

SGX Corporate Governance Code Disclosure Survey Report

Conducted by KPMG in Singapore
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Singapore Exchange



CONTENTS

1. EXECUTIVE SUMMARY	04
1.1. CG Pillars	05
1.2. Compliance with the Code of Corporate Governance: Survey of Directors	05
2. OVERVIEW OF METHODOLOGY	06
2.1. About this research	07
3. PILLAR 1: BOARD MATTERS	08
3.1. Key Findings (Disclosure Review)	08
3.2. Pillar 1: Board Matters (Overview)	10
3.3. Observations	10
3.4. Considerations	13
3.5. Conclusion	22
4. PILLAR 2: REMUNERATION MATTERS	24
4.1. Key Findings (Disclosure Review)	24
4.2. Pillar 2: Remuneration Matters (Overview)	25
4.3. Observations	25
4.4. Considerations	26
4.5. Conclusion	33
5. PILLAR 3: ACCOUNTABILITY AND AUDIT	34
5.1. Key Findings (Disclosure Review)	34
5.2. Pillar 3: Accountability and Audit (Overview)	36
5.3. Observations	36
5.4. Considerations	42
5.5. Conclusion	43
6. PILLAR 4: SHAREHOLDER RIGHTS AND ENGAGEMENT	44
6.1. Key Findings (Disclosure Review)	44
6.2. Pillar 4: Shareholder Rights and Engagement (Overview)	45
6.3. Observations	45
6.4. Considerations	48
6.5. Conclusions	50
7. PILLAR 5: MANAGING STAKEHOLDER RELATIONSHIPS	51
7.1. Key Findings (Disclosure Review)	51
7.2. Pillar 5: Managing Stakeholder Relationships (Overview)	51
7.3. Observations	52
7.4. Considerations	52
7.5. Conclusions	54

8. APPENDIX 1: OVERVIEW OF METHODOLOGY	55
9. APPENDIX 2: ADDITIONAL STATISTICS FROM DISCLOSURE REVIEW	56
9.1. Percentage of companies who made disclosures (Presence)	56
9.2. Disclosure quality by percentage of companies	63
10. APPENDIX 3: SOME EXAMPLES OF LEADING DISCLOSURES	70
10.1. Board renewal and Tenure policy	70
10.2. Board Skills Matrix	71
10.3. Board diversity policy with reference to progress	73
10.4. Remuneration report with description of practices	74
10.5. Remuneration framework	75
10.6. Full disclosure of remuneration of Directors, including CEO (names redacted)	75
10.7. Full disclosure of remuneration of KMPs (names redacted)	76
10.8. Risk governance and Risk governance structure	76
10.9. Types of risks and mitigation plans	77
10.10. ERM framework	78
10.11. Investor and Media relations	79
11. APPENDIX 4: OPEN ENDED REMARKS FROM DIRECTORS SURVEY	80
11.1. Board diversity	80
11.2. Board Composition	80
11.3. Directors' independence	81
11.4. Two-tier voting	81
11.5. Reasons for putting directors through 2-tier vote	82
11.6. Reasons for not engaging a remuneration consultant	82
11.7. Benefits to using non-financial KPIs in determining the remuneration	83
11.8. Reasons for not disclosing more information on remuneration practices	83

1. EXECUTIVE SUMMARY

This is the second review of the Code of Corporate Governance (CG Code) disclosures of Mainboard companies by Singapore Exchange (SGX) and is part of our initiatives to work with companies and the industry to raise governance standards.

The objective of the study was to identify the extent to which corporate governance disclosures were present (either a positive or negative statement) and of good quality (the disclosure, including explanations for alternative practices, provides forthcoming and meaningful information to enable the reader to understand the practices adopted by the company) in relation to the key requirements specified in the CG Code, the SGX Disclosure Guide and the SGX Listing Rule 1207 (10).

Disclosures on each of the 55 requirements¹ were evaluated in this review based on whether the disclosure was present, which would account for one-third of the score, and the quality of the disclosure if present, which would carry two-thirds of the score. The heavier weightage awarded to the quality of disclosures reflects the focus of this review on evaluating the overall quality of disclosures, rather than only whether disclosures are present.

The review of 585 companies² CG Code disclosures was independently carried out by KPMG. Disclosures in the annual reports of companies with financial years ended from 1 July 2020 to 30 June 2021 were reviewed in the study. Findings of the review are presented here on a statistical no-name basis.

The total score of each company is presented as a percentage of the maximum possible score for all 55 requirements. The highest score achieved by a company in this study was 91%, while the lowest was 20%.

The study found companies' scores are evenly distributed around the 73% average (median is also 73%) where:

- 75% of companies scored above 70% (including 25 companies that scored between 80-90%)
- 25% of companies (144 in total) scored between 50% to 70%; and
- Less than 1% of companies (4 companies in total) scored below 50% (Figure 1).

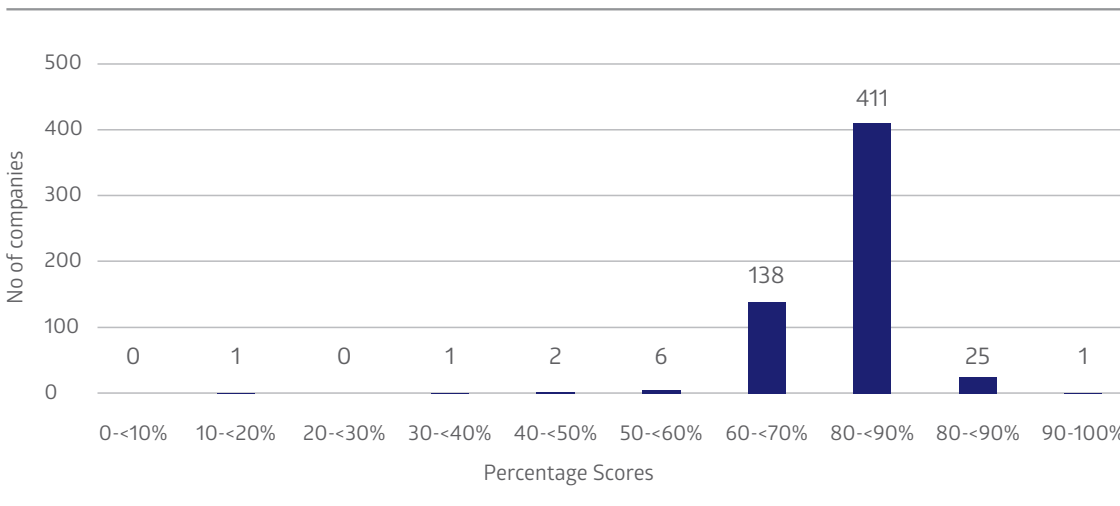


Figure 1: Distribution of total scores (All companies).

¹ The term 'requirements' is used to collectively refer to the provisions, recommendations and requirements found within the Code, Practice guidances and parts of SGX Listing Rules.

² The study excluded Exchange Traded Funds, Secondary listings and companies that the researchers were unable to be analysed (e.g. delisted, no annual report, change in financial year end).

Comparing the results to 2016 study, which reviewed disclosures of Mainboard-listed companies for compliance with the 2012 version of the Code of Corporate Governance (Code) (2012 Code), there has been improvements of scores. However, given that the 2012 Code used in 2016 study comprises of more guidelines, this improvement may possibly be attributed to principles underpinning the 2018 Code being generally more straightforward.

1.1. CG Pillars

The review also showed that companies achieved average scores of more than 70% across four of the five CG Code pillars. Disclosures on Shareholder rights and Engagement were however scored lower across small- and mid-cap companies regardless of their market capitalisation. The average score for large-cap companies was 75%, compared with 73% for mid-cap companies and 72% for small-cap companies (Figure 2). The median scores were 75%, 74%, 73% respectively.

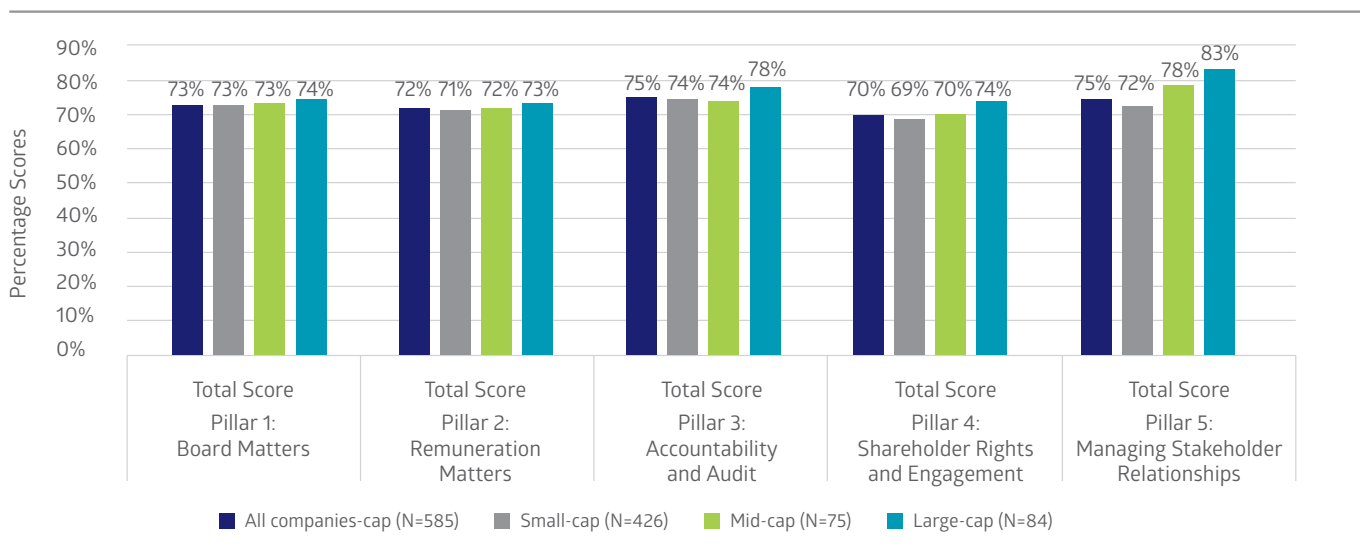


Figure 2: Percentage Scores by Pillar across Market Capitalisation Categories.

1.2. Compliance with the Code of Corporate Governance: Survey of Directors

In addition to the review, a separate survey was sent out by SGX RegCo, which seeks to understand directors' understanding of and mindset towards the Code. Focus was placed on the 5 focus areas as identified by SGX. Approximately 2,150 directors were invited to provide their inputs. The survey was administered from 1 March 2022 to 15 April 2022 and a total of 474 responses were recorded. The results of the survey are interpreted along with the disclosures.

The streamlined Code has made it easier for companies to comply with the Code. As such the results of the review showed that there is improvement in terms of the presence of provisions. However, it is noted that the standard of disclosures can be improved if companies provide more forthcoming disclosures. As with the previous study, there are several outstanding disclosures which contained either a comprehensive description of existing practices or a meaningful explanation where alternative practices have been adopted. However generally, disclosures could be more meaningful.

Directors are expected to fulfil his/her fiduciary duties towards the organisations they serve. There is a growing public expectation that directors should play an active role in instilling a culture of acting lawfully, ethically, and responsibly by taking account of the interests of stakeholder groups, including non-shareholders. In that sense, directors also have a duty of disclosure, and that is to ensure that the relationship between the board's governance decisions and the company's business goals are well understood by all stakeholders.

SGX will use the findings to work with the relevant companies which need improvement i.e. those with poor disclosures or provide no explanation for deviation to address areas they can improve in.



2. OVERVIEW OF METHODOLOGY

The objective of the study was to identify the extent to which corporate governance disclosures were present (either a positive or negative statement) and of good quality (the disclosure, including explanations for alternative practices, provides forthcoming and meaningful information to enable the reader to understand the practices adopted by the company) in relation to the key requirements specified in the CG Code, and relevant SGX Listing Rules.

The total number of requirements assessed was 55, which included 51 Provisions from the CG Code, as well as new requirements such as the need for first-time directors to undergo training in the roles and responsibilities, the requirement for companies to set up an IA function, Audit committee's comment on whether the internal audit function is independent, effective and adequately resourced, and the requirement for the board to provide an opinion on the adequacy of internal controls.

Disclosures on each requirement were evaluated based on whether the disclosure was present, which would account for one-third of the score, and the quality of the disclosure if present, which would carry two-thirds of the score. The heavier weightage awarded to the quality of disclosures reflects the focus of this review on evaluating the overall quality of disclosures, rather than only whether disclosures are present.

The review of companies' CG Code disclosures was independently carried out by KPMG. The study relied on publicly available information contained in the Annual Reports and disclosures in the annual reports of companies with financial years ended from 1 July 2020 to 30 June 2021 were reviewed in the study. It did not involve reviewing the underlying processes that companies have implemented to satisfy the requirements. Where referenced in the annual report, disclosures on a company's website were also reviewed. Findings of the review are presented here on a statistical no-name basis.

A total of 585 Mainboard- and Catalist-listed companies were identified as in scope during this period. The study excluded Exchange Traded Funds, Secondary listings and companies unable to be analysed (e.g. delisted, no annual report, change in financial year end).

The study contains some qualitative assessments in classifying the extent to which the disclosures were forthcoming in nature. While efforts were made to standardise the assessments and calibrations across companies, there was an element of subjectivity and interpretation which may impact the results.

2.1. About this research

A total of 585 companies with financial years ended from 1 July 2020 to 30 June 2021 were included in this study. Besides their annual reports, the researchers also reviewed relevant announcements as well as their sustainability reports.

Companies with market value exceeding S\$1 billion were regarded as large-capitalisation companies for the purpose of this study. Such companies made up 14% of the 585 companies reviewed. Mid-cap companies – or those with market value of S\$300 million to S\$1 billion – comprised 13% of companies while the remaining 73% of companies were described as small-cap companies. Mainboard listed companies made up 66% of the companies reviewed, while Catalist made up the remaining 34%.

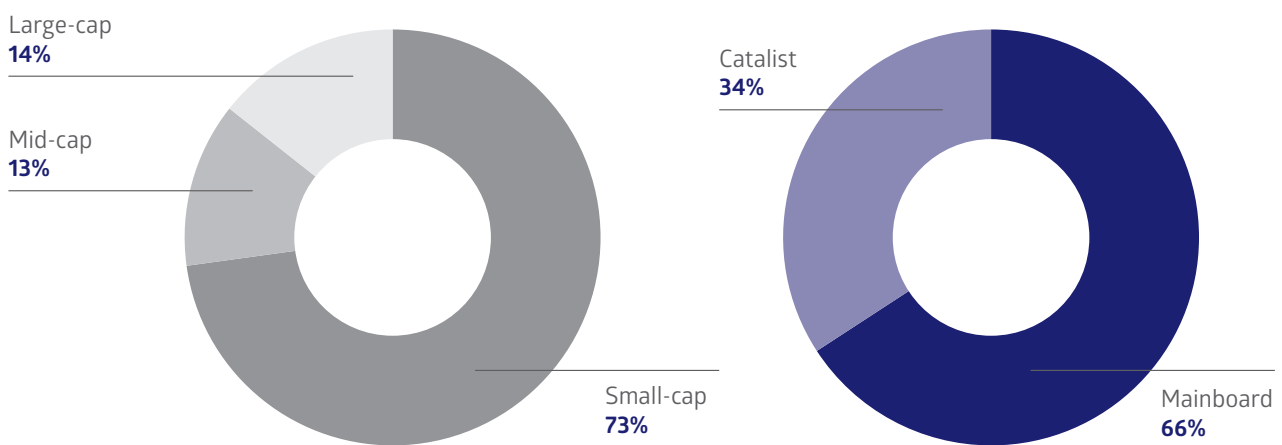


Figure 3: Distribution of companies by Market Cap and by Mainboard and Catalist.

