584	
	2018 Awards	26 Feb 2021	0 to 480,000	–	–	2019 Awards	28 Feb 2019	262,403	87,467	544,919
							28 Feb 2020			
							26 Feb 2021			
	2019 Awards	28 Feb 2022	0 to 547,500	–	–	2020 Awards	28 Feb 2020	301,887	–	–
							26 Feb 2021			
28 Feb 2022										

Notes:

<sup>1</sup> The value of the shares vested under KCL PSP and RSP is computed based on the market price of the shares when the shares are credited to the employee's CDP account. The RC is satisfied that the value of the shares vested under the KCL PSP and RSP to the executive director was fair and appropriate taking into account the extent to which his KPIs and performance conditions for FY 2019 were met.

<sup>2</sup> Refers to contingent shares awarded under the KCL PSP.

<sup>3</sup> Refers to one-time contingent shares awarded under the KCL PSP-TIP.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY 2019 was \$16,584,212. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of \$250,000 are set out below:

Remuneration Band & Name of Key Management Personnel	Base/Fixed Salary (%)	Performance-Related Cash Bonuses Earned <sup>1</sup> (%)	Benefits-in-Kind (%)	Contingent Awards of Shares	
				PSP (%)	RSP (%)
<b>Above \$3,500,000 to \$3,750,000</b>					
Chan Hon Chew	21	27	n.m.	24	28
<b>Above \$3,250,000 to \$3,500,000</b>					
Ong Tiong Guan	19	28	n.m.	25	28
<b>Above \$2,750,000 to \$3,000,000</b>					
Tan Hua Mui, Christina <sup>2</sup>	22	26	n.m.	26	26
<b>Above \$2,000,000 to \$2,250,000</b>					
Tan Swee Yiow	31	23	n.m.	22	24
<b>Above \$1,750,000 to \$2,000,000</b>					
Ong Leng Yeow, Chris	27	19	n.m.	35	19
<b>Above \$1,500,000 to \$1,750,000</b>					
Pang Thieng Hwi, Thomas	28	26	n.m.	20	26
<b>Above \$1,250,000 to \$1,500,000</b>					
Manjot Singh Mann	48	31	6	– <sup>3</sup>	15

Notes:

<sup>1</sup> The RC is satisfied that the quantum of performance-related bonuses earned by the key management personnel was fair and appropriate, taking into account the extent to which their KPIs for FY 2019 were met.

<sup>2</sup> Total remuneration shown above for Ms Tan Hua Mui, Christina does not include vested share of carried interests for funds created during the time she was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.

<sup>3</sup> In addition to the remuneration disclosed above, Mr Manjot Singh Mann was granted performance shares on a one-off basis under the 3-year and 6-year KCL PSP-TI M1 awards on 17 February 2020. The total allocation value of the awards is estimated at \$600,000.

### **Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer**

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded \$100,000 during the financial year ended 31 December 2019. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

### **AUDIT COMMITTEE**

#### **Principle 10:**

*The Board has an Audit Committee which discharges its duties objectively.*

The Audit Committee (AC) comprises all independent directors, namely:

- Mr Danny Teoh  
Independent Chairman
- Mr Alvin Yeo  
Independent Member
- Ms Veronica Eng  
Independent Member
- Mr Tan Ek Kia  
Independent Member
- Mr Tham Sai Choy  
(from 1 February 2020)  
Independent Member
- Mrs Penny Goh  
(from 1 February 2020)  
Independent Member

The AC's primary role is to assist the Board with ensuring the integrity of financial reporting and the adequacy and effectiveness of the system of internal controls and risk management. The AC has explicit authority to investigate any matter within its responsibilities, 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 (including access to external consultants) to enable it to discharge its responsibilities properly.

Mr Danny Teoh, Ms Veronica Eng and Mr Tham Sai Choy have recent, relevant and in-depth experience in accounting and related financial management expertise. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the AC, and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies. Mr Tan Ek Kia, who is a seasoned executive in the oil and gas, and petrochemicals businesses and had held senior positions in Shell, has sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mrs Penny Goh has extensive

experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and the Asia Pacific, involving investment, joint development and profit participation structures, and has practical knowledge of issues and considerations affecting the Committee to discharge her responsibilities as a member of the Committee. Mr Danny Teoh, Mr Tan Ek Kia, Ms Veronica Eng, Mr Tham Sai Choy and Mrs Penny Goh are also members of the Board Risk Committee (BRC), with Ms Veronica Eng being the Chairperson of the BRC. None of the members of the AC were partners or directors of the Company's existing external auditors within the last two years and none of the members of the AC holds any financial interest in the auditing firm.

The detailed terms of reference of the Committee are set out on page 95 herein.

#### **AUDIT**

The AC met with the external auditors five times, and with the internal auditors five times during the year, and, in each case, at least one of these meetings was conducted without the presence of management.

The AC reviewed and approved the Group's external auditor's audit plan for the year and assessed the quality of the work carried out by the external auditors in accordance with the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA), and is satisfied with the performance. Taking into account the requirements under the Accountants Act (Chapter 2) of Singapore, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the audit and non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 26 of the Notes to the Financial Statements on page 181.

The Company has complied with Rules 712, and Rule 715 read with 716 of the SGX Listing Manual in relation to its auditing firms.

The Company also has an in-house internal audit team ("Group Internal Audit"), which together with the external auditors, report their findings and recommendations to the AC independently. The role of Group Internal Audit is to provide independent assurance to the AC to ensure that the Company maintains a sound system of internal controls. In this aspect, Group Internal Audit conducts regular reviews of the adequacy

and effectiveness of the Group's material internal controls, including financial, operational, compliance and IT controls and risk management. Any significant non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. They also undertake investigations as directed by the AC.

Group Internal Audit has direct access to the AC and unfettered access to all the Group's documents, records, properties and personnel. The AC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit, whose primary line of reporting is to the Chairman of the AC, with an administrative reporting line to the CEO of the Company. The AC also reviewed the adequacy and effectiveness of Group Internal Audit and is satisfied that the team is independent and adequately resourced with persons with relevant qualifications and experience, and has appropriate standing within the Company. Group Internal Audit attends the Company's and the Group's key strategy sessions and executive meetings, and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines. The AC also reviewed the training costs and programmes attended by Group Internal Audit to ensure that their technical knowledge and skill sets remain current and relevant.

As a member of the Institute of Internal Auditors ("IIA"), Group Internal Audit is guided by the International Professional Practices Framework set by the IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing (Standards). Group Internal Audit staff perform a yearly declaration of independence and confirm their adherence to Keppel's Code of Conduct as well as the Code of Ethics established by the IIA, from which the principles of objectivity, competence, confidentiality and integrity are based.