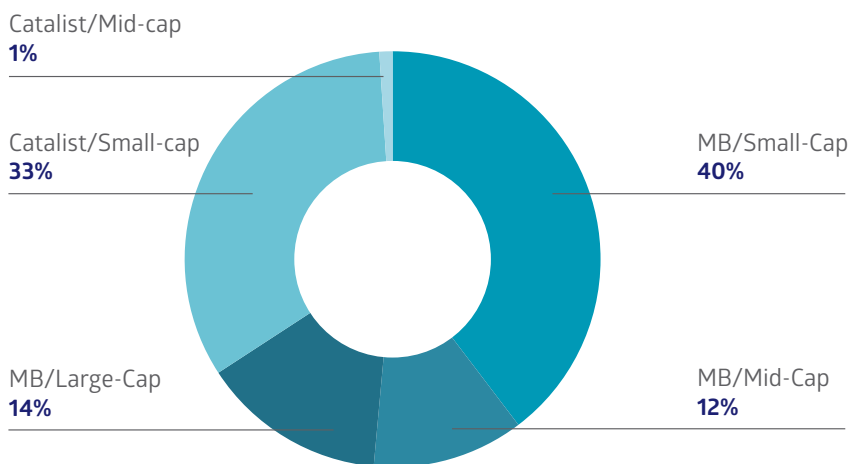


Figure 4: Market cap distribution within Mainboard and Catalist.

3. PILLAR 1: BOARD MATTERS

3.1. Key Findings (Disclosure Review)

CG 2018 Provision	Observations
<p>Provision 1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</p>	<p>99% Disclosed the number of meetings of the board and each board committee, plus attendance level of each director at the meetings.</p> <p>19% Disclosed having a policy around multiple directorship.</p> <p>31% Disclosed setting a cap on directorships (average of 6).</p>
<p>Provision 2.3 Non-executive directors make up a majority of the Board.</p>	<p>87% Disclosed that non-executive directors make up a majority of their board.</p> <p>99% Disclosed that they have 1/3 of independent directors on their board.</p>
<p>Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.</p>	<p>41% Disclosed having a Board diversity policy (BDP).</p> <p>80% Of those with BDP have also included 'gender' as a factor in board diversity.</p>
<p>Provision 3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.</p>	<p>24% Have the same individual as both CEO and Board Chairman.</p> <p>67% Disclosed that they did not have an independent chairman.</p>
<p>Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.</p>	<p>64% Disclosed having a Lead Independent Director.</p>

CG 2018 Provision	Observations
<p>Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	<p>52% Said they did not have directors serving beyond 9 years.</p>
<p>Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	<p>99% said that the nominating committee (NC) recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole.</p> <p>94% said that the NC reviews the contribution of each director to the board.</p>

3.2. Pillar 1: Board Matters (Overview)

Pillar 1 sets out the important aspects of establishing a strong and independent board comprising directors with a range of skills and experience to meet the needs of the company.

We found that for Pillar 1 disclosures 431, or 74% of, listed companies surveyed achieved a score of 70% and above for their disclosures (Figure 5). The average score for this pillar is 73% while median score is 74%.

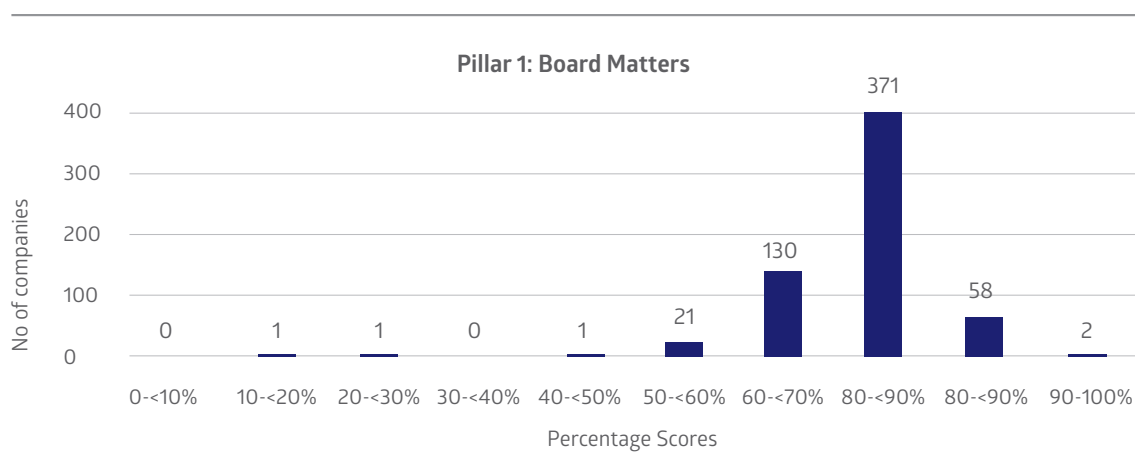


Figure 5: Distribution of Percentage Scores for Pillar 1: Board Matters.

3.3. Observations

Disclosures on board, board composition and board meetings were mostly comprehensive. Almost all companies disclosed that the board meets regularly and provided details on the number of meetings of the board and each board committee, together with the attendance level of each director at the meetings.

The average number of board meetings held is 4. 36% of companies disclosed having less than 4 board meetings, while 31% held 5 and more board meetings. The minimum no. of meetings held is 1 while the maximum is 27. Most companies also mentioned that telephonic and video-conferencing facilities are available for directors to attend the board meetings, especially during the pandemic.

Decision protocols: 90% of companies disclosed that there are typical matters reserved for board's approval, but only 58% provided explicit disclosures around what these matters are. 98% of companies disclosed that management provides their board with adequate and timely information, while 93% said that this information is provided on an on-going basis. Board papers, agendas and other information are usually distributed in advance of meetings. Some companies disclosed that these were provided 1-2 weeks before, while a handful disclosed that directors have the option of receiving electronic materials via a dedicated and secure portal or on tablets provided by the company.

93% of companies have established a Nominating/Nomination Committee (NC) while 41% have a combined Nominating and Remuneration Committee (NRC). One company disclosed that they did not have a NC, and that the Board undertakes the duty of the NC. Less than 10 companies (all REITS) did not have a NC or RC.

From the disclosures, the average size of board is 6 (median number is 6), with the maximum number of board members being 17, and minimum being 2. The average and median number of sub-committees is 3, with 1 being the minimum number of committees set up and 8 being the maximum.

The average number of meetings held by NC/NRC is 1. 69% of companies with NC/NC reported holding at least 1 meeting. 9% of companies said their NC/NRC held 3 meetings and more than in the year. One company did not disclose the number of meetings held by their committees without providing more details.

Based on disclosures from annual reports, 9% of companies disclosed having a board comprising wholly of Non-Executive Directors (NEDs) while 79% of companies disclosed having majority NEDs on their Boards. 99% of companies disclosed that at least one-third of their boards comprise independent directors (ID). 33% of companies disclosed having an independent board chairman while 24% of companies have the same individual occupying both Chair and CEO roles.

3.3.1. Directorships

In terms of demographics, there were a total of 3770 director seats. The breakdown of the proportion of Executive Directors (ED), NEDs and IDs is as follow:

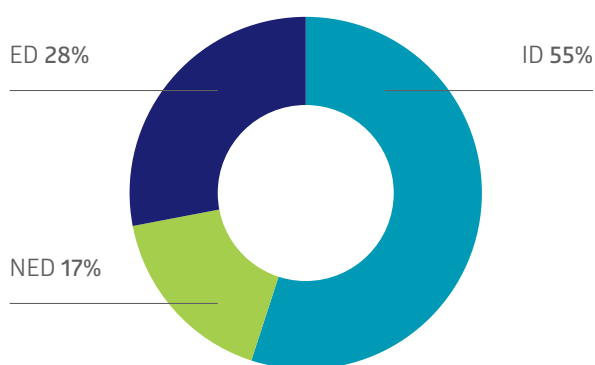


Figure 6: Proportion of directors by types of directorship (from disclosure reviews).

The age of the youngest director disclosed in annual reports is 26, while the age of the oldest director was 98 years old (note that director has since retired). The average age of director, from the disclosure review, is 59 years old with majority of directors aged between 60-69 years old. The median age is 60 years old. The distribution of directors' ages is as follow:

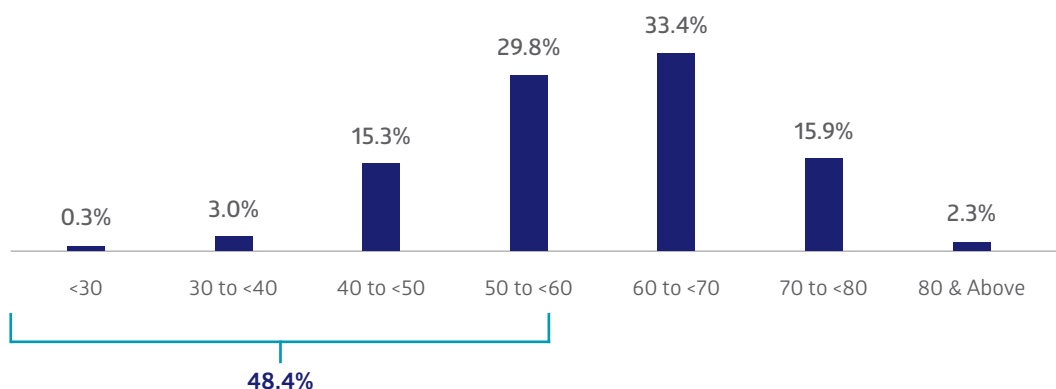


Figure 7: Distribution of age of directors (from disclosure reviews).

Approximately 13% of director seats are occupied by a female director. At the time of review, there were 205 companies with at least 1 female board director, 83 companies with at least 2 female directors, and 36 companies with 3 female directors and more.

99% said that the nominating committee (NC) recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and 94% of each board committee separately. 94% said that the NC reviews the contribution of each director to the board, but only 72% said that the NC reviews the contribution by the Chairman.

96% disclosed in their annual report how the assessments of the Board, its board committees and each director had been conducted but only 70% made a statement as to whether an external facilitator was used.

3.3.2. Multiple board representation

19% of companies disclosed having a formal policy around multiple board representation. In total, 31% of companies disclosed setting a cap on directorships, with 6 directorships being the average limit. About 15 companies disclosed that this cap limit depends on the role. For example, one company said that the maximum number of listed company board representations which any Director of the Company may hold at any point in time is six for directors who do not hold full-time position, and 4 for those directors who have full-time positions in other corporations.

Only a handful companies explained in detail how they had arrived at this cap. For example, one company described that their "... guidelines have taken into account all relevant factors that may have an impact on the directors' contributions and performance which includes the individual director's attendance record at Board and Committee meetings, travelling commitments and the size, scope and complexity of the business activities and operations of the companies or organization in which he or she is a board member or has principal commitments."

The increasing demands of governing large and complex corporates has resulted in the need for directors to dedicate more time to their roles, to sufficiently discharge their duties. As environmental and social issues gain traction, the governance element becomes ever more critical. Companies may wish to disclose their process of evaluating the ability of directors to fulfil their duties, be it in terms of time allocated, or skillset.

3.3.3. Board composition

The CG Code Provision 2.2 recommends that where the board chairman is not independent, at least half of the board must comprise independent directors. The number of companies without an independent chairman has dropped from 78% in the previous review, to 67% in the current review.

Of these 390 companies without an independent Board Chair, 42% had IDs making up 50% or less of the Board. 14% (56 companies) disclosed that IDs make up less than half of their Board, and these are mostly small-cap companies (80%). Another 27% (106 companies) have IDs making up exactly half of the Board, and 81% are small-cap companies.

Companies generally acknowledged and provided an explanation as to why this provision is not met or cited alternative safeguards which are in place to ensure independence. Some examples as provided below:

"As at 30 September 2020, the [COMPANY] Board, which is chaired by a non-independent Chairman, comprises 12 non-executive Directors, of whom six (i.e. half) are independent. While the Company is working towards adjusting its Board composition with a view to complying with Provision 2.2 of the Code, it is cognisant that it is also in the interest of the Group to preserve the balance and mix of skills, experience and knowledge offered by the current Board, which is appropriate for the nature and scope of the Group's current operations. The Board is already entirely made up of non-executive Directors, which serves to reinforce management accountability and which is adequate to ensure that there is an appropriate balance or power within the Board even though independent Directors do not make up a majority."

"As the two (2) Independent Directors on the Board forms less than 50% composition of the Board, Provisions 2.2 and 2.3 of the Code are not satisfied ... the Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision making. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the noncontrolling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. All major decisions made at the Board are unanimous and the Independent Directors have not been out-voted."

However, there are instances where the disclosures are not forthcoming:

“As there is a strong independent element on the Board and given the size of the Board and scale of operations, the Board is of the view that it is not necessary to have majority independent directors in the Board.”

“Although slightly less than half of the Board comprised independent Directors, and 40% of the Board has comprised independent Directors since then, the Company is confident that the two independent Directors have been and are able to more than adequately perform their roles as independent Directors and safeguard the interests of minority shareholders.”

64% (up from previous 58%) of companies appointed a lead independent director. Interestingly, there are 40 companies whose Board Chair were Independent Directors and also Lead IDs. 19 companies with wholly NED boards, have appointed an ID as Chairman.

Separation of the chair and CEO roles increases the board’s independence from management and thus leads to better monitoring and oversight. Around 24% of boards has the same individual taking on both CEO and chair roles, and 94% of these have appointed a Lead ID. 87% of these also have NEDs forming majority of the boards.

3.4. Considerations

3.4.1. Board renewal

Some 96% of companies disclosed that their NCs make recommendations to the Board on succession plans for directors, in particular the appointment and/or replacement of the Chairman. 98% of companies also disclosed that their NC is responsible for evaluating board performance, and board committee performances. However, the disclosures are not as forthcoming. Most companies provide boilerplate statements, with few companies providing details of the assessment process.

Companies may wish to disclose plans for the progressive refreshing of the board. Board succession planning challenges boards to anticipate and plan for their future needs. Newly appointed directors, especially independent directors, can play an important role in the separation of power between the management of the company and can offer new perspectives and challenge old paradigms. It is a continuous process that is regularly considered by the board so that changes in the board composition can be anticipated and planned for in advance.

96% of companies also disclosed the process for the selection of new directors, and the criteria used to identify and evaluate new directors. Such disclosures are quite standard, with a description of the general search criteria, and search channels. Examples are as follow:

“Suitable candidates for Board membership are then identified through, inter alia, recommendations from current Board members, searches conducted by external search consultants or the SID and other referrals.”

“Suitable candidates for Board membership are then identified through, inter alia, recommendations from current Board members, substantial shareholders, management or through third-party referrals. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC and the Board will interview short-listed candidates before discussing and approving the final appointment”

Directors Survey: On board renewal

97% of directors surveyed said that their boards are open to new perspectives and 97% of directors also think that their fellow board directors contribute diverse viewpoints.

71% of directors also said that their boards are concerned about board renewal. When asked about the most common reasons for recruiting new directors, directors said that it is to replace a retiring director (36%), out of strategic necessity (27%) and due to regulatory requirements (19%).

In your view, which of the following reasons are most likely to prompt your board to recruit new directors over the next 3 years? (Select up to 3)

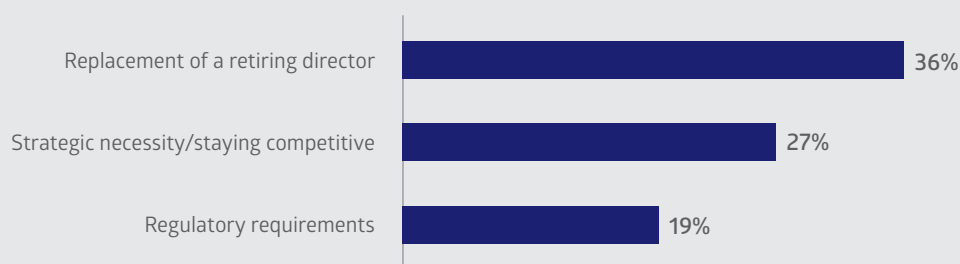


Figure 8: Top 3 reasons for recruiting new directors.

Companies in review generally did not provide robust disclosures of the process of review or assessment of existing Board skills. 17 companies mentioned they have a board skills matrix or use one during the search for new directors, while less than 10 companies provided a Board Skills Matrix in the annual reports. Examples of disclosure as follow:

"A Board Composition Matrix is used to assess whether the core competencies, skills and experiences of a potential candidate complements those of the existing Directors to ensure that as a group, the Board Committees will have the appropriate balance to support the long-term success of the Company."

The skills matrix is a tool to identify gaps in the collective board's skills as well as succession planning. Disclosing the board skills matrix also gives information to stakeholders about board's focus areas and helps to increase the accountability of the board in ensuring it has the skills to discharge its obligations effectively and to add value.

3.4.2. Board diversity

41% of companies in the disclosure review exercise said they had a stated Board Diversity Policy (BDP). Of companies with a BDP, 80% mentioned gender in their considerations, but out of this, 34% did not have female directors on their boards. Some companies did not provide an explanation as to why the provisions were not complied with, while others highlighted that the company remained committed in ensuring diversity.

Board diversity related disclosures are often sketchy. Majority of companies mentioned having a BDP without specifying any targets or without specifying which aspects of diversity are being considered.

Another 35% of companies in the review stated that they did not have any formal BDP. Some went on to explain that their boards are diverse while others mentioned about appointments to boards being based on merit. Some typical disclosures as follow:

“Although the Company has yet to adopt a board diversity policy, the Company has embraced all aspects of diversity in the current Board composition, including gender and age diversity.”

“Although the Company does not have a Board Diversity Policy and has deviated from Provision 2.4, the Board’s existing composition provides a good level of independence and diversity to enable it to make decisions in the best interest of the Group.”

“The Company does not have any gender diversity policy and all appointments and employment are based strictly on merit and not driven by any gender bias.”

“Diversity will be considered in determining the optimum composition of the Board as a whole. The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences, abilities and beliefs for better Board performance.”

Disclosures in relation to board diversity, on average, did not fully reflect the spirit of the Code. While there has been progress made toward gender diversity in the boardroom and companies are moving in the right direction, there is still work to be done.

In December 2021, Singapore Exchange Regulation (SGX RegCo) has made the disclosure of board diversity policies as part of the listing rules for financial years starting in 2022. Similar trends are observed in other markets:

- In June 2022, the European Union (EU) has mandated that listed companies in all 27 EU member states to have women take up at least 40 per cent of non-executive board seats or 33 per cent of all board director roles by mid-2026.³
- From January 1 this year, companies listed in Hong Kong Stock Exchange with single-gender boards have three years to introduce board gender diversity under revised listing rules. Nearly 30% of Hong Kong-listed issuers had no women on their boards as of the end of 2021, according to HKEX.⁴
- In August 2021, Nasdaq stock exchange received approval from the Securities and Exchange Commission to require listed companies to have at least one diverse board member by 2023.⁵

Board diversity is important but focusing on just one form of diversity is not enough. Increasingly, age may become an additional metric to assess board diversity. Due to an impending generational turnover and the search for a broader set of director skills in areas such as digital transformation, cybersecurity, human capital management, and sustainability, the average age of board members is likely to begin to decline.

Amid shifting consumer interests and the challenges of a rapidly changing business environment, boards may wish to disclose and ensure that the diversity of their board reflects their long-term business goals. This also ensures that their company is well-positioned to attract the best individuals to leadership roles in their organisation.

³ <https://www.theguardian.com/business/2022/jun/07/eu-agrees-landmark-40-quota-for-women-on-corporate-boards>

⁴ <https://www.scmp.com/business/article/3165694/women-boards-hong-kong-firms-under-pressure-improve-boardroom-gender>

⁵ <https://www.wsj.com/articles/nasdaq-board-diversity-proposal-faces-sec-decision-11628242202>

Directors Survey: On board diversity

Directors are asked about the most important elements of diversity when considering new directors. According to them, the most important elements of diversity are: Strategic decision-making skills (66%), Analytical skills (55%) and Management skills (53%). Conversely, the least important elements are: Gender (20%), Age (15%) and Human resources experience (11%).

In the recruitment for candidates for the most recent vacancy on your board, how important were the following elements of diversity?



Figure 9: Most and Least important elements of diversity.

Directors Survey: On board diversity

When asked about the greatest impediments to having more gender diversity, close to half said that *“other aspects of diversity are more important than gender”*. Figure 10 below also shows that 22% of directors did not believe that gender diversity leads to better decision making at the board level.

What are the greatest impediments to having more gender diversity at the board level? (Select all that apply)

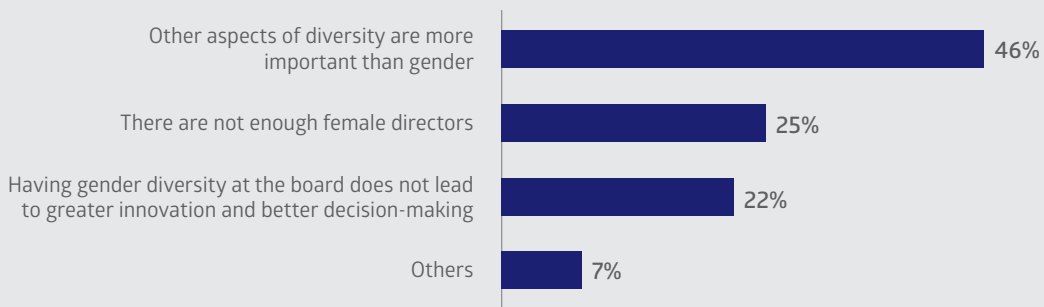


Figure 10: Greatest impediment to more board gender diversity.

Only 26% of directors support a binding quotas/target to improve gender diversity. Of those who support the quotas, they believe it should be set at 36% of females on board.

Do you support binding quotas/targets to improve gender diversity on boards?

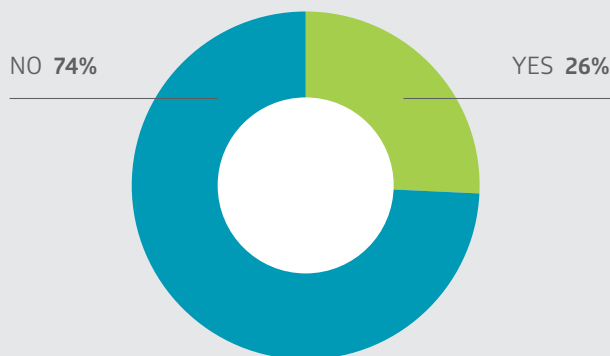


Figure 11: Whether directors support binding quotas/targets to improve gender diversity on boards.

3.4.3. Independence and two-tier vote

The mandatory two-tier voting under the SGX rulebook for IDs who have served more than nine years comes into effect in January 2022. Under SGX Listing Rule 210(5)(d)(iii), the continued appointment of an ID who has served more than 9 years must be put to a “two-tier” vote, with separate resolutions to be voted on by (a) all shareholders; and (b) all shareholders, excluding the directors and the CEO and their associates.

In the disclosure review, approximately 52% of companies disclosed that they did not have board directors serving beyond 9 years. However, companies often highlight directors who would have served beyond 9 years as of January 2022. Most of these disclosures were also accompanied by an explanation as to why the director remained independent with many companies providing lengthy but not so-meaningful disclosures. Companies often mention that the board and Nominating Committee (NC) have reviewed the independence of the director in character and judgement and deemed them independent. But very few companies provided details on the process used to form their conclusion. An example as follows:

After due consideration and with the concurrence of the NC, the Board is of the view that [DIRECTOR] has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as an independent director and he does not have any existing business and/or professional relationship whatsoever with [COMPANY] and its officers who could possibly influence his objectivity in discharging his duty as an independent director of the Company. Taking into account the above, the Board has determined that [DIRECTOR] continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. [DIRECTOR] had duly recused himself from the discussion and taking a decision in respect of his own independence. ... In order for [DIRECTOR] to continue as an independent director beyond 1 January 2022, he will accordingly stand for the two-tier vote by the shareholders at the forthcoming Annual General Meeting.

For better quality disclosures, companies may wish to consider disclosing the process by which the Board and/or NC arrive at their decision that a director is independent. Some examples include explaining the process by which annual reviews of director's independence were conducted, reviews of the Board and/or Board committee meeting minutes for instances of where directors actively sought clarifications and explanation, directors' declaration, self-assessment checklist, peer-review questionnaires or even the results of an extensive review by an external consultant.

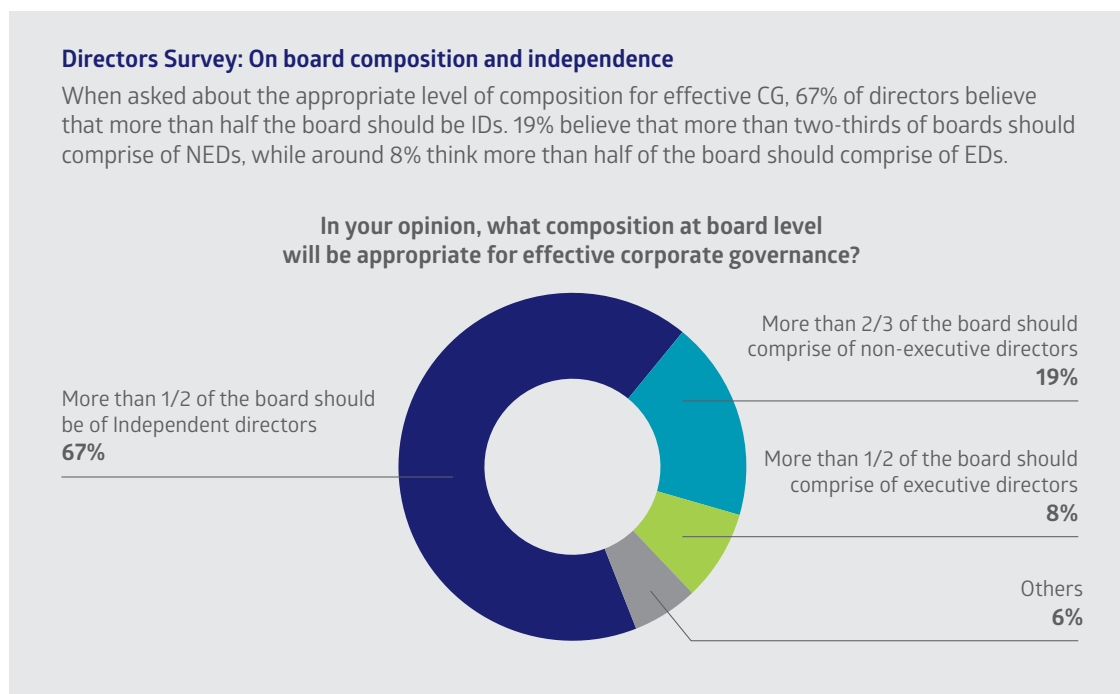


Figure 12: Directors' opinion about the right composition.

Directors Survey: On board composition and independence

According to directors, independence is often evaluated based on effectiveness and conduct. Some 55% of directors said that directors' independence is determined via Board's evaluation of directors' effectiveness and conduct.

How does the board assess the independence of a director who has served on the board for more than 9-years? (Select all that apply)

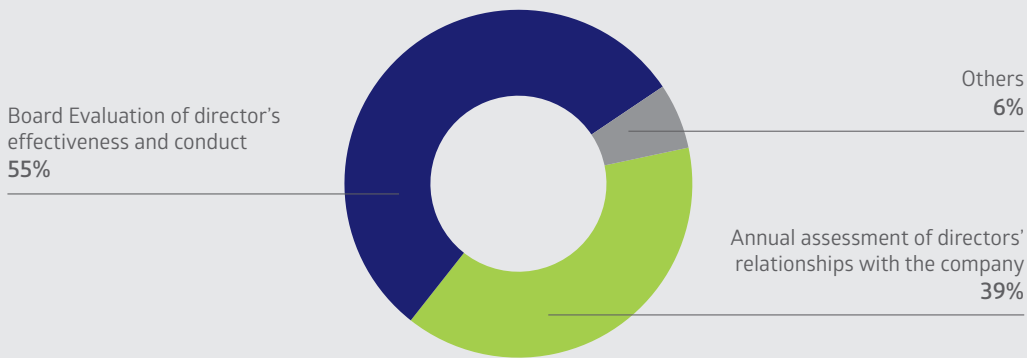
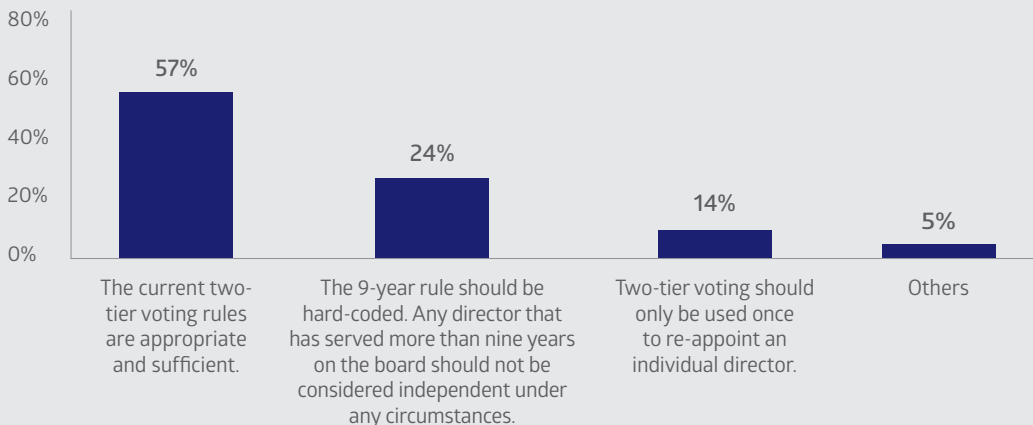


Figure 13: Directors on how the board assess the independence of long-serving directors. Open-ended remarks are found in Appendix 4.

Directors Survey: On board composition and independence

When asked about the two-tier voting, 57% of directors think that the current two-tier voting rules are appropriate and sufficient.