The purpose, authority and responsibility of Group Internal Audit are formally defined in an internal audit charter, which is approved by the AC. The internal audit charter establishes Group Internal Audit's position within the organisation, including the nature of its functional reporting relationship with the AC; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

## CORPORATE GOVERNANCE

The Charter mandates that Group Internal Audit to maintain a quality assurance and improvement programme that cover all aspects of the internal audit activity, including the evaluation of its conformance with the Standards, and an evaluation of whether internal auditors apply the IIA's Code of Ethics.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on key risks, including financial, operational, compliance and IT risks. An annual audit plan was developed using a structured risk and control assessment framework, and this plan was reviewed and approved by the AC to ensure that the risk-based plan sufficiently covered the effectiveness of controls to mitigate the significant financial, operational, compliance and IT risks of the Company. Audits are planned based on the results of the assessment, with priority given to auditing the areas of highest risk within the Company. All Group Internal Audit's reports are submitted to the AC for deliberation, with copies of these reports extended to the Chairman, CEO and relevant senior management personnel. In addition, significant audit findings and recommendations put up by the internal and external auditors are reported to the AC and discussed at AC meetings. To ensure timely and adequate disclosure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors.

**Financial matters**

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their quarterly meetings with the AC. In addition, AC members are invited to the Company's annual finance seminars where relevant changes to the accounting standards that will impact the Keppel Group of Companies are shared by and discussed with accounting practitioners from one of the leading accounting firms.

In 2019, the AC performed an independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

In its review of the financial statements of the Group and the Company for FY 2019,

the AC reviewed the key areas of management's estimates and judgment applied for key financial issues, including valuation and assessment of impairment of assets, recoverability of contract assets and stocks, financial exposure in relation to contracts with Sete Brasil, global resolution with criminal authorities in relation to corrupt payments, revenue recognition, and the purchase price allocation and impairment assessment of goodwill arising from the acquisition of M1, that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the key audit matters as set out in the independent auditor's report for the financial year ended 31 December 2019.

In addition to the findings of the external auditors, the AC took into consideration the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. The AC also reviewed management's assessment of recoverability of contract assets and stocks, as well as financial exposure in relation to contracts with Sete Brasil, including cash flow estimates relating to the settlement agreement between the Group and Sete Brasil, as well as a proposal by Magni Partners (Bermuda) Ltd, assessment on whether there was a potential for any additional provision in relation to the corrupt payments, as well as estimates of the total costs and physical proportion of work completed in determining the stage of completion. Furthermore, external independent valuations as well as opinions from internal and external legal counsels, where applicable, were considered when reviewing management's assessment.

The AC concurs with the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements for each of the key audit matters set out by the external auditors in their report.

**Whistle-Blower Policy**

The AC has reviewed the "Keppel Whistle-Blower Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in business conduct, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations including administrative,

disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. Significant matters raised through the whistle-blowing channel are reported to the Board.

The details of the Policy are set out on page 99 hereto. The AC reviews the Policy yearly to ensure that it remains current.

**Interested Person Transaction**

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

**RISK MANAGEMENT AND INTERNAL CONTROLS****Principle 9:**

*The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

**Board Risk Committee**

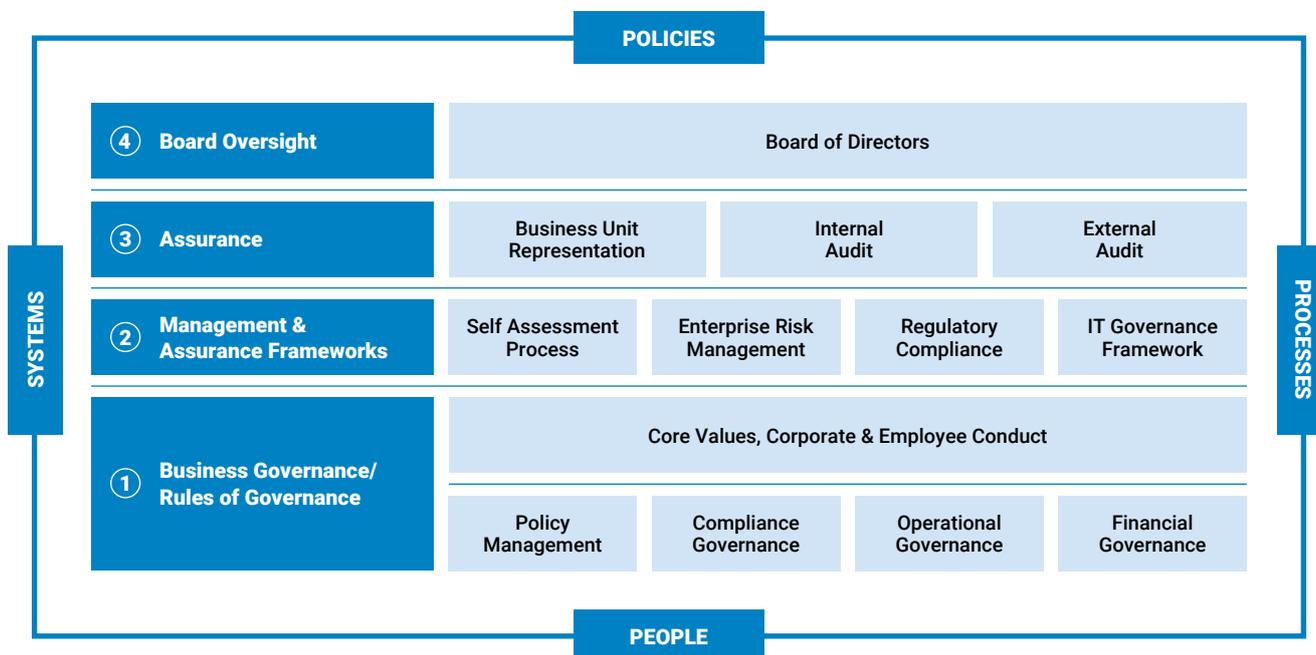
For FY 2019, the BRC comprised entirely NEDs, majority of whom (including the Chairman) are independent, namely:

- Ms Veronica Eng  
Independent Chairperson
- Mr Danny Teoh  
Independent Member
- Mr Tow Heng Tan  
(up to 30 October 2019)  
Non-Executive and  
Non-Independent Member
- Mr Tan Ek Kia  
Independent Member
- Mr Tan Puay Chiang  
(up to 1 January 2019)  
Independent Member
- Prof Jean-François Manzoni  
Independent Member
- Mr Tham Sai Choy  
(from 1 February 2020)  
Independent Member
- Mrs Penny Goh  
(from 1 February 2020)  
Independent Member

Following the retirement of Mr Tow Heng Tan on 1 November 2019, the BRC now comprises entirely independent directors.

The BRC considers the nature and extent of the significant risks which the Company may take in achieving its strategic objectives and value creation; and reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks to safeguard shareholders' interests and

## KEPPEL'S SYSTEM OF MANAGEMENT CONTROLS



the Group's assets, and ensure corporate sustainability. The Committee reports to the Board on critical risk issues, material matters, findings and recommendations.