How should the 9-year rule, which applies to independent directors who have served for more than 9 years, and the process for appointing/re-appointing independent directors be improved? (S/C)



Even though majority of directors think that the 2-tier vote rules are appropriate, there are some other directors who disagree. 24% of directors think that the rule should be hard-coded, while 14% think that the rule should only be used once. Remarks from those who selected "Others" are included in the appendix.

Figure 14: Directors' opinion on how the 2-tier vote can be improved.

Directors Survey: On board composition and independence

Directors said that the value of the director is the most often cited reason for putting IDs through 2-tier vote.

In your opinion, what are the main reason(s) for putting IDs through the two-tier vote? (Select up to 3)

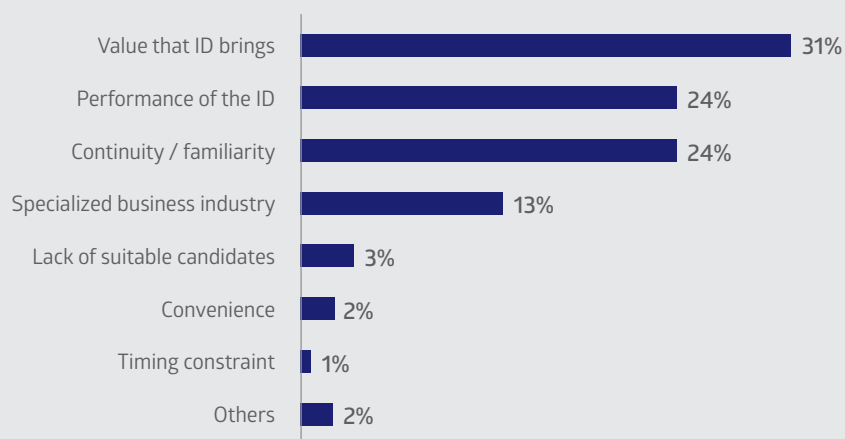


Figure 15: Directors' opinion on why directors go through 2-tier vote.

3.4.4. Independence considerations in other countries

How directors are judged to be independent even when they have been on the board of the company beyond 9 years is of great interest to shareholders.

Refreshment of board composition is an important governance decision. In recent years, the length of director tenure, and whether there is value in setting term limits, has emerged as a topic of interest in the corporate governance debate. In particular, the tenures of independent directors (IDs) have been under scrutiny as investors and proxy advisors continue to advocate for director tenure limits to reduce the risks of impaired governance.

IDs play an important role in the protection of shareholders' interests, as they are separated from management, can offer objective perspectives and challenge old paradigms. Yet, if a board has too many long-serving IDs, their effectiveness as independent stakeholders may be compromised. Such boards become stale through a lack of diversity of thought and opinion.

Advocates for board tenure limits agree that directors with long tenures may know the business and their role well enough. The argument in introducing limits to tenure of directors is that over time, as familiarity increases, objectivity decreases. With an extended tenure, independent directors may become too close with board and management. As such, the length of their affiliation with the company is often used as a proxy for evaluating the independence of directors.

In practice, it is possible that while some long-standing directors may become entrenched and lose their ability to consider issues from an impartial and objective standpoint, others continue to contribute effectively despite lengthy tenures. After all, when new directors join a board, it may take time for them to become familiar with the company and how it operates. In those initial years, they are not contributing at full capacity. However, after serving several years, the newly appointed directors start to accumulate valuable institutional knowledge, and bring experience, continuity, and insight into the company's business and industry.

Increasingly, jurisdictions are imposing tenure limits to prevent long-serving directors and to stimulate board renewal. New directors will always bring new thinking and fresh perspectives to Board's decision-making. The following table summarises the landscape.

Region	Country	Tenure of IDs	Region	Country	Tenure of IDs
Scandinavia	Denmark	Yes (12 years)	ASEAN	Brunei	
	Estonia	Yes (10 years)		Cambodia	
	Iceland			Indonesia	Yes (5 years)
	Norway			Laos	
	Sweden			Malaysia	Yes (12 years)
G10	Belgium	Yes (12 years)		Myanmar	
	Canada			Philippines	Yes (9 years for FIs)
	France	Yes (12 years)		Singapore	Yes (9 years for FIs)
	Germany	Yes (12 years)		Thailand	Yes (9 years)
	Italy			Vietnam	Yes (10 years)
	Japan		ASIA	Hong Kong	Yes (9 years)
	The Netherlands	Yes (12 year)	OC	Australia	*
	Switzerland				
	UK	Yes (9 years)			
	US				

Note:

* ASX - Currently the ASX Corporate Governance Council's [Corporate Governance Principles and Recommendations \(4th Edition\)](#) do not specify a maximum length of board tenure but do say that if a director has been in their position for more than 10 years, their independence and relationship with management should be assessed.

Table 1: Tenure limits in other jurisdictions.

Some recent changes in other jurisdictions:

- On 19 January 2022, Bursa Malaysia Berhad announced an amendment to the Main Market Listing Requirements and the ACE Market Listing Requirements, imposing a 12-year limit on the tenure of an independent director. This requirement is to be implemented on or after 1 June 2023. Previously, upon completion of the nine years on board, an independent director may continue to serve on the board as a non-independent director, subject to the approval of the annual shareholders' meeting granted by a two-tier voting process.⁶ However, Malaysia's Securities Commission Malaysia found that 98% of the two-tier resolutions were passed.⁷
- Hong Kong Stock Exchange (HKEX) amended its Code in 2022 to include mandatory appointment of 1 new independent non-executive directors (INEDs) if all INEDs on board have served beyond 9 years, and to put appointment of long-tenured INEDs through a separate resolution vote. HKEX has expressed that it may consider phasing out all Long Serving INEDs gradually in the long run.⁸
- In India, the tenure of INEDs is limited to 10 years. Directors can only serve a maximum consecutive term of five years each, with a cooling-off period of three years after.

⁶ <https://www.theedgemarkets.com/article/independent-directors-tenure-limited-12-years-under-enhanced-listing-rules>

⁷ Corporate Governance Strategic Priorities (2021 to 2023) <https://www.sc.com.my/cg-priorities>

⁸ https://www.hkex.com.hk/News/Regulatory-Announcements/2021/211210news?sc_lang=en

3.5. Conclusion

Provision	Possible areas of improvements
<p>Provision 1.1 The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company.</p>	<ul style="list-style-type: none"> ■ Board plays a critical role in setting the tone from the top as well as the desired organizational culture. In many instances, we note that companies did not disclose the board does this. Companies can consider providing more disclosures in this area, including how the Board creates proper accountability.
<p>Provision 1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.</p>	<ul style="list-style-type: none"> ■ Companies can consider putting in place and disclosing any development programme for Directors. Such training sessions provide directors opportunities to develop their skills and knowledge and can be conducted either by external professionals or by management.
<p>Provision 1.3 Board committees, including Executive Committees if any, are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.</p>	<ul style="list-style-type: none"> ■ Provide terms of references for all committees. For instance, majority of companies provided disclosures of the terms of references for Audit Committees. However, in many instances, they did not do so for the other committees.
<p>Provision 1.4 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.</p>	<ul style="list-style-type: none"> ■ Provide explicit statements on their compliance with provisions even when they did not need to comply. For example, about 23 companies did not disclose whether appointment and removal of the company secretary is a decision of the Board as a whole.
<p>Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.</p>	<ul style="list-style-type: none"> ■ Practice Guidance 2 mentions that there should be a strong and independent element on the Board. Companies can consider providing specific disclosures for directors who have served beyond nine years, including the process the company has adopted for rigorously reviewing and testing the independence of the director, provides clarity for readers.
<p>Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1.</p>	<ul style="list-style-type: none"> ■ Independence is not a once-and-for-all test, and it is often situational. Boards and their directors need to be mindful of the rules governing director independence and to be sensitive to the circumstances that could potentially disqualify an otherwise independent director. ■ Leading disclosures also include a statement on Board's adoption of a policy relating to director tenure.

Provision	Possible areas of improvements
<p>Provision 2.4 The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.</p>	<ul style="list-style-type: none"> ■ Disclosure on whether a diversity policy is implemented, including measures to enhance diversity, and numerical data and percentages to show diversity for selected demographics for the company and the full board.
<p>Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	<ul style="list-style-type: none"> ■ Companies can consider disclosing details of their evaluation process for the board, its committees, and individual directors to identify the critical success factors for improving the effectiveness and efficiency of the board and its committees. ■ Conducting regular board and committee evaluations and disclosing the objective performance criteria used sends a signal to different stakeholders that the company is serious about governance and enhancing its performance.

4. PILLAR 2: REMUNERATION MATTERS

4.1. Key Findings (Disclosure Review)

CG 2018 Provision	Observations
<p>Provision 6.1 The Board establishes a Remuneration Committee ("RC")¹⁶ to review and make recommendations to the Board.</p>	<p>94% Disclosed whether a Remuneration Committee or a Nominating and Remuneration Committee is established.</p>
<p>Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.</p>	<p>93% Disclosed that they have a majority of independent directors on the Remuneration Committee, including the chairman.</p>
<p>Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.</p>	<p>31% Disclosed remuneration of directors and Chief Executive Officer in dollar value.</p>
<p>Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO.</p>	<p>5% of companies fully disclosed the remuneration amount in dollar value paid to both directors and the Chief Executive Officer on a named basis.</p> <p>59% of companies reported directors' remuneration in bands.</p> <p>75% reported CEO remunerations in bands.</p>
<p>b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	<p>70% of companies disclosed remuneration of key management personnel in bands of S\$250,000.</p> <p>55% of companies disclosed the aggregate amount of remuneration paid to KMPs.</p> <p>17% of companies provided disclosures that did not include the names of KMPs.</p>
<p>Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</p>	<p>97% Disclosed the names of employees who were related to directors or CEOs.</p> <p>73% disclosed the remuneration of employees who were related to directors or CEOs.</p>

4.2. Pillar 2: Remuneration Matters (Overview)

Pillar 2 sets out the important aspects of executive remuneration and the determination of the remuneration packages of individual directors.

We found that for Pillar 2 disclosures, 174, or 30% of, listed companies surveyed achieved a score of between 50- 60% while 68% of companies scored 70% and above for their disclosures (Figure 16). The average score of 72% (median score is 73%) for this pillar was an improvement from the previous study (53%). Average scores are similar for large-, mid- and small-cap companies. However, the improvement in scores is likely to be driven by the improvement in presence scores, rather than quality.

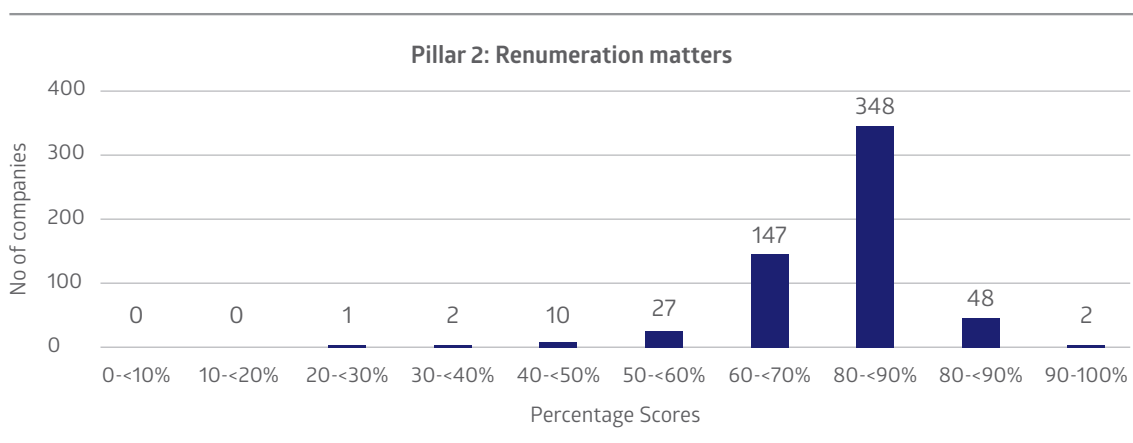


Figure 16: Distribution of Percentage Scores for Pillar 2: Remuneration matters.

4.3. Observations

Pillar 2 remains a weaker pillar despite the Code being streamlined. While companies generally tried to comply with the simpler requirements (as evident by the improvement in presence scores from 2016 study, the disclosures are still very lacking in some instances.

Companies provided details on the set-up of the Remuneration Committee and its general responsibilities, including terms of reference. As with previous disclosure, this information is, by and large, fairly standard across companies. However, companies continue to be much more reticent on matters which they judge to be sensitive such as actual remuneration in dollar value or the link between incentive schemes and performance.

93% of companies have a Remuneration Committee (RC) while 7% have a combined Nominating and Remuneration Committee. Less than 10 companies (all REITS) did not have a NC or RC. The average number of RC meetings is 1, with 64% of companies reporting this as the number of meetings hosted. 20% of companies report holding at least 2 RC meetings while 9% of companies hold 3 and more meetings.

Companies also addressed the requirement to have a majority of independent directors, including the chairperson, in the RC. 98% of companies state that their RC chair is an independent director. 94% of companies meet the requirements of having at least 3 NEDs on their Remuneration Committee. The companies who did not meet this requirement either have less than 3 members on the committee (12 companies) or have 1 executive director on the committee (12 companies).

97% of companies stated that RC's written terms of reference or duties include reviewing and making recommendations to the Board on a framework of remuneration for the Board and the key management personnel. Companies also mentioned that the RC will review and recommend specific remuneration packages for each director (92%) and for the key management personnel (90%). However, specific disclosures tend to be less forthcoming.

For instance, 83% of companies stated that their RC review all aspects of remuneration, while 92% of companies made an explicit statement (positive or a negative) around whether they have engaged remuneration consultants. 62% of companies have a positive or negative statement around use of contractual provisions to reclaim incentives.

However, most disclosures tend to be high level. Other aspects of remuneration such as whether termination clauses are used, whether long-term incentive schemes are in place, have minimal details or are simply paraphrased from the Code. Typical disclosures are as follow:

"The RC considers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, grant of share options and performance shares, benefits in kind and termination terms, to ensure they are fair. The RC also reviews the remuneration of KMPs, taking into consideration the Chairman, Managing Director and CEO's assessment of and recommendation for remuneration and bonus. The RC's recommendations are submitted for endorsement by the entire Board. No director is involved in deciding his own remuneration."

"The RC recommends to the Board (in consultation with the Chairman) a framework of remuneration for the Board and the Executive Officers as well as specific remuneration packages for the Executive Director and the Managing Director and Chief Executive Officer. The recommendations were submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and Executive Officers' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. The members of the RC do not participate in any decision concerning their own remuneration package."

Disclosure and transparency on remuneration policies, and the relationships between remuneration, performance and value creation are often lacking. Companies did not disclose how executive performance is measured, and did not always provide a breakdown of the financial and non-financial metrics adopted, why those metrics are appropriate and the way that personal performance is assessed. Only 23 companies mentioned using a Balanced Scorecard system that sets out the targets to be achieved based on the company's short- and long-term objectives.

4.4. CONSIDERATIONS

4.4.1. Remuneration disclosures overview

Remuneration of executives is inextricably linked to corporate governance, as it reinforces corporate culture and reflects the company's strategic priorities. The Code stresses the importance of designing remuneration policies and practices to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to a company's purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy

A well-structured remuneration package can go a long way in assisting companies to attract, retain and motivate the right talents to drive the long-term performance of the company. It also aligns people's behavior with the company's strategy and generates better performance. When managed poorly, it can lead to the loss of key talent, demotivation, misaligned objectives, and poor shareholder returns. Given such high stakes, it is imperative for boards and management teams to get compensation policies and structures right.

Yet in the disclosure reviews, few companies highlight how their remuneration structure is aligned with the interests of shareholders and other stakeholders or how these promote the long-term success of the company. The disclosures by companies tend to be boilerplate, and some typical examples are as shown in the following:

“The remuneration packages of the Executive Directors and key management personnel consist of fixed and variable wage components.... The variable component comprises a variable bonus based on the Group’s and individual’s performance to link rewards to performance. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure the alignment of their interests with the interests of Shareholders and other stakeholders to promote the long-term success of the Company.”

The Company has adopted a performance-based approach to compensation where the Executive Chairman’s and key management personnel’s remuneration is structured so as to link rewards to individual and corporate performances and is aligned with the interests of the stakeholders and promotes the long-term success of the Company.”

Companies can look at providing more in-depth discussions in this area.

4.4.2. Remuneration consultants and dated remuneration policies

In the review, most companies (84%) disclosed whether they had engaged external remuneration consultants by making a statement about it, either positive (for example, “[Company] was engaged to review remuneration”) or negative (for example, “During FY2020, the RC did not engage any external remuneration consultant”).

Those who did not engage a consultant provided no details beyond it being “not necessary at this time”. Of the 5% of companies who mentioned seeking advice from remuneration consultants, the names of these consultants, along with the relationships (if any) were also disclosed. However, there are 2 companies who did not disclose the full names of the consultants engaged. However, we noted that some companies mention using materials (such as surveys, benchmarking information) sourced from remuneration consultants, but did not state explicitly if a remuneration consultant was engaged. A few companies also mentioned engaging remuneration consultants in previous years, but not in the current FY under review.

Approximately 17% of companies did not disclose if a remuneration consultant had been consulted. These companies merely paraphrased the Code or made very vague disclosure (for example, “The RC has access to expert advice from external remuneration consultants where required.”). We recommend that companies consider making a clearer statement around this disclosure.

A good disclosure is provided below, where details are provided about the remuneration consultants:

“The RC has access to the professional advice of external experts in the area of remuneration, where required. To assist the RC in its work and benchmarking exercises, the RC, during the financial year has commissioned Korn Ferry and HR Guru, as independent advisors, to review and benchmark the Group’s remuneration schemes and practices, and to advise on any changes thereto. There is no existing relationship between the Company, Korn Ferry and HR Guru, that will affect their independence and objectivity.”

Given the complexities and sensitivities associated with remuneration, and the rapid changes in the business landscape and workplace brought about by the pandemic and other crises, the RC may need to consider engaging an external consultant to review existing remuneration frameworks and policies which may have become outdated and rigid.

4.4.3. Disclosure in accordance with Provisions 8.1 & 8.2

Remuneration amount paid to directors, Chief Executive Officers (CEOs) and key management personnel (KMP) remain a visible and controversial topic, one which many companies are generally reticent about. At the same time, compensation related discussions are of interest to shareholders and stakeholders. The more transparent these are, the more assurances they have that the monetary and non-monetary rewards of key officers commensurate with business performance, and that the structure is aligned with the company's objectives in the long term.

Disclosure in accordance with Provisions 8.1 (a)

Almost all companies provided a breakdown of remuneration in percentage terms into salary, bonus, benefits, and so on for directors and Chief Executive Officer. However, only 5% of companies fully disclosed the remuneration amount in dollar value paid to both directors and the Chief Executive Officer on a named basis, with breakdowns.

35% and 18% of companies disclosed actual remuneration of directors and CEOs respectively. 59% of companies reported directors' remuneration in bands, while another 75% reported CEO remunerations in bands.

Disclosure in accordance with Provisions 8.1 (b)

The Code recommends that the remuneration of the top 5 key management personnel be disclosed in bands of S\$250,000. As best practice, companies are encouraged to fully disclose the remuneration of the top 5 key management personnel. Companies were less forthcoming on the remuneration of key management personnel citing the same concerns of confidentiality or fear of poaching.

Small-cap companies, which formed the bulk of disclosures review, scored the lowest in this regard. Of the 60 companies who did not disclose remuneration for any KMP, 60% are small-cap companies. Of those who disclosed remuneration information for 1-4 KMPs, 83% are Small-Cap companies.

Approximately 17% of companies provided disclosures that did not include the names of KMPs. Some examples as follow:

Remuneration bands	Number of Executives
S\$500,000 to S\$749,999 ⁽¹⁾	2
S\$250,000 to S\$499,999 ⁽¹⁾	3

	Number of Executives	Base/Fixed Salary (%)	Bonus and Other Allowances (%)	Employee Share Options ⁽¹⁾ (%)	Total (%)
S\$500,000 and above	1	78	22	–	100
S\$250,000 and below S\$500,000	1	64	34	2	100
S\$250,000 and below S\$500,000	1	74	26	–	100
S\$250,000 and below S\$500,000	1	85	15	–	100
S\$250,000 and below S\$500,000	1	87	13	–	100

57% of companies reported having less than 5 KMPs, while another 4% of companies did not have CEOs. 70% of companies disclosed remuneration of key management personnel in bands of S\$250,000 and 55% of companies disclosed the aggregate amount of remuneration paid to KMPs.

Companies who did not comply Principle 8 cited reasons such as:

- Competitive/competition (55%)
- confidentiality (40%)
- sensitivity (36%)
- not in the best interests/interest of the company (46%) to disclose more details about remuneration

Typical explanations of non-compliance as follow:

"Our Board has decided not to disclose the remuneration of our top five non- director executives. Employee remuneration matters should remain confidential to support our Group's efforts to attract and to retain highly- skilled individuals. The competition for talent is stiff and there are many banks operating in Singapore which are not obliged to disclose remuneration details of their employees, giving them an unfair advantage in the competition for talent. Disclosure would impair our ability to compete fairly."

"Given the competitive environment that the Company is operating in and the confidentiality of remuneration matters, the Company will not disclose the exact amount and breakdown of each individual Director and the Chief Executive Officer, as the Company believes that such disclosure may be prejudicial to its business interests."

"Company believes that disclosing remuneration is commercially sensitive and may lead to talent poaching."

However, some companies did not provide any reasons, but simply attribute it as "intent of Principle 8 has been met". An example of disclosure as follow:

Notwithstanding that it is a variation from Provision 8.1 of the Code, the Company wishes to disclose the remuneration of the Directors in bands of S\$ 250,000 for FY2020. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Director/ CEO and the KMP are described above, and the level and mix of remuneration is disclosed in the table below.

Disclosure in accordance with Provisions 8.2

97% of companies made explicit disclosures as to whether they had employees whose remuneration exceeds S\$100,000 during the year and who were related to the directors or CEO. 84% of companies identified the employee names, stated the relationships, and disclosed the remuneration in bands no wider than S\$100,000.

Directors Survey: On remuneration disclosures

The survey provided some insights into directors' view on remunerations. Some 57% of directors surveyed said that their boards review the remuneration arrangements of executives annually. 53% disclosed that external consultants were not always engaged at each review. When asked, most cite "Costs", and having "adequate support from HR and/or Board" as the reasons for not engaging one.

Directors agree that there are benefits to using non-financial KPIs in determining the remuneration (See Figure 17) but did not support disclosing more information on remuneration practices.

**In your opinion, what are the benefits of using non-financial KPIs in determining the remuneration of executive directors and key management personnel?
(Select all that apply)**

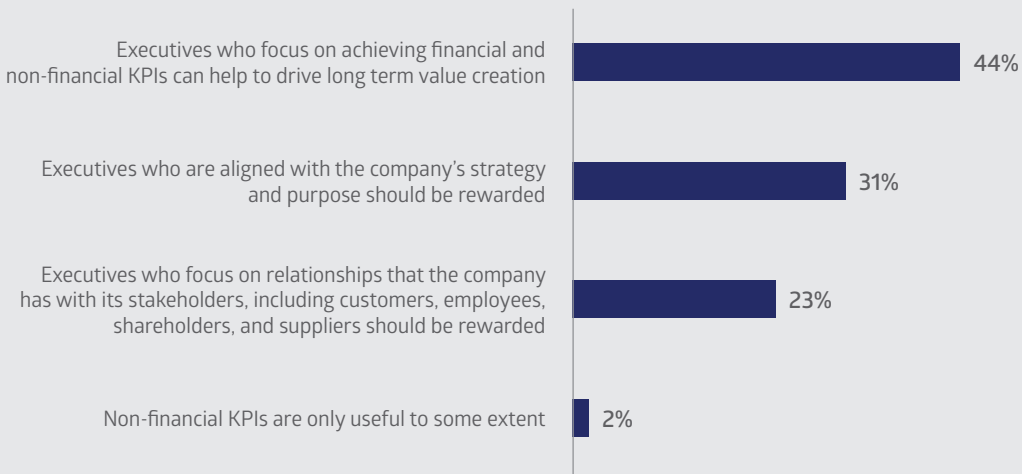


Figure 17: Benefits of using non-financial KPIs.

About 32% of directors support disclosing KMPs and board directors in bands. Only 8% of directors support disclosing remuneration packages of KMPs and board directors in exact numbers and on a named basis (Figure 18). Open-ended remarks are found in Appendix 4.

In your opinion, how much detail should companies disclose about their remuneration practices for directors and executives? (Select all that apply)

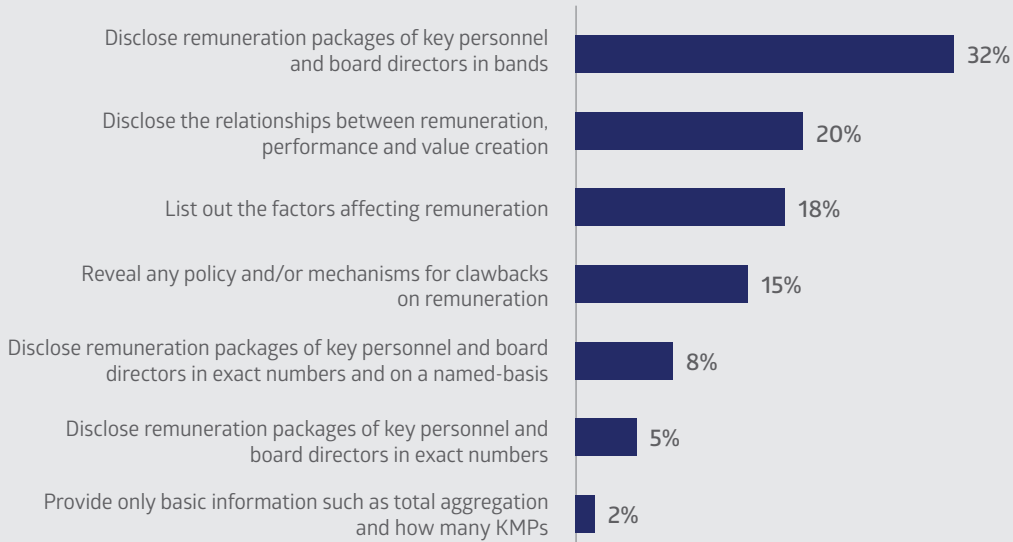


Figure 18: How much details to disclose about remuneration practices.

About 47% of directors surveyed also said that they are disclosing a lot of details in accordance with and/or beyond the requirements of the code. 16% of directors are advocating for more information be disclosed.

The Code calls for greater transparency in disclosing directors and KMP remuneration packages. Thinking about the board(s) you are sit on, which of the following statements apply?



Figure 19: Directors on remuneration disclosures. Open-ended remarks are found in Appendix 4.

4.4.4. Practices in other jurisdictions

Companies are more conscious of the subject of compensation which has been under increased scrutiny during the last few pandemic years. Shareholders and society are focusing on a “shared burden” approach – whether discretionary changes in remuneration at management level are aligned with changes for the entire workforce and the performance of the company. Case-in-point: In September 2021, Lian Beng Group, attracted negative attention over its remuneration packages for its KMPs, even as net profits fell.⁹

Regulatory requirements in recent years have been focused on advancing the standards of remuneration disclosures. In April 2015, the U.S. Securities and Exchange Commission (SEC) proposed rules that would have required a public company to disclose the relationship between executive compensation and its financial performance. On January 27, 2022, the SEC reopened the comment period for this proposal, seeking incremental feedback¹⁰. Companies would be required to release an extensive tabular disclosure of the most important performance measures. This may prompt companies to reassess how they present the details of their compensation discussion and analysis.

In some jurisdictions, companies are required to produce a separate remuneration report. In the review, we have come across approximately 5 companies who have included a specific remuneration report, rather than disclosing remuneration as part of the Code under Pillar 2.

A typical remuneration report articulates how the remuneration framework is structured, the remuneration outcomes and how that aligns to the creation of long-term sustainable value, for both shareholders and other key stakeholders. These reports usually provide an explanation as to how remuneration strategy and the organization’s performance is linked. The use of graphs and diagrams can help to simplify the message to readers. The report should also capture KMP movements, as well as provide information on any variable remuneration plans that an organization may have. By providing public disclosure of a company’s operating and financial activities over the past year, stakeholders and shareholders might better understand the company’s positions.

Environmental, Social and Governance (ESG) factors have now become critical to good business practice and are tied to the success and long-term sustainability of companies across all sectors. Likewise, boards are under increasing pressure to incorporate social considerations—such as diversity, pay equity, and employee health, safety, and well-being—into executive pay plans. In the UK, an increasing number of FTSE listed companies are incorporating ESG measures in their incentive plans. Among FTSE 100 companies, 61 percent incorporated ESG measures in their bonus and/or LTI plans, an increase from 32 percent from last year.¹¹

In determining how to link ESG to compensation, RCs, together with the board, may wish to first determine the metrics that are material to the business. These could be quantifiable, clear, and aligned with the company’s strategy. A KPMG Global Rewards Services analysis of recent public disclosures by 32 companies from Fortune 500 and Russell 1000 companies shows that 17 companies tied ESG metrics to short-term incentives, while 1 company tied ESG metrics to long-term incentives.

⁹ Lian Beng clarifies pay of key execs is based on overall group performance, Business Times, 30 September 2021.

¹⁰ <https://www.reuters.com/business/finance/us-sec-proposes-asking-companies-say-why-ceo-pay-performance-often-dont-match-up-2022-01-27/>

¹¹ <https://www.alvarezandmarsal.com/insights/three-five-ftse-100-executive-bonus-plans-now-have-esg-component>

4.5. CONCLUSION

Provision	Possible areas of improvements
<p>Provision 6.1 The Board establishes a Remuneration Committee (“RC”) to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	<ul style="list-style-type: none"> ■ The board, typically through the RC, could consider evaluating the relevance of each remuneration practice suggested in the CG Code and provide a disclosure confirming whether it has or has not been adopted including reasons why not. ■ Provide detailed information about remuneration philosophy and how remuneration elements is aligned with the long term business objective. In our review, some companies have provided a short write-up about this.
<p>Provision 7.1 A significant and appropriate proportion of executive directors’ and key management personnel’s remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.</p>	<ul style="list-style-type: none"> ■ As stated in Practice Guidance 7, we recommend that companies provide disclosures on the link between performance and remuneration including disclosing what appropriate measures of performance are in place and why they are chosen. ■ Performance should be measurable, appropriate and meaningful so that they encourage the behaviors and values that the company is endorsing. ■ Companies may wish to also disclose if the performance conditions are met and if so, to what level.
<p>Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.</p>	<ul style="list-style-type: none"> ■ Stakeholders are increasingly looking for more comprehensive ESG information from companies – and not just around climate risk, but on governance and social issues, such as culture and diversity. Boards may need to start considering how to incorporate these into their remuneration discussions. ■ Shareholders and stakeholders want to know the thought process when setting any type of incentive goals and expect greater transparency from companies. By providing more transparent disclosures, companies are providing increased confidence to investors and stakeholders that the Board is actively monitoring executive management and they are rightly incentivized to deliver sustainable value for all involved.
<p>Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	<ul style="list-style-type: none"> ■ For key management personnel, companies may wish to disclose remuneration in bands of S\$250,000 on a named basis. Boards may wish to carefully consider whether such disclosures are truly detrimental to the company and explain how this is so, instead of providing boilerplate reasons such as confidentiality and fear of poaching.