The detailed terms of reference of this Committee are disclosed on page 95 herein.

Group Risk and Compliance, working in conjunction with the business teams, have supported management in applying the Enterprise Risk Management (ERM) Framework to ensure that significant risks across the Group are assessed and adequately mitigated. This is performed through the monitoring of risk matters across the Group, conduct of training, site visits, participation at IMPAC meetings, and implementation of risk-related policies and standards. The ERM Framework was established to guide Group entities in managing risks and also facilitate the Board's assessment of the adequacy and effectiveness of the Group's systems and processes in managing risks. It lays out the governance mechanisms and principles, as well as the policies, processes and systems pertaining to how Group entities should identify, assess, mitigate, communicate and monitor or escalate significant risk matters.

Risk assessments are performed at each business unit and agreed with senior management before being consolidated to form the Group risk assessment. Further assessments are performed at the Group and articulation of each key risk area, grouped by sub-groups within Strategic, Operational, Compliance and Financial risk, and the

mitigation plans where applicable, are provided to the Board and BRC at quarterly meetings. This is complemented by education and awareness, resources and expertise, as well as assessment or feedback, which are ongoing in nature.

The Group's approach to risk management and the key risks of the Group are set out in the Risk Management section on page 106 of this report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 106.

The Group also has in place Keppel's System of Management Controls Framework (the "Framework") outlining the Group's internal controls and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, IT and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees and working teams. Employees are also guided by the Group's core values and expected to comply strictly with Keppel's Code of Conduct.

Under the second Line of Defence, significant business units are required to conduct a self-assessment exercise on an annual basis. This exercise requires such business units to assess the status of their respective internal controls and risk management processes via self-assessment. Where required, action plans are developed to remedy identified control gaps. As described under the Group's ERM Framework, significant risk areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks beyond internal thresholds of appetite. It includes the reporting and oversight structure involving both boards and management of the Group and business divisions and seeks to embed sound risk management practices in business decisions and operations across Group entities. Regulatory Compliance supports and works alongside management to ensure that relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, to assist the Group to ascertain the adequacy and effectiveness of the Group's internal controls, business units' CEOs and Chief Financial Officers (CFOs) are required to provide the Group with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Group's internal and external auditors based on their independent assessments.

## CORPORATE GOVERNANCE

**Enhancements to Compliance Programme in FY 2019**

At Keppel, accountability is a core value. As our Code of Conduct states, "we care how results are achieved, not just that they are attained." Implementing that core value by enhancing our regulatory compliance process and reminding every Keppelite of that value is a focus of attention for us, our boards, officers and line managers globally.

This section provides an overview of the improvements and enhancements that have been made to strengthen Keppel's compliance programme over the past year. Further details of our compliance initiatives are set out on pages 110 to 112 of this report. The Company is committed to a continuous review and, where necessary and appropriate, further improvements and enhancements to the Group's compliance programme will be made.

The Group has taken the following steps over the past year to further enhance its internal controls, policies and procedures:

- i. implementing a Group Culture Survey in the fourth quarter of 2019, which is designed to measure compliance-related awareness and gauge the culture towards risk, compliance and internal controls. It will be used to ascertain areas for improvement as part of the Group's ongoing monitoring and enhancement of its compliance programme;
- ii. hiring an additional full-time compliance manager at Keppel O&M who comes with experience from two of the Big Four accounting firms in the areas of forensics, anti-bribery and corruption investigations and compliance, and anti-money laundering compliance;
- iii. strengthening its control assurance function with the hire of a senior manager, as well as hiring and integrating professional and experienced compliance officers in each business unit and increasing the Group's internal audit headcount;
- iv. formally adopting a Group Mergers & Acquisitions Compliance Due Diligence Policy, which sets forth the roles and responsibilities of stakeholders, provides guidance as to mandatory due diligence during the mergers and acquisitions process, including guidance as to what to look for, and provides a mechanism for consultations and exceptions;
- v. regular messaging by the Group's and each business unit's senior management stressing the importance of compliance;

- vi. regular discussions on compliance issues and matters at meetings of senior management, core functions, and board (or board committee) levels;
- vii. compliance procedures, processes and controls were subject to independent reviews by Group Internal Audit, in particular within their scope of thematic audits conducted during the year;
- viii. updating of the Group Gifts and Hospitality Policy and the Group Donations and Sponsorship Policy;
- ix. operationalising the Group Disciplinary Procedure Guide, which provides a practical guide for the handling of allegations of employee misconduct in a fair, rational, and consistent manner across the Group. It sets forth the various stages of disciplinary process and provides possible consequences for violations of Group policies, depending on the severity of the infraction;
- x. instituting a quarterly Group-wide risk, compliance and controls newsletter; and
- xi. enhancements to the Group's Whistle-Blower Policy with centralised procedures and whistle-blower reporting channels, including an email hotline, local toll-free whistle-blower hotlines for Singapore, Brazil, China, USA, Vietnam, Indonesia, Philippines, Australia, UK and Germany respectively, and an online reporting portal. New whistle-blower posters were also rolled out across all of the Group's business units. The manning of these reporting channels has been outsourced to a third party (KPMG).

In 2019, Keppel O&M also completed the ISO 37001 (Anti-Bribery Management System) certification for its global operations in USA, Brazil, Middle East, China, Philippines, India and Bulgaria, thus completing the attainment of ISO 37001 certification at all Keppel O&M operating entities in Singapore and globally.

**The Group's Compliance Programme**

The Group's compliance programme also includes the following:

- i. a compliance governance structure that is overseen by a Regulatory Compliance Management Committee and Regulatory Compliance Working Team, bringing together senior management, compliance personnel, and other core function leads to discuss compliance enhancements and address compliance issues as they arise;

- ii. a Supplier Code of Conduct, to integrate Keppel's sustainability principles across our supply chain, and positively influence the environmental, social and governance performance of our suppliers. Suppliers of the Group are expected to abide by the Supplier Code of Conduct, which covers areas pertaining to business conduct (including specific anti-bribery provisions), labour practices, safety and health, and environmental management;
- iii. risk-based due diligence process for all third-party associates who represent Keppel Group in business dealings, including our joint venture partners, to assess the compliance risk of the business partner; and
- iv. the dedicated independent Group-wide compliance function has reporting lines independent of business divisions. The Head of the Group's compliance function has a primary line of reporting to the Chairman of the BRC, with an administrative reporting line to the CFO of the Company.

The Group's compliance programme is and will be subjected to periodic reviews to ensure it meets the following standards:

**1. Board and Senior Management Commitment**

The Group's senior management, including members of the Board, provide continuous, clear and explicit support to the compliance programme.

**2. Policies and Procedures**

The Group continuously implements and communicates its corporate policy against violations of any anti-corruption laws. This policy has been and will continue to be documented in writing, include appropriate measures to reduce the prospect of violations of anti-corruption laws, and encourage and support the observance of compliance policies and procedures by personnel at all levels of the Group. These anti-corruption policies and procedures apply to all directors, officers and employees and, where necessary and appropriate, outside parties acting on behalf of Keppel, including but not limited to, agents and intermediaries, consultants, representatives, partners and suppliers.

Individuals at all levels of Keppel comply with Keppel's Code of Conduct and its compliance policies and procedures.

Such policies and procedures address, among other areas:

- a. gifts;
- b. hospitality, entertainment and expenses;
- c. agent fees;
- d. political contributions;
- e. donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

The Group ensures that:

- a. books, records and accounts are in reasonable detail, and accurately and fairly reflect the transactions and disposition of assets; and
- b. the Group develops and maintains a system of internal accounting controls, sufficient to provide reasonable assurance that:
  - i. transactions are performed in accordance with the Group's general guidelines or specific authorisation;
  - ii. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
  - iii. access to assets shall only be permitted in accordance with the Group's general guidelines or specific authorisation; and
  - iv. the recorded accountability for assets shall be compared with the existing assets at reasonable intervals and appropriate action be taken with respect to any differences.

### 3. Periodic Risk-Based Review

The Group continues to enhance its compliance policies and procedures on the basis of a periodic risk assessment to ensure their continued effectiveness, taking into account relevant developments such as international and industry standards, and addressing the individual circumstances of the Group, and in particular corruption risks, including but not limited to its geographical organisation and sectors of industrial operation.

### 4. Training and Orientation

The Group continuously ensures that its compliance policies and procedures are communicated effectively to all employees, including officers, directors,

and where necessary, appropriate agents and business partners. These mechanisms include:

- a. periodic focused "gate-keeper" training for senior management members (including directors), employees in positions of leadership, targeted training for employees in positions otherwise exposed to corruption risks, and where necessary and appropriate, compliance training for agents and business partners and annual e-training for directors, officers and employees; and
- b. corresponding certifications by such senior management members (including directors), employees, agents and business partners, acknowledging their understanding of policies and conformity with training requirements.

### 5. Internal Reporting, Communication and Investigation

The Group maintains a system for the internal reporting/communication of potential violations of compliance policies and procedures and applicable laws, that ensures as far as possible confidentiality to the whistle-blower and investigation subjects.

The Group maintains a process for receiving internal reports/communications with sufficient resources to respond and document allegations of violations of compliance policies, procedures and applicable laws. When necessary, the Group undertakes independent investigations of the alleged violations.

### 6. Enforcement and Discipline

The Group maintains and, where necessary, improves its mechanisms designed to effectively enforce its compliance policies and procedures including, where appropriate, the imposition of disciplinary measures in the case of violations. In 2019, the Group operationalised its Group Disciplinary Procedure Guide which provides a practical guide for the handling of allegations of employee misconduct in a fair, rational and consistent manner across the Group.

The Group institutes disciplinary measures with reference to, among other things, violations of compliance policies and procedures and applicable laws by its senior management (including directors) and employees. Such procedures are applied consistently and fairly, regardless of the position held by, or the perceived

importance of the senior management member (including directors) or employee. Where misconduct is discovered, measures are taken promptly to cease the misconduct or irregularities and remedy the harm resulting from such misconduct.

### 7. Third-Party Relationships

The Group continues to implement the following procedures with reference to its agents and business partners:

- a. due diligence relating to the hiring of third-parties;
- b. appropriate oversight of third-parties; and
- c. seeking reciprocal commitments regarding ethical conduct from third-parties, associates and business partners.

When necessary, the Group includes in contracts with third-parties, agents and business partners, anti-corruption provisions, which may include the following:

- a. commitment to act in accordance with applicable laws;
- b. right to conduct audits of the books and records of third-parties, agents or business partners; and
- c. right to terminate a contract due to violations of compliance policies and procedures or any applicable anti-corruption laws by any third-party, agent or business partner.

### 8. Mergers, Acquisitions and Corporate Restructuring

The Group implemented a Mergers and Acquisitions Compliance Due Diligence process which gives guidance and sets out requirements for compliance due diligence checks and steps to be performed on potential mergers and acquisitions target entities.

The Group applies its compliance codes, policies and procedures in a speedy and efficient manner to newly acquired businesses or entities, and conducts training for new employees, senior management (including directors), agents and business partners.

### 9. Monitoring and Developments

The Group conducts continuous monitoring of its compliance programme to enhance its effectiveness in preventing and detecting violations of its compliance policies, procedures and applicable law.

CORPORATE GOVERNANCE

Annual Assurance

The Board has received assurance:

- a. from the CEOs and CFOs of each of the Group's business divisions and the CEO and CFO of the Company that, as at 31 December 2019, the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2019 give a true and fair view of the Group's operations and finances; and
- b. from CEO and CFO of the Company, CEOs and CFOs of each of the Group's business divisions, and other key management personnel responsible for risk management and internal control systems that, as at 31 December 2019, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems are adequate and effective to address the risks which the Group considers relevant and material to its operations.

Based on the internal controls and enterprise-wide risk management framework established and maintained by the Group, work performed by internal and external auditors, and reviews performed by management, the AC and BRC, as well as the assurances set out above, the Board is of the view that, as at 31 December 2019, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the

risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud and other irregularities.

The AC and BRC concur with the Board's view that, as at 31 December 2019, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which the Group considers relevant and material to its operations.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 11:

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

Principle 12:

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

Principle 13:

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

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases, the Company's website, public webcast and media and analyst briefings. The Company's Annual Report (AR) is accessible on the Company's website, and can be viewed or downloaded from the AR microsite at [www.kepcorp.com/annualreport2019](http://www.kepcorp.com/annualreport2019), and shareholders are encouraged to read the AR on the Company's website. Shareholders may, however, request for a physical copy at no cost.

The Company's Corporate Communications Department (with assistance from the Group Finance and Group Legal departments, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company treats all its shareholders fairly and equitably and keeps all its shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company has in place an Investor Relations Policy which sets out the



Senior management of Keppel addressed questions from media and analysts at the Company's 4Q & FY 2019 results briefing.

principles and practices that the Company applies to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at [www.kepcorp.com](http://www.kepcorp.com), and sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. This is to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company's mobile-responsive website is regularly updated with the latest information. These include latest updates on business and operations, quarterly financial statements and dividend information, materials provided at analysts and media briefings, annual reports, as well as information on general meetings including presentations and minutes. Contact details of the Investor Relations department are also set out on the website to facilitate any queries from investors. In FY 2019, the Company revamped its corporate website with added features and content to enhance user experience and access to information.

The Company employs various platforms to effectively engage stakeholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with stakeholders takes many forms, including live webcasts of financial results and presentations, email communications, publications and content on the Company's corporate website, as well as visits to the Company's facilities and projects.