5. PILLAR 3: ACCOUNTABILITY AND AUDIT

5.1. Key Findings (Disclosure Review)

CG 2018 Provision	Observations
<p>Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	<p>88% of companies said that their Boards determine the nature and extent of the significant risks.</p> <p>9% of companies have a separate Board Risk or Board-level Risk management committee set up.</p>
<p>Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p>	<p>99% Of companies disclosed that the board has received assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances.</p> <p>95% of companies also said that the board has the assurance from CEO and other key management personnel regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p>
<p>Provision 10 The Board has an Audit Committee ("AC") which discharges its duties objectively.</p>	<p>82% have established Audit Committees.</p> <p>18% of companies have established Audit & Risk Committees (ARC) or Audit & Risk Management committees (ARMC).</p>
<p>Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p>	<p>98% Disclosed that their Audit Committee has at least 3 directors.</p> <p>99% of companies' AC chairman are independent.</p> <p>87% Have at least two members with recent and relevant accounting or related financial management expertise or experience.</p>

CG 2018 Provision	Observations
<p>Listing Rule 1207 (10) provides that the Board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance, and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them.</p>	<p>98% of companies in review provided a commentary by the board on the adequacy and effectiveness of the company's internal controls and risk management systems.</p> <p>95% of companies also provided the AC's concurrence with the Board's comments.</p>
<p>Provision 10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.</p>	<p>98% of companies have established an Internal Audit (IA) function.</p>
<p>Listing Rule 1207 (10C) Provides that Audit committee's comment on whether the internal audit function is independent, effective and adequately resourced must be included in the annual report.</p>	<p>95% of companies made an explicit statement that the AC is satisfied that the internal audit function is independent and effective, and that the IA function has adequate resources and appropriate standing within the Company to perform its function effectively.</p>

5.2. Pillar 3: Accountability and Audit (Overview)

Pillar 3 sets out the key aspects of a balanced and understandable assessment of the company's performance, position and prospects. It also sets out the requirements for managing the key risks and internal controls, establishing a well-composed Audit Committee and establishing an IA function.

We found that Pillar 3 showed the highest quality of disclosures among all pillars and this was observed most significantly in large-capitalisation companies. The average score for the pillar was 75% (median score was 76%) and 463, or 59% of, listed companies surveyed achieved a score of 70% and above for their disclosures (Figure 20).

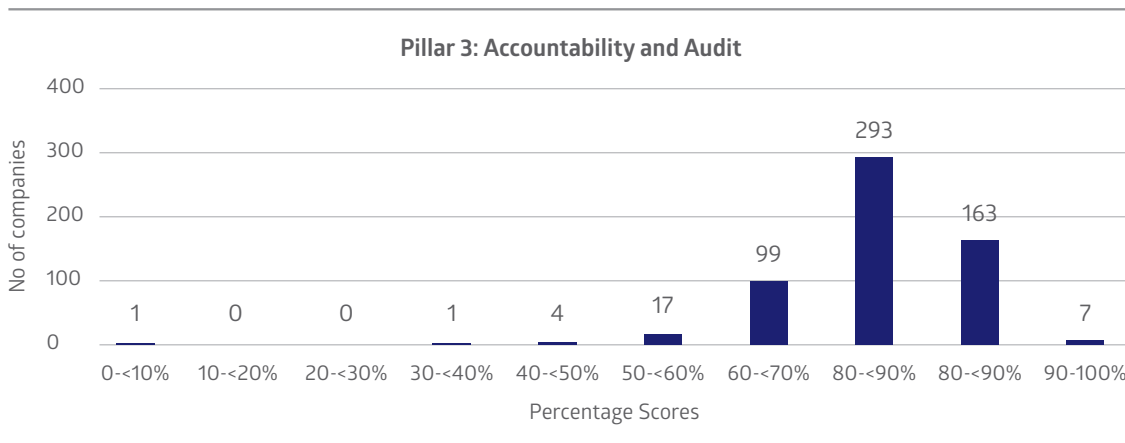


Figure 20: Distribution of Percentage Scores for Pillar 3: Accountability and Audit.

5.3. Observations

88% of companies said that their Boards determine the nature and extent of the significant risks. 9% of companies have a separate Board Risk or Board-level Risk management committee set up while the remaining 91% have either delegated this to their Audit Committees (AC). 18% of companies have reorganized their ACs as Audit & Risk Committees (ARC) or Audit & Risk Management committees (ARMC). There are also 3 companies who have a Risk and Sustainability Committee.

Some companies provided a discussion around the nature of risks while 28% of companies provided exceptionally detailed disclosures, including mitigation strategies. 18% of companies mention they have established risk appetite statements and tolerance limits. 34 companies disclosed having risk appetite statements and some of these companies disclosed them (see 2 examples below):

RISK APPETITE

The Board has approved the following risk appetite statement:

- The Group is committed to delivering value to our shareholders achieved through sustained profitable growth. However, we shall not compromise our integrity, values and reputation by risking brand damage, service delivery standards, severe network disruption or regulatory non-compliance.
- The Group will defend our market leadership position in Singapore and strengthen our market position in Australia and in the Pacific through our regional associates. We will continue to pursue business expansion in the emerging markets, including acquiring controlling stakes in the associates, and actively managing the risks.
- The Group is prepared to take measured risks to seek new growth in the digital space by providing global platforms and enablers, targeted at a global footprint, while leveraging our current scale and cores strengths.
- The Group targets an investment grade credit rating and dividend payout policy consistent with our stated dividend policy and guidance.

RISK APPETITE STATEMENTS

The Group's risk appetite statement reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives. During the financial year ended 31 March 2021, the Board approved the following risk appetite statements:

1. Strategy

The Group is committed to upholding its reputation as a trusted organisation while placing customers at the core of its business. This will include investments into people, innovation, infrastructure, cyber and data security to the benefit of all stakeholders.

2. Sustainability & Growth

The Group aims to strengthen its market position in Singapore and the rest of Asia-Pacific by taking measured risks that balances risk and reward in line with its strategic objectives and initiatives. The Group will also proactively seek to diversify its business while actively managing its risks.

3. Financial

The Group aims to deliver value to shareholders with sustainable profitable growth. The Group is committed to maintain a strong financial position and targets an investment grade credit rating with adequate liquidity to meet its operational and financing obligations and longer-term goals.

4. People & Culture

The Group aims to be an employer of choice where it engages, develops, grows and rewards talent, apart from providing employees and stakeholders a safe and healthy work environment. The Group is committed to complying with laws and regulations of all countries in which it operates, and to conduct business with integrity, fairness and high ethical standards in all business dealings and relationships.

Certain industries tend to provide more in-depth disclosures around risk management. For instance, given banks' traditional focus on risk management, it is unsurprising that most of them provide detailed disclosures in this area.

Most companies did not disclose how their boards determine the nature and extent of the significant risks which the company is willing to take in. For small caps, discussions around risks are generally quite standard.

5.3.1. Audit Committees

Listed issuers were forthcoming in terms of their disclosures with regards to the composition of the Audit Committee, establishment of its terms of reference and identification of its members. 82% have established Audit Committees while 18% of companies have established Audit & Risk Committees (ARC) or Audit & Risk Management committees (ARMC). 7 companies have only 2 members on their ACs while 5 companies have 6 members on their ACs.

All are transparent in identifying the names of Audit Committee members. We also noted that 98% of companies disclosed the Audit Committee has at least 3 directors and comprised a majority of independent directors, while 99% of companies have an independent director as AC chairman.

In addition, most companies provided forthcoming disclosures in relation to the role of the Audit Committee covering oversight of financial reporting, external audit, internal audit, internal controls, and whistleblowing. Most companies provided detailed terms of reference for the ACs, including one company that provided a list of 23 items that their AC is responsible for.

Disclosures relating to the relevant qualifications or experience of Audit Committee members were relatively forthcoming. 87% said they have at least two members with recent and relevant accounting or related financial management expertise or experience.

While some companies provided generic statements such as *“The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC”*, other companies provided more detailed disclosures such as *“The Audit Committee (AC) comprises all independent Directors with majority, including the AC Chairman, having relevant accounting or related financial management experience”*.

In some instances, companies went further by disclosing that their

“AC does not comprise any former partner or director of [Company]’s existing audit firm within two years preceding their appointment to the AC and none of them have any financial interest in the audit firm.”

We appreciate companies who included such statements that provided clarity to readers.

97% of companies disclosed that they have a whistleblowing policy with 30% of companies also mentioning that the policy is found on their websites. Only 6% of companies referred to the whistleblowing policy without mentioning details.

Disclosures relating to the relevant qualifications or experience of Audit Committee members were relatively forthcoming. While some companies provided generic statements such as *“The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC’s functions given their experience as directors and/or senior management in accounting and financial fields”*, other companies provided more detailed disclosures such as,

“The Board considers that [Name], a qualified Chartered Accountant, who has extensive, recent, relevant and practical accounting and financial management knowledge and experience, is well-qualified to chair the ARC. The other members of the ARC, [Names], have collective expertise and experience in real estate management and related financial management, and are qualified to discharge their responsibilities as ARC members. The members of the ARC collectively have strong accounting and related financial management expertise and experience and are kept abreast of relevant changes to the accounting standards and issues which have a significant impact on the financial statements through regular updates from the External Auditor during the year. ”

5.3.2. Assurances from CEO and CFO

Provision 9.2 requires companies to make a statement that boards has received assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances. 99% of companies provided a statement on this, while only 3 companies did not have any disclosures relating to this. Companies also explained why they were not able to meet this provision (eg. *“Company does not currently have a Chief Financial Officer and the Group’s finances are managed by the CEO and the AC collectively”*). 5% of companies did not provide adequate disclosure around whether that it has received assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company’s risk management and internal control systems.

The study released by Accounting and Corporate Regulatory Authority (ACRA) in January 2022, analysed the proposed audit adjustments made by auditors to 1,236 financial statements of 412 Singapore-listed companies over a 3-year period. About one-fifth of 412 Singapore-listed companies in this study, *Audit Adjustments Matter: What They Reveal about Companies’ Financial Reporting*¹², accounted for S\$62.3 billion worth of proposed audit adjustments from 2018 to 2020. The study also revealed that about S\$67.1 billion or 85 per cent of the total proposed audit adjustments were primarily to correct factual or misclassification errors in the financial statements. Given that CEO and CFO have to provide assurance to the board that financial records were properly maintained, it is critical that the companies ensure that they proactive monitor these.

¹² Refer to Audit Adjustments Matter - What They Reveal About Companies’ Financial Reporting https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/reports/research-reports/audit-adjustments-matter_report.pdf.

We recommend that companies provide clear disclosures in this aspect. An example:

"The Board had received assurance from the CEO, Executive Vice President Finance & Strategy and Senior Vice President Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board had also received assurance from the Executive Vice President Finance & Strategy and CEO (who, in turn, received assurance from the members of the Group Management Committee) that the Group's risk management and internal control systems were adequate and effective to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations. Having reviewed the risk management practices and activities of [Company], the Board, with the concurrence of the BSRC, is of the opinion that the Group's risk management system was adequate and effective as at 31 March 2021."

Another company also disclosed the existence of a Management Assurance Statement but did not mention if other key management personnel were involved in this exercise.

"In line with the 2018 Code, the AC, with the concurrence of the Board, has also adopted a management assurance confirmation statement ("Management Assurance Statement") confirming that the financial records of the Company have been properly maintained, that the Company's financial statements give a true and fair view of the Group's operations and finances, and that an adequate and effective risk management system and internal control system has been put in place. The Management Assurance Statement is signed by the CEO and the Chief Financial Officer ("CFO") and tabled at the end of each financial year. For the financial year ended 31 December 2020, the Board has obtained a duly signed Management Assurance Statement."

Even though 12% of ACs did not include reviewing the assurance from the CEO and the CFO on the financial records and financial statements in their TORs, they have mostly disclosed this as part of their activities.

98% of companies in review provided a commentary by the board on the adequacy and effectiveness of the company's internal controls and risk management systems as required by SGX Listing Rule 1207 (10). 95% of companies also provided the AC's concurrence with the Board's comments. About 10% of companies reviewed provided a statement that "there were no material weaknesses of its internal control and risk management system".

However, most of these were generally lacking in detail, and are generic statements such as "Board and AC are of the opinion that the Group's risk management and internal control systems were adequate and effective" and followed by a caveat (two examples provided below):

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

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

More details could be disclosed by companies, such as the basis of this assessment, or the process by which the Board and/or AC came to this conclusion. Some disclosures were also somewhat ambiguous, such as including the following statement after confirming that risk management and internal controls systems of the Group are adequate and effective:

“The AC, Executive Directors and CFO will continue to review and strengthen the Group’s controls environment and allocate more resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.”

“The Board is satisfied that issues are identified on a timely basis and follow up actions are taken promptly to minimise lapses.”

5.3.3. IA Function

98% of companies have established an IA function, while 2% did not have an IA function. Most companies gave the reason that “size of the Group’s operations does not warrant the Group having a separate full-time internal audit function”, “Company has a system of internal controls in place, that has been approved and endorsed by the AC and the Board”, or that it is a cash company. One company attributed the lack of IA function to COVID disrupting the plans.

75% of companies have outsourced this function, 2% of companies’ IA functions are performed by their parent companies, while another 19% have this in-house. About 5 companies did not make clear disclosures in this aspect though they mentioned having an IA function. Interestingly, 3 companies disclosed they have an in-house IA and have complemented it by engaging external IA service providers.

95% of companies disclosed that the primary reporting line of the IA is AC while another 81% disclosed that the AC also decides on the appointment, termination and remuneration of the head of the internal audit function. 91% said that the IA has unfettered access to all company’s documentations.

95% of companies made an explicit statement that the AC is satisfied that the internal audit function is independent and effective, and that the IA function has adequate resources and appropriate standing within the Company to perform its function effectively. There are a handful of companies who did not make a statement about AC evaluating the effectiveness and independence of the IA function, as well as 14 companies who did not have an IA function during the year under review.

While there has been an improvement in the number of companies with IA functions, companies usually did not disclose beyond basic information such as size and demographics. Disclosures relating to the Internal Audit functions of listed companies were mostly written as follows:

“The AC has reviewed the effectiveness of the Internal Auditors and is satisfied that the Internal Auditors are adequately resourced and independent of the activities that they audit and the firm has appropriate standing within the industry. The AC is also satisfied that the internal audit function is effective and staffed by suitably qualified and experienced professionals with the relevant experience.”