On 7 February 2020, the SGX's rule on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by the SGX, report their results semi-annually. The Company welcomes SGX's move for companies to take a longer-term perspective on growth. In view of the voluntary pre-conditional partial offer by Kyanite Investment Holdings Pte. Ltd. (an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited), the Company will continue quarterly reporting for the duration of the

offer period and move to semi-annual reporting thereafter.

The Company stands committed to engaging shareholders through clear, timely and consistent communications, and maintaining our interactions with the investment community. After the move to semi-annual reporting, the Company plans to provide business updates to shareholders in between its half-yearly financial reports.

In addition to shareholder meetings, senior management meets investors, analysts and the media, as well as travels on roadshows, and participates in industry conferences organised by major brokerage firms to solicit and understand the views of the investment community. In FY 2019, the Company hosted about 160 meetings and conference calls with institutional investors, including several site visits to its residential and commercial properties in China and Vietnam. Management also travelled for non-deal roadshows and conferences to meet overseas investors in Bangkok, Boston, Edinburgh, Hong Kong, Kuala Lumpur, London and New York.

The Company engages retail shareholders at the general meeting. In addition, the Company has, since 2017, been collaborating with the Securities Investors Association (Singapore) to hold briefings for retail shareholders. In FY 2019, senior management briefed about 150 retail shareholders on the Company's strategy and performance.

All materials presented on these occasions are also made available on SGXNET and the Company's website in a timely manner, to ensure fair disclosure of information for the benefit of all shareholders.

The Company's general meetings are held in central locations which are easily accessible by public transportation, ensuring that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. Shareholders are informed of the meetings through notices published in the newspapers and via SGXNET, and reports or circulars sent or made available to all shareholders. Shareholders are invited, at such meetings, to put forth any questions they may have on the motions to be debated and decided upon, and vote on the resolutions at

shareholders' meetings. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets and the remuneration of NEDs. Shareholders are also informed of the rules, including voting procedures, governing such meetings.

If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the shareholders' meetings.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets, re-election of directors and the remuneration of NEDs. The rationale for the resolutions to be proposed at the meeting is set out in the notices to the meeting or its accompanying appendices. However, where the issues are interdependent and linked so as to form one significant proposal, the Company may propose "bundled resolutions" and will set out the reasons and material implication in the notices to the meeting or its accompanying appendices.

To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meetings. A scrutineer is also appointed to count and validate the votes cast at the meetings. Votes cast for and against and the respective percentages, on each resolution will be displayed live to shareholders/proxies immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the

**CORPORATE GOVERNANCE**

general meeting via SGXNET. Each share is entitled to one vote.

Where possible, all directors will attend shareholders' meetings. The Chairmen of the Board and each board committee are required to be present to address questions at shareholders' meetings. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The constitution of the Company allows for absentia voting at general meetings. However, the Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of shareholders' meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management. These minutes are available to shareholders upon request. All minutes of the general meeting will be published on the Company's website as soon as practicable.

The Company is committed to rewarding shareholders fairly and sustainably, while balancing the payment of dividends with its capital requirements to ensure that the best interests of the Company are served. While it does not have a formal dividend policy, the Company has a consistent track record for distributing about 40% to 50% of its annual net profit as dividends. Any payment of interim dividend or, upon

receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholders in an equitable and timely manner. For FY 2019, the Company will be paying out a total cash dividend of 20.0 cents per share to shareholders. The total dividend for FY 2019 represents a payout ratio of 51%.

The Company has identified and prioritised its material environmental, social and governance issues. An overview of the Company's approach to sustainability management can be found on pages 26 to 29 of this report.

The Company defines its stakeholders to be individuals, groups of individuals or organisations that affect and/or could be affected by Keppel's activities, products or services and associated performance. The Company engages its stakeholders regularly in the determination of its material areas of focus. Materiality assessments are important components of Keppel's sustainability strategy and reporting. The Company's materiality assessments are based on the Global Reporting Initiative (GRI) Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation's significant economic, environmental and social impacts; and would substantively influence the assessments and decisions of stakeholders. In FY 2019, the Company enhanced its sustainability reporting framework and

material environmental, social and governance factors, taking into account findings from a comprehensive stakeholder consultation exercise, conducted from December 2018 to April 2019.

More details of the Company's management approach, priorities, targets and performance reviews in key areas will be made available through its externally audited Sustainability Report, prepared in accordance with the GRI Standards, published annually in May.

**SECURITIES TRANSACTIONS****Insider Trading Policy**

The Company has a formal Insider Trading Policy and Guidelines on Disclosure of Dealings in Securities on dealings in the securities of the Company and its listed subsidiaries and associated companies, which sets out the implications of insider trading and guidance of such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. The policy and guidelines have been distributed to the Group's directors and officers. The Company had, in FY 2019, issued circulars to its directors and officers informing them that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information. Directors and CEO are also required to report their dealings in the Company's securities within two business days.

## APPENDIX 1 BOARD COMMITTEES – RESPONSIBILITIES

### A. Audit Committee

- 1.1 Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- 1.2 Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and IT controls (such reviews can be carried out internally or with the assistance of any competent third parties).
- 1.3 Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions taken by Management on the recommendations and observations.
- 1.4 Review the scope and results of the external audit and independence and objectivity of the external auditors.
- 1.5 Review the nature and extent of non-audit services performed by the external auditors, to ensure their independence and objectivity.
- 1.6 Meet with external auditors and internal auditors, without the presence of Management, at least annually.
- 1.7 Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
- 1.8 Review the adequacy and effectiveness of the internal audit function, at least annually.
- 1.9 Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
- 1.10 Approve the hiring, removal, evaluation and compensation of the Head of Internal Audit, or the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- 1.11 Review the Company's procedures for detecting fraud, its Whistle-Blower Policy, the arrangements by which employees of the Company and any

other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

- 1.12 Review interested person transactions to ensure they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders.
- 1.13 Investigate any matters within the Committee's purview, whenever it deems necessary.
- 1.14 Report to the Board on material matters, findings and recommendations.
- 1.15 Review the Committee's terms of reference annually and recommend any proposed changes to the Board for approval.
- 1.16 Perform such other functions as the Board may determine.
- 1.17 Ensure that the internal auditors and external auditors have direct and unrestricted access to the Chairman of the Committee.
- 1.18 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

### B. Board Risk Committee

- 1.1 Obtain recommendations on risk tolerance and strategy from Management, and where appropriate, report and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's levels of risk tolerance and risk policies.
- 1.2 Review and discuss, as and when appropriate, with Management the Group's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.
- 1.3 Review the IT governance and cyber security framework to ascertain alignment with business strategy and Group risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are

well-supported with adequate measures to safeguard corporate information, operating assets and effectively monitor the performance, quality and integrity of IT service delivery.