Without much information on the Internal Audit function and/or personnel, their specific qualifications and experience, or how they keep abreast of business and Internal Audit industry developments, it will be hard for stakeholders to assess the calibre of the outsourced provider.

Nevertheless, we found good disclosures, which highlights the presence of an IA charter that is approved by the AC, the scope of work and coverage and timeliness for following up and rectifying deficiencies identified. Some companies mentioned that the IA function or Head of IA attends the Company’s and the Group’s key strategy sessions and executive meetings. Some disclosures also mentioned the use of external quality assessment reviews and that the AC reviews the training costs and programmes attended by internal IAs to ensure that they are kept abreast of latest changes.

Directors Survey: On risk management and internal controls

Based on the survey, we found that most boards' risk management framework is reviewed annually by IAs or by third parties.

How often is the board's risk management framework independently reviewed by Internal audit function or by 3rd parties?

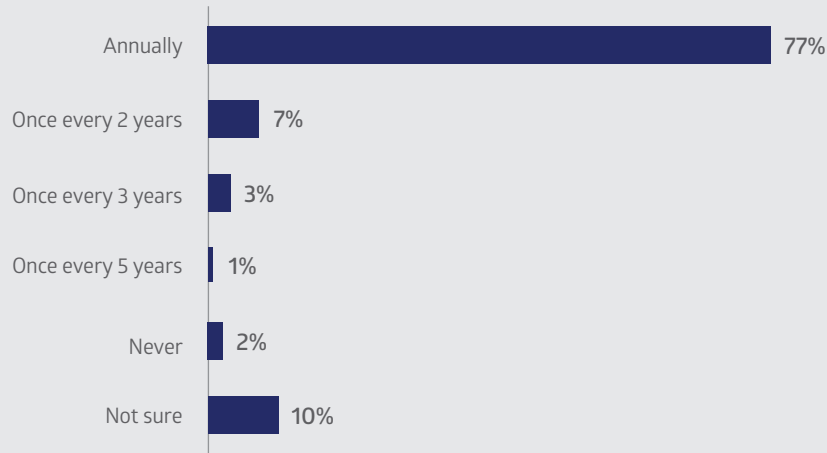


Figure 21: Frequency of Board RM framework review.

Does the board carry out their own assessment or review of the effectiveness of internal controls and risk management systems?

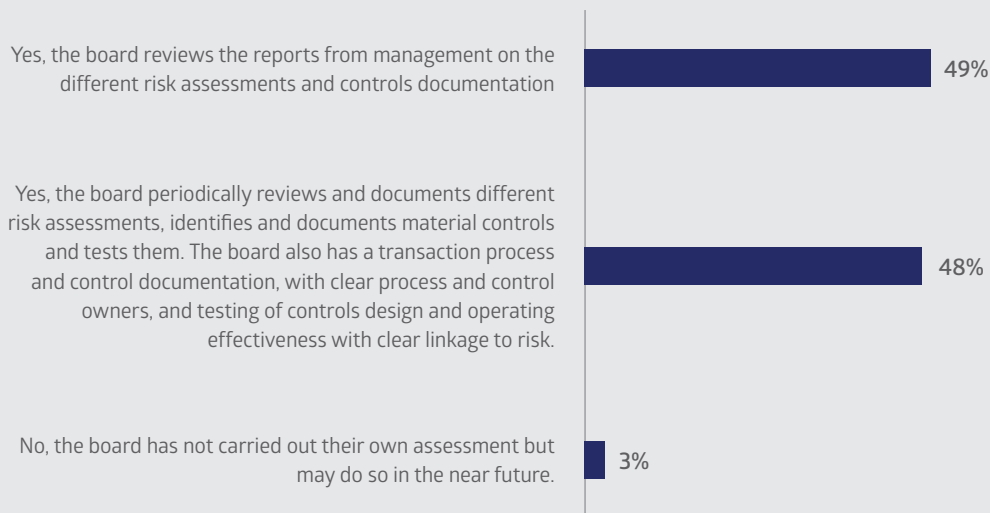


Figure 22: Assessment or review of the effectiveness of internal controls and risk management systems by Boards.

5.4. CONSIDERATIONS

5.4.1. Risk reporting vs Risk management

Recognising and managing risk is a critical role of the board and management. Failure to do so may adversely impact on security holders and all other stakeholders.

Yet often, many companies provide robust disclosures of how board receives risk reports but failed to discuss how reliable risk management information is brought to the attention of the board.

Risk management is the culture, processes and structures that are directed towards the effective management of potential opportunities while managing the potential adverse effects. Establishing organisational culture is the responsibility of the board, and this includes developing, communicating, and 'living' the organisation's risk management culture.

Enterprise-wide risk management is an organisation-wide approach to the identification, assessment, communication, and management of risk in a cost-effective manner – a holistic approach to managing risk.

Effective boards consider the robustness of risk governance systems, understand how they work, and to what extent they have the capacity to provide them with assurance.

5.5. CONCLUSION

Provision	Possible areas of improvements
<p>Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	<ul style="list-style-type: none"> ■ Disclosures on how the Board determines the nature and extent of risks the company is willing to take. ■ Disclosures on the Board's review process of the assurances received from CEO and CFO regarding the effectiveness of the system of risk management and internal control would also be provide more clarity to stakeholders. Include information needed by stakeholders to make an informed assessment of the company's risk management and internal control systems ■ Disclosures on the principal risks (including financial, operational, compliance and information technology risk categories) facing the company and how they are being managed or mitigated. ■ Disclosures about the risk management and internal control system in place. Details such as the presence of a risk management policy, details about risk appetite and tolerance levels would provide more clarity to stakeholders.
<p>Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p>	<ul style="list-style-type: none"> ■ Disclosures on the relevant qualifications or experience, including details of any relevant accounting and financial experience possessed by each AC member.
<p>Listing Rule 1207(10C) Audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.</p>	<ul style="list-style-type: none"> ■ Disclosures about the IA function, IA plans, the background of IA heads. Even the function is outsourced, such disclosures will also help investors gauge whether sufficient attention has been paid to this important function.

6. PILLAR 4: SHAREHOLDER RIGHTS AND ENGAGEMENT

6.1. Key Findings (Disclosure Review)

CG 2018 Provision	Observations
<p>Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.</p>	<p>99% of companies disclosed that they provide shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders.</p>
<p>Provision 11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.</p>	<p>96% of companies said that they would publish the minutes of the AGMs on their corporate website.</p>
<p>Provision 11.6 The company has a dividend policy and communicates it to shareholders.</p>	<p>27% have a formal dividend policy in place.</p> <p>70% did not have a formal policy but would still distribute dividend.</p>
<p>Provision 12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.</p>	<p>99% of companies disclosed in their annual reports that they have avenues for communication between the Board and all shareholders.</p> <p>88% described the steps they took to engage with shareholders.</p>
<p>Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.</p>	<p>43% Said they have an Investor Relations (IR) policy in place.</p> <p>46% of companies did not have any policy but have protocol or dedicated teams looking after IR.</p>

6.2. Pillar 4: Shareholder Rights and Engagement (Overview)

Pillar 4 sets out the key aspects of protecting and facilitating the exercise of shareholders' rights and ensuring the equitable treatment of all shareholders.

We found that Pillar 4 disclosures achieved an average and median score of 70%, and that 305, or 52% of, listed companies surveyed achieved a score of 70% and above for their disclosures (Figure 23).

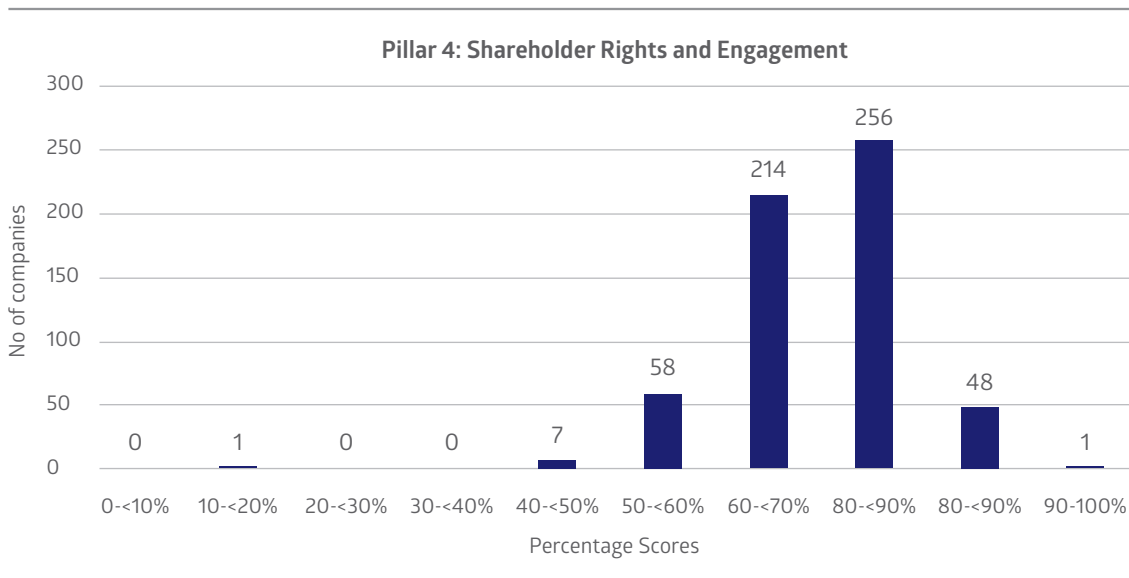


Figure 23: Distribution of Percentage Scores for Pillar 4: Shareholder Rights and Engagement.

6.3. Observations

99% of companies disclosed that they provided shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders. Most informed shareholders of the timing as well as the rules governing general meetings of shareholders. 96% of companies disclosed that their directors and external auditors attend the general shareholder meetings.

98% of companies generally tabled their resolutions as single items. However, we note that many companies simply paraphrased what is written in the Code and disclosed their compliance with Provision 11.2 as “[Company] sets out separate resolutions on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are “bundled”, the Company explained the reasons and material implications for doing in the notice calling for the general meeting.”

The Code stipulates that the company’s Constitution (or other constitutive documents) should allow for absentia voting at general meetings of shareholders. This is especially important when shareholders are not able to gather to cast votes on resolutions. In our review, we found that all companies have implemented absentia voting methods such as proxy voting.

Some companies also explained that voting in absentia, including but not limited to voting by mail, electronic mail or facsimile, is being considered or being deployed. Examples of the disclosure as follow:

“Voting in absentia, which is currently not permitted by the Company’s Constitution, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the internet are not compromised, and legislative changes are effected to recognize remote voting.”

“Article 77A of the Company’s Constitution also allows the directors to approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting, the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. The Company has not previously implemented voting in absentia by mail, electronic mail or facsimile due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.”

96% of companies said that they would publish the minutes of the AGMs on their corporate website. In most of these cases, there is no commitment of a specific timeline with many companies merely disclosing their practice in accordance with what is written in the Code. We found better disclosures amongst some companies who made commitment of publishing the minutes within a month from AGM, and also, pointed to stakeholders to where the minutes will be found. “. the minutes of the AGM will be uploaded to the Company’s corporate website and SGXNet within one month from the date of the AGM”.

Around 21% of companies indicated that they will only make minutes of general meetings available to shareholders upon requests while approximately 4% did not disclose any information. For those who only release minutes upon requests, most provided an explanation. Some examples of disclosure as follow:

“In general, however, the Company’s practice is not to publish such minutes. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders’ meeting), including risk of litigation if defamatory statements are made during the meeting or of disclosure of sensitive information to the Group’s competitors.”

The Company is of the view that there are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders’ meeting). All shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act, Cap. 50. The Company ensures that, consistent with the intent of Principle 11, all shareholders are treated fairly and equitably.

From the disclosures of 585 companies, 27% have a formal dividend policy in place while 70% did not have a formal policy but would still distribute dividend. Only 3% did not disclose whether they have a formal dividend policy in place. Those without a formal policy often disclosed these along the following lines:

“The Group does not have a dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as determined by the Board. Having reviewed the Group’s FY2021 financial performance, no dividend has been declared or recommended for FY2021 as the Group wishes to conserve its cash for operational use. For any declaration of dividends, the details of dividend payment would be disclosed via the release of financial results announcements through SGXNet.”

“The Company currently, does not have a formal dividend policy. Before proposing any dividend, the Board considers factors such as earnings, financial results and position, capital requirements, cash flows and business development plans. The Board will review the adoption of a dividend policy when a more stable trend of profitability is established”

“..the Company currently does not have a formal policy on payment of dividends as recommended by Provision 11.6 of the Code. Nonetheless, the Company is of the view that its current practices would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code.”

Of the 412 companies without a formal dividend policy, 31% did declare a dividend. Of the 155 companies with a formal dividend policy, 21% did not declare a dividend while 23% made no disclosures.

99% of companies disclosed in their annual reports that they have avenues for communication between the Board and all shareholders while 88% described the steps they took to engage with shareholders. Only a handful of companies did not disclose in full the steps taken to engage with their shareholders.

Around 43% of companies disclosed that they have an Investor Relations (IR) policy in place. 46% of companies did not have any policy but have protocol or dedicated teams looking after IR. There are approximately 67 companies who did not make any disclosure on their IR.

Some companies practice bundling of provisions, mostly Provisions 11-13. While these provisions are similar to some extent, there are still fundamental differences in shareholders and stakeholders engagement.

Directors Survey: On shareholders engagement

From the survey, we found that most intend to hold AGMs in hybrid format (54%), while 40% of companies intend to hold meetings via virtual means only.

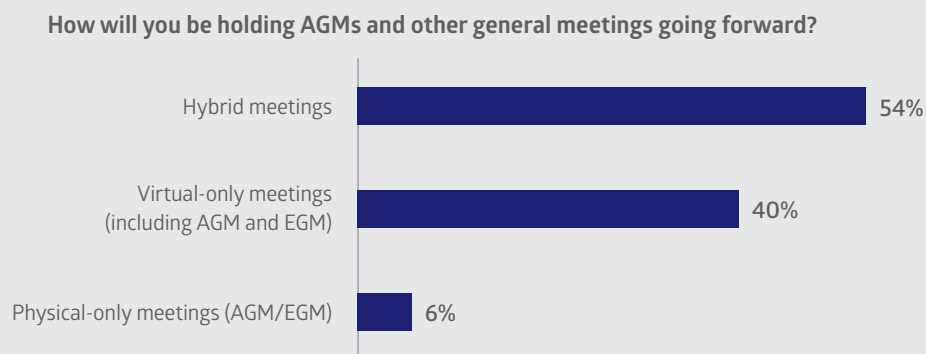


Figure 24: Preferred meetings format going forward.

Directors are also asked about the changes they see, in board priorities as a result of COVID-19. Most agree that they have gained more understanding of the ESG risks, and are ready to align strategic and particularly capital allocation priorities with key drivers of long term value creation. Directors are also ensuring that their company's purpose aligns with its strategy and values.

**How has COVID changed the board's medium- and long-term priorities?
(Select all that apply)**



Figure 25: Changing Board priorities.

6.4. CONSIDERATIONS

Establishing a formal Investor Relations policy or protocol provides a mechanism for defining when and how the company will engage and communicate with shareholders/stakeholders. This ensures a consistent approach that is in line with the board's expectations and provides shareholders/stakeholders with the information how the company will engage with them.

A more structured approach to engaging with shareholders (e.g. investor roadshows, analyst briefings, etc) with a higher frequency of interactions would be definitely important in this aspect.