- 1.4 Receive and review quarterly reports from Management on the Group's risk profile and major risk exposures and the steps taken to monitor, control and mitigate such risks, to ensure that such risks are managed within acceptable levels.
- 1.5 Review the Group's risk management capabilities to identify capacity, resourcing, system, training, communication channels, as well as competencies in identifying and managing new risk types.
- 1.6 Receive and review updates from Management to assess the adequacy and effectiveness of the Group's compliance framework in line with relevant laws, regulations and best practices.
- 1.7 Through interactions with the Compliance Lead, who has a direct reporting line to the Committee, review and oversee performance of the Group's implementation of compliance programmes.
- 1.8 Review and monitor the Group's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.
- 1.9 Review the adequacy, effectiveness and independence of the Group's Risk and Compliance function, at least annually, and report the Committee's assessment to the Board.
- 1.10 Review and monitor Management's responsiveness to the risks and matters identified, and recommendations of the Group Risk and Compliance function.
- 1.11 Provide timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
- 1.12 Review Management's proposals in respect of strategic transactions and new risk-focused products, focusing on the risk and compliance aspects and implications of the proposed action for the risk tolerance of the Group, and make recommendations to the Board.



Keppel's Board Safety Committee regularly conducts site visits to the Group's projects such as The Garden Residences in Singapore.

- 1.13 Review the assurance and steps taken by the CEO and other key management personnel for their relevant areas of responsibilities, regarding the adequacy and effectiveness of the Group's risk management system.
- 1.14 Review and report to the Board annually on the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and IT controls.
- 1.15 a. Review the Board's comment on the adequacy and effectiveness of the Group's risk management systems and state whether it concurs with the Board's comments; and
  - b. Where there are material weaknesses identified in the Group's risk management systems, to consider and recommend the necessary steps to be taken to address them.
- 1.16 Ensure that the Head of Group Risk and Compliance function has direct and unrestricted access to the Chairman of the Committee.
- 1.17 Perform such other functions as the Board may determine.
- 1.18 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.

- 1.19 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

**C. Nominating Committee**

- 1.1 Recommend to the Board the appointment/re-appointment of directors.
- 1.2 Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
- 1.3 Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the NC should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his/her first appointment.
- 1.4 Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his/her duties as director of the Company.
- 1.5 Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess

the effectiveness of the Board as a whole and the contribution of each director.

- 1.6 Annual assessment of the effectiveness of the Board as a whole and individual directors.
- 1.7 Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
- 1.8 Review talent development plans.
- 1.9 Review the training and professional development programmes for Board members.
- 1.10 Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:

- i. listed on the SGX or any other stock exchange;
- ii. managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the SGX or any other stock exchange; and
- iii. parent companies of the Company's core businesses which are unlisted.

- 1.11 Report to the Board on material matters and recommendations.
- 1.12 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.13 Perform such other functions as the Board may determine.
- 1.14 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this Committee may deem fit.

**D. Remuneration Committee**

- 1.1 Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel.
- 1.2 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 clauses are fair and reasonable and not overly generous.

- 1.3 Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes).
- 1.4 Administer the Company's employee share option scheme (the "KCL Share Option Scheme"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Option Scheme and KCL Share Plans.
- 1.5 Report to the Board on material matters and recommendations.
- 1.6 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.7 Perform such other functions as the Board may determine.
- 1.8 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Committee may deem fit.
- Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him/her.
- E. Board Safety Committee**
- 1.1 Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operation and performance across the Group.
- 1.2 Monitor HSE performance of the Group companies, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement, where appropriate, to ensure a robust HSE management system is maintained.
- 1.3 Structure an audit programme of Group companies' HSE management programmes to verify effectiveness and use its resources to lead the execution of such audits, drawing additional resources from the line where needed.
- 1.4 Ensure a process is in place to have fatalities and other major incidents investigated by an independent and competent team.
- 1.5 Review serious accident and near miss incident investigation reports in a timely manner to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
- 1.6 Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum and review any emerging or new legislations that may potentially impact the Group company.
- 1.7 Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
- 1.8 Introduce actions to enhance safety awareness and culture within the Group.
- 1.9 Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organisation.
- 1.10 Review the major changes to HSE risk profile of each Group company that has changed or will change as a result of new business, new market, new product, etc. and the steps taken to monitor, control and mitigate such risks.
- 1.11 Consider management's proposals on safety-related matters.
- 1.12 Carry out such investigations into safety-related matters as the Committee deems fit.

## MEMBERSHIP ON BOARD COMMITTEES

Director	Committee Membership				
	Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	–	Member	Member	–	Member
Loh Chin Hua	–	–	–	–	Member
Tow Heng Tan <sup>1</sup>	–	Member	Member	Member	–
Alvin Yeo	Member	Member	–	–	–
Tan Ek Kia	Member	–	–	Member	Chairman
Danny Teoh	Chairman	–	Member	Member	–
Tan Puay Chiang <sup>2</sup>	–	Chairman	–	Member	Member
Till Vestring	–	Member	Chairman	–	–
Veronica Eng	Member	–	–	Chairman	–
Jean-François Manzoni <sup>3</sup>	–	Chairman	–	Member	–
Teo Siong Seng <sup>4</sup>	–	–	Member	–	Member
Tham Sai Choy <sup>5</sup>	Member	–	–	Member	–
Penny Goh <sup>6</sup>	Member	–	–	Member	–

### Notes:

- <sup>1</sup> Mr Tow Heng Tan ceased to be a non-executive and non-independent director with effect from 1 November 2019, and concurrently ceased to be a member of the Nominating Committee, Remuneration Committee and Board Risk Committee.
- <sup>2</sup> Mr Tan Puay Chiang ceased to be a non-executive and independent director with effect from 1 November 2019, and concurrently ceased to be the Chairman of the Nominating Committee and a member of the Board Safety Committee. Mr Tan ceased to be a member of the Board Risk Committee with effect from 2 January 2019.
- <sup>3</sup> Prof Jean-François Manzoni was appointed as a member of the Board Risk Committee on 2 January 2019, and Chairman of the Nominating Committee with effect from 1 November 2019.
- <sup>4</sup> Mr Teo Siong Seng was appointed to the Board as a non-executive and independent director with effect from 1 November 2019, and was appointed as a member of the Remuneration Committee and Board Safety Committee with effect from 1 February 2020.
- <sup>5</sup> Mr Tham Sai Choy was appointed to the Board as a non-executive and independent director with effect from 1 November 2019, and was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.
- <sup>6</sup> Mrs Penny Goh was appointed to the Board as a non-executive and independent director with effect from 2 January 2020, and was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.

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- 1.13 Report to the Board on material matters, findings and recommendations.
- 1.14 Perform such other functions as the Board may determine.
- 1.15 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

**BOARD ASSESSMENT****Evaluation Processes****Board**

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the IC prepares a consolidated report and briefs the NC Chairman and the Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

**Board Committees**

Each member of a board committee is required to complete a Board Committee Questionnaire and send the Questionnaire directly to the IC within five working days. Based on the returns from each of the members of a board committee, the IC prepares a consolidated report and briefs the Chairmen of the respective board committees.

**Individual Directors**

The Board differentiates the assessment of an executive director from that of an NED.

In the case of the assessment of the executive director, each NED is required to complete the executive director's assessment form and send the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self, nor a peer assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion. The NC Chairman will, in consultation with the Board Chairman,

thereafter meet with the executive director, where necessary, to provide feedback to the executive director on his board performance with a view to improving his board performance and shareholder value.

As for the assessment of the performance of the NEDs, each director (both NEDs and executive director) is required to complete the NED's assessment form and send the form directly to the IC within five working days. Each NED is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion at a meeting of the NEDs. The NC Chairman will, in consultation with the Board Chairman, thereafter meet with the NEDs individually, where necessary, to provide feedback to the NEDs on their respective board performance with a view to improving their board performance and shareholder value.

**Chairman**

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion.

**PERFORMANCE CRITERIA**

The performance criteria for the board evaluation are in respect of the board size, board and board committee composition, board independence, board processes, board information and accountability, standards of conduct, board performance in relation to discharging its principal functions and ensuring the integrity and quality of financial reporting to stakeholders and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The performance criteria for the board committee evaluation are in respect of the committee size and composition, meeting frequency and procedures, training and resources, and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The executive director's performance criteria are categorised into four segments namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and is responsive to comments raised by the Board are taken into account); (2) knowledge (under which factors as to the director's

industry and business knowledge, whether he provides valuable inputs, his understanding of finance and accounts, and his knowledge of the Company and its strategies are taken into consideration); (3) director's duties (under which factors as to whether the director provides insights on the Company's day-to-day operation, whether the director takes his role of director seriously and works to further improve his own performance, whether the director listens and discusses objectively, whether the director provides management's view without undermining management accountability and whether he assists to inform NEDs of pertinent issues or developments are taken into consideration); and (4) availability (under which the director's attendance at Board and board committee meetings, whether he is available when needed, and his informal contribution via email, telephone, written notes etc. are considered).

The NED's performance criteria are categorised into four segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he/she provides valuable inputs, his/her ability to analyse, communicate and contribute to the productivity of meetings, and his/her understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his/her role of director seriously and works to further improve his/her own performance, whether he/she listens and discusses objectively and exercises independent judgment, meeting preparation and whether he/she constructively challenges management and helps to develop proposals on strategy are taken into consideration); and (4) availability (under which the director's attendance at Board and board committee meetings, whether he/she is available when needed, and his/her informal contribution via email, telephone, written notes etc. are considered).

The assessment of the Chairman of the Board is based on, among others, his leadership, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guided discussions

effectively so that there was timely resolution of issues, whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, whether he encouraged constructive relations between Board and management and between directors, whether he ensured constructive dialogue with shareholders and other stakeholders, whether he promoted high standards of corporate governance, and set the right ethical and behavioural tone, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

### KEPPEL WHISTLE-BLOWER POLICY

Keppel Whistle-Blower Policy (the "Policy") took effect on 1 September 2004 and was enhanced on 15 February 2017 and 1 May 2019 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined and centralised processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his/her work (whether or not the act is within the scope of his/her employment) which in the view of a whistle-blower acting in good faith, is:

- a. dishonest, including but not limited to theft or misuse of resources within the Group;
- b. fraudulent;
- c. corrupt;
- d. illegal;
- e. other serious improper conduct;
- f. an unsafe work practice; or
- g. any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he/she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he/she subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have

occurred if he/she did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and oversight of ongoing compliance with the Policy. She reports directly to the AC Chairman on all matters arising under the Policy.

### REPORTING MECHANISM

The Policy emphasises that the role of the whistle-blower is as a reporting party, and that whistle-blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he/she may make the report directly to the Receiving Officer or the AC Chairman.

Other whistle-blowers may report a suspected Reportable Conduct directly to the Receiving Officer or the AC Chairman, or via the whistle-blower reporting channels that the Group has established. There is an email hotline ([kpmgethicsline@kpmg.com](mailto:kpmgethicsline@kpmg.com)) and local toll-free numbers in Singapore, Brazil, China, USA, Vietnam, Indonesia, Philippines, Australia, UK and Germany. Manning of the whistle-blower hotline has been outsourced to a third party (KPMG) and provides for reporting in the languages listed above. KPMG also maintains the aforementioned email hotline and an online portal, the link to which is available on the "Contact Us" section of the Company's website at [www.keppcorp.com](http://www.keppcorp.com).

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

### INVESTIGATION

Every Protected Report (referring to a report made in good faith that discloses suspected Reportable Conduct) received will be assessed by the Receiving Officer, who will review the information disclosed, interview the whistle-blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make

recommendations to the AC Chairman as to whether the circumstances warrant an investigation. If the AC Chairman or the AC (if the AC Chairman consults the other AC members), determines that an investigation should be carried out, the AC Chairman or the AC (as the case may be) shall determine the appropriate investigative process to be employed and the corrective or remedial actions (if any) to be taken. The AC Chairman and the Investigation Advisory Committee (if consulted) will use their respective best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. The Investigation Advisory Committee (comprising of representatives from each of the Group Human Resources, Group Legal and Group Risk & Compliance departments), or such other representatives as the AC may determine) assists the AC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of whistle-blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

### NO REPRISAL

No person will be subject to any reprisal for having made a report in good faith in accordance with the Policy or having participated in the investigation.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the whistle-blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he/she has cooperated as a whistle-blower or a witness in determining the suitable disciplinary measure to be taken against him/her.

## GOVERNANCE

### CORPORATE GOVERNANCE

#### APPENDIX 2

##### Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Company is seeking re-election by shareholders at the AGM to be held in 2020 is set out below.

Name of Director	Danny Teoh	Veronica Eng	Till Vestring
Date of Appointment	1 October 2010	1 July 2015	16 February 2015
Date of last re-appointment (if applicable)	21 April 2017	20 April 2018	21 April 2017
Age	64	66	56
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the re-nomination and re-election of Directors to the Board, is set out on page 78 of this Annual Report.		
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director; Audit Committee (Chairman); Remuneration Committee (Member); Board Risk Committee (Member)	Non-Executive and Independent Director; Board Risk Committee (Chairman); Audit Committee (Member)	Non-Executive and Independent Director; Remuneration Committee (Chairman); Nominating Committee (Member)
Professional qualifications	Associate member of the Institute of Chartered Accountants in England & Wales	Bachelor of Business Administration (First Class Honours), University of Singapore	Master of Economics, University of Bonn, Germany; Master of Business Administration, Haas School of Business, University of California, Berkeley
Working experience and occupation(s) during the past 10 years	Managing Partner, KPMG LLP, Singapore (2005 to 2010)	Founding Partner of Permira (1985 to 2015) and Professor (Practice), NUS Business School	Advisory Partner, Bain & Company Southeast Asia
Shareholding interest in the listed issuer and its subsidiaries	83,825 (direct interests)	28,000 (direct interests)	81,000 (direct interests)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships - Past (for the last 5 years)	CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust); JTC Corporation; Ascendas - Singbridge Pte. Ltd.; DBS Bank (China) Limited; Changi Airport Group (Singapore) Pte Ltd	Nil	Singapore Chinese Orchestra Company Limited
Other Principal Commitments including Directorships - Present	DBS Group Holdings Ltd; M1 Limited (Chairman); DBS Bank Ltd; DBS Foundation Ltd; DBS Bank (Taiwan) Ltd	Keppel Capital Holdings Pte. Ltd.; Professor (Practice), NUS Business School	Inchcape plc; Leap Philanthropy Ltd; Banteasy Srey Development Limited; Advisory Partner, Bain & Company Southeast Asia

<b>Name of Director</b>	<b>Teo Siong Seng</b>	<b>Tham Sai Choy</b>	<b>Penny Goh</b>
Date of Appointment	1 November 2019	1 November 2019	1 January 2020
Date of last re-appointment (if applicable)	N.A.	N.A.	N.A.
Age	65	60	67
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the re-nomination and re-election of Directors to the Board, is set out on page 78 of this Annual Report.		
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director; Remuneration Committee (Member); Board Safety Committee (Member)	Non-Executive and Independent Director; Audit Committee (Member); Board Risk Committee (Member)	Non-Executive and Independent Director; Audit Committee (Member); Board Risk Committee (Member)
Professional qualifications	Degree (First Class Honours) in Naval Architecture and Ocean Engineering from the University of Glasgow, UK	Bachelor of Arts (Honours) in Economics, University of Leeds, UK; Fellow of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England and Wales	Bachelor of Law (Honours), University of Singapore
Working experience and occupation(s) during the past 10 years	Nil	Partner, KPMG in Singapore including the following roles: Head of Corporate Finance (2000 to 2005); Head of Audit (2005 to 2010); Managing Partner (2010 to 2016); Head of Audit, KPMG in Asia Pacific (2007 to 2010); Chairman, KPMG in Asia Pacific (2013 to 2017)	Co-Chairman and Senior Partner, Allen & Gledhill LLP (2017 to 2019); Partner, Allen & Gledhill LLP (Prior to 2017)
Shareholding interest in the listed issuer and its subsidiaries	Nil	155,570 (direct interests)	30,000 (direct interests)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships - Past (for the last 5 years)	The Standard Club Asia Pte Ltd; Singapore Maritime Institute; China Shipping Container Lines Co., Ltd	Singapore Accountancy Commission; KPMG Group of Companies	Nil
Other Principal Commitments including Directorships - Present	Singamas Container Holdings Ltd. (Executive Chairman/Chief Executive Officer); COSCO Shipping Holding Co., Ltd.; COSCO Shipping Energy Transportation Co., Ltd.; Wilmar International Limited; Pacific International Lines (Pte) Ltd (Executive Chairman/Managing Director); Singapore Business Federation (Chairman); Singapore Chinese Chamber of Commerce & Industry (Honorary President); Business China (Director); Enterprise Singapore (Board Member); The United Republic of Tanzania in Singapore (Honorary Consul)	DBS Group Holdings Limited; DBS Bank Ltd.; DBS Bank (China) Limited; EM Services Pte Ltd (Chairman); Keppel Offshore & Marine Ltd; Mount Alvernia Hospital; Singapore International Arbitration Centre; Singapore Institute of Directors (Chairman); Accounting and Corporate Regulatory Authority; Housing and Development Board; Nanyang Polytechnic	Allen & Gledhill LLP (Senior Adviser); Keppel REIT Management Limited (the Manager of Keppel REIT) (Chairman); Mapletree Logistics Trust Management Ltd (the Manager of Mapletree Logistics Trust) (Up to March 2020); HSBC Bank (Singapore) Limited

## CORPORATE GOVERNANCE

## APPENDIX 2

## Rule 720(6) of the Listing Manual of the SGX-ST

Name of Director	Danny Teoh	Veronica Eng	Till Vestring
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c. Whether there is any unsatisfied judgment against him?	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere;	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes
If yes, please provide details of prior experience.	Please see above in relation to <i>Other Principal Commitments including Directorships (both Past and Present)</i>		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).			

Name of Director	Teo Siong Seng	Tham Sai Choy	Penny Goh
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c. Whether there is any unsatisfied judgment against him?	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere;	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes
If yes, please provide details of prior experience.	Please see above in relation to <i>Other Principal Commitments including Directorships (both Past and Present)</i>		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).			

**CORPORATE GOVERNANCE**

**APPENDIX 3**

**Summary of Disclosures of 2018 CG Code**

Rule 710 of the SGX Listing Manual requires Singapore-listed companies to describe their corporate governance practices with specific reference to the 2018 CG Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 CG Code.

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<b>BOARD MATTERS</b>	
<b>The Board's Conduct of Affairs</b>	
<b>Principle 1</b>	
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Provision 1.2	Page 77
Provision 1.3	Page 75
Provision 1.4	Pages 77 to 92 and 95 to 98
Provision 1.5	Pages 76, 80 and 81
Provision 1.6	Pages 76 and 77
Provision 1.7	Pages 76 and 77
<b>Board Composition and Guidance</b>	
<b>Principle 2</b>	
Provision 2.1	Pages 76, 79 and 80
Provision 2.2	Pages 76, 79 and 80
Provision 2.3	Pages 76, 79 and 80
Provision 2.4	Pages 76, 79 and 80
Provision 2.5	Pages 76, 79 and 80
<b>Chairman and Chief Executive Officer</b>	
<b>Principle 3</b>	
Provision 3.1	Page 74
Provision 3.2	Page 74
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<b>Board Membership</b>	
<b>Principle 4</b>	
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Provision 4.2	Pages 77 to 81
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Provision 4.4	Pages 77 to 81
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<b>Board Performance</b>	
<b>Principle 5</b>	
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<b>REMUNERATION MATTERS</b>	
<b>Procedures for Developing Remuneration Policies</b>	
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<b>Level and Mix of Remuneration</b>	
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## APPENDIX 3

### Summary of Disclosures of 2018 CG Code

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<b>Principle 8</b>	
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Provision 8.3	Pages 82 to 84
<b>ACCOUNTABILITY AND AUDIT</b>	
<b>Risk Management and Internal Controls</b>	
<b>Principle 9</b>	
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<b>Audit Committee</b>	
<b>Principle 10</b>	
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<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>	
<b>Shareholder Rights and Conduct of General Meetings</b>	
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<b>Engagement with Shareholders</b>	
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<b>MANAGING STAKEHOLDER RELATIONSHIPS</b>	
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