While it may have been a prevalent practice in the past, only 29 companies provided or made mention of an IR calendar in their disclosures.

2020 INVESTOR RELATIONS CALENDAR

1st Quarter (Jan-Mar)	Pulse of Asia Conference [COMPANY] FY 2019 Financial Results Briefing to Media & Analyst – Live Webcast Post FY 2019 Results Luncheon hosted by Bank
2nd Quarter (Apr-Jun)	Conference Call with Investors hosted by Bank [COMPANY] 57th Annual General Meeting (Virtual) Virtual ASEAN BEST Conference The Next Horizon Series: ESG Virtual Day
3rd Quarter (Jul-Sep)	[COMPANY] 1H 2020 Financial Results Briefing to Media & Analyst – Live Webcast Post 1H 2020 Results Meeting (Virtual) Investors' Forum (Virtual) Virtual SG Conference OneASEAN Virtual Conference 2020 Real Estate Virtual Corporate Day The Cooler Earth Sustainability Summit 2020 (Virtual)
4th Quarter (Oct-Dec)	Asia Pacific Property Week: Virtual Tour

INVESTOR RELATIONS CALENDAR

The following key events were held in 2020 to engage our investors and analysts:

Q1	Q2	Q3	Q4
4Q & FY 2019 results conference and live webcast.	1Q 2020 results teleconference for media & analysts.	2Q & 1H 2020 online results conference and live webcast.	3Q & 9M 2020 business updates teleconference for media & analysts.
	Virtual non-deal roadshows with investors from Malaysia, Hong Kong, the US and the UK.	Virtual non-deal roadshow with investors in Singapore and overseas.	
	Media & analyst virtual briefing on Vision 2030.	Media & analyst virtual briefing on the next steps in Vision 2030.	
	Live webcast of [COMPANY]'s 52nd AGM, held by electronic means.	[COMPANY]'s Virtual Meeting for Retail Shareholders.	
	Participation in Singapore Virtual Corporate Day.	Virtual non-deal roadshow with investors in Singapore and overseas.	

6.5. Conclusions

Provision	Possible areas of improvements
<p>Provision 11.6 The company has a dividend policy and communicates it to shareholders.</p>	<ul style="list-style-type: none">■ Disclosures on dividend policy. Having a policy that is aligned with the company's goals provides shareholders with the assurance that the company is seeking to maximize its value for its shareholders.
<p>Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.</p>	<ul style="list-style-type: none">■ Disclosure of the full or key aspects of the Investor Relations policy such as disclosing the role of the team, the frequency and channels of communication such as road-shows and conferences with specified groups of shareholders, the availability of a feedback channel such as email, the opportunity for management to provide strategic and financial insights on the company to shareholders.

7. PILLAR 5: MANAGING STAKEHOLDER RELATIONSHIPS

7.1. Key Findings (Disclosure Review)

CG 2018 Provision	Observations
<p>Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.</p>	<p>56% release a separate sustainability report (SR).</p> <p>40% of companies who did not have a separate SR included a sustainability section in their Annual Reports.</p>
<p>Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.</p>	<p>97% of companies have a current website.</p>

7.2. Pillar 5: Managing Stakeholder Relationships (Overview)

Pillar 5 sets out the approach taken by boards to consider and balance the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served. Principle 13 and its Provisions are new to the 2018 Code.

We found that Pillar 5 disclosures achieved an average score of 75% (median score of 72%), and that 305, or 52% of, listed companies surveyed achieved a score of 75% and above for their disclosures (Figure 26).

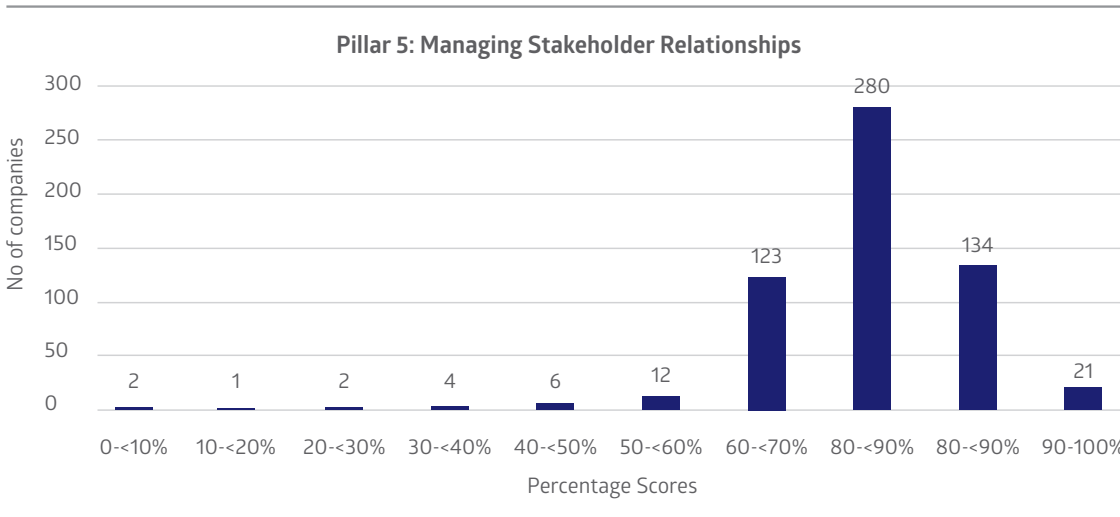


Figure 26: Distribution of Percentage Scores for Pillar 5: Managing Stakeholder Relationships.

7.3. Observations

Companies generally comply with the 3 provisions for this Pillar. Approximately 56% release a separate sustainability report (SR) with the remaining releasing the sustainability report as part of their Annual Reports. Of the 40% of companies who did not have a separate SR, 99% of companies included a sustainability section in their Annual Reports. There are about 22 companies who have yet to release their inaugural sustainability reports.

Companies typically disclosed their engagements with stakeholders in their annual reports and/or sustainability reports. We note that some of the disclosures are not as extensive as one would hope. Some companies disclosed who their material stakeholder groups are, but did not disclose the frequency at which stakeholder groups are engaged.

In terms of quality of disclosures, most companies are bordering between good and average. For certain provisions, some companies scored exceptionally well. For example, 55 companies described in detail their arrangements to identify and engage with key stakeholders' groups. Some companies also demonstrated that they made an effort to maintain their corporate websites, keeping this as current as possible.

Approximately 31% of companies disclosed that they have a C-suite responsible for looking after sustainability. 14 companies disclosed that they have a Board-level Committee looking after sustainability. Approximately 21 companies mentioned that they are aligning with TCFD reporting recommendations to assess and disclose climate-related risks and opportunities, while majority (over 70%) did not factor in climate risks. 66% of companies factor sustainability risks in their ERM strategies, while 6% disclosed that sustainability-related risks are not highlighted by Board or included in materiality topics or incorporated into ERM strategies. 28% of companies did not make any disclosure around this.

7.4. Considerations

Some companies bundled the three provisions together (Provisions 11, 12 and 13) and disclosed them as one section.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of General Meetings, Engagement with Shareholders, and Engagement with Stakeholders

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.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed to engage in regular and effective communication with its shareholders and ensures that all shareholders should be equally informed of all major developments of the Group which would likely materially affect the price or value of the Company's shares to facilitate the shareholders to exercise their ownership rights.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET.

There are also others who just provide the following disclosures under Provision 13:

E. MANAGING MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Group considers and balances the needs and interests of our material stakeholders, as part of the Group's overall responsibility to ensure that the best interests of the company are served.

The Group engages the various material stakeholders through various channels as described in the Sustainability Report.

Directors Survey: On stakeholders' engagement

About a fifth of directors said that good corporate governance and transparency is a key area of focus to management during the reporting period. Other areas of focus include ethics and compliance, products and services.

What are the key areas of focus in relation to the management of stakeholder relationships during the reporting period?

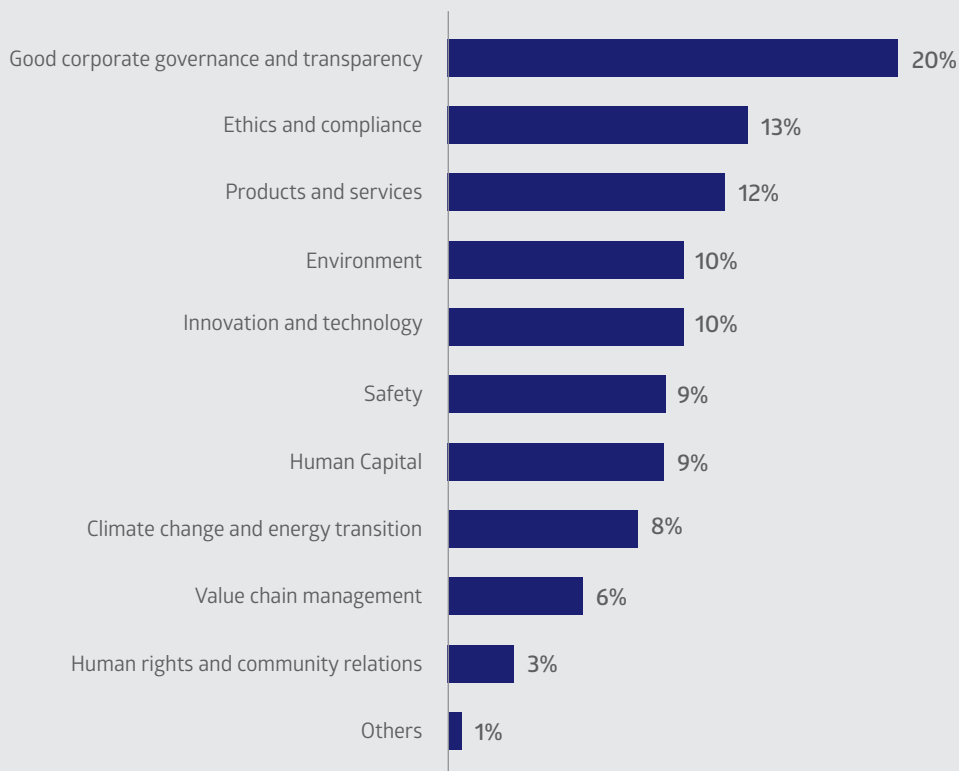


Figure 27: Key areas of focus in relation to stakeholder relationships management.

Directors Survey: On stakeholders' engagement

Almost a quarter of directors surveyed engaged with stakeholders via commercial relationships, while others engage stakeholders through industry associations or partnerships. Only 12% engage stakeholders via public forums.

What are the ways in which your board engages with stakeholders (customers, suppliers, employees, etc)? (Select all that apply)



Figure 28: Ways in which board engages with stakeholders.

Stakeholder management is vital and effective stakeholder engagement will be different for every company. Proactive stakeholder engagement is critical, especially since it builds trust in preparation for when a crisis hits. Companies can consider having and disclosing a structured process for monitoring its relationships with its stakeholders and disclosing its engagement strategy with these non-shareholders stakeholders.

7.5. Conclusions

Provision	Possible areas of improvements
<p>Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.</p>	<ul style="list-style-type: none"> ■ Disclosure of the steps taken by boards to identify and understand the expectations of the company's stakeholders, which may vary across industries and are continually changing. ■ Disclose the steps taken by Board to engage such material stakeholder groups on a regular basis.

8. APPENDIX 1: OVERVIEW OF METHODOLOGY

The objective of the study was to identify the extent to which corporate governance disclosures were present (either a positive or negative statement) and of good quality (the disclosure, including explanations for alternative practices, provides forthcoming and meaningful information to enable the reader to understand the practices adopted by the company) in relation to the key requirements specified in the CG Code, and relevant SGX Listing Rules.

The total number of requirements assessed was 55, which included 51 Provisions from the CG Code, as well as new requirements such as the need for first-time directors to undergo training in the roles and responsibilities, the requirement for companies to set up an IA function, Audit committee's comment on whether the internal audit function is independent, effective and adequately resourced, and the requirement for the board to provide an opinion on the adequacy of internal controls.

Disclosures on each requirement were evaluated based on whether the disclosure was present, which would account for one-third of the score, and the quality of the disclosure if present, which would carry two-thirds of the score. The heavier weightage awarded to the quality of disclosures reflects the focus of this review on evaluating the overall quality of disclosures, rather than only whether disclosures are present.

The review of companies' CG Code disclosures was independently carried out by KPMG. The study relied on publicly available information contained in the Annual Reports and disclosures in the annual reports of companies with financial years ended from 1 July 2020 to 30 June 2021 were reviewed in the study. It did not involve reviewing the underlying processes that companies have implemented to satisfy the requirements. Where referenced in the annual report, disclosures on a company's website were also reviewed. Findings of the review are presented here on a statistical no-name basis.

A total of 585 Mainboard- and Catalist-listed companies were identified as in scope during this period. The study excluded Exchange Traded Funds, Secondary listings and Mainboard- and Catalist-listed companies unable to be analysed (e.g. suspended, no annual report, change in financial year end).

The study contains some qualitative assessments in classifying the extent to which the disclosures were forthcoming in nature. While efforts were made to standardise the assessments and calibrations across companies, there was an element of subjectivity and interpretation which may impact the results.

Companies with market value exceeding S\$1 billion were regarded as large-capitalisation companies for the purpose of this study. Such companies made up 14% of the 585 companies reviewed. Mid-cap companies – or those with market value of S\$300 million to S\$1 billion – comprised 13% of companies while the remaining 73% of companies were described as small-cap companies.

9. APPENDIX 2: ADDITIONAL STATISTICS FROM DISCLOSURE REVIEW

9.1. Percentage of Companies who made Disclosures (Presence)

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 1	Provision 1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company.	4%	30%	66%	100%
Principle 1	Provision 1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	1%	29%	70%	100%
Principle 1	Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.	1%	18%	81%	100%
Principle 1	Provision 1.4	Board committees, including Executive Committees if any, are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities are disclosed in the company's annual report.	0%	8%	92%	100%
Principle 1	Provision 1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	0%	6%	94%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 1	Provision 1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities.	1%	3%	96%	100%
Principle 1	Provision 1.7	Directors have separate and independent access to management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	1%	9%	90%	100%
Principle 2	Provision 2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	2%	4%	94%	100%
Principle 2	Provision 2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	0%	41%	59%	100%
Principle 2	Provision 2.3	Non-Executive Directors make up a majority of the Board.	0%	12%	88%	100%
Principle 2	Provision 2.4	The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.	0%	22%	78%	100%
Principle 2	Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	3%	25%	72%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 3	Provision 3.1	The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	0%	27%	73%	100%
Principle 3	Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	2%	19%	79%	100%
Principle 3	Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate.	4%	34%	63%	100%
Principle 4	Provision 4.1	The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:	0%	7%	93%	100%
Principle 4	Provision 4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director (Lead ID), if any, is a member of the NC.	0%	7%	93%	100%
Principle 4	Provision 4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	0%	14%	85%	100%
Principle 4	Provision 4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board.	0%	26%	74%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 4	Provision 4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company.	0%	31%	69%	100%
Principle 5	Provision 5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	1%	18%	81%	100%
Principle 5	Provision 5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	1%	26%	74%	100%
Principle 6	Provision 6.1	The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:	0%	5%	94%	100%
Principle 6	Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	0%	6%	94%	100%
Principle 6	Provision 6.3	The RC considers all aspects of remuneration including termination terms to ensure they are fair.	4%	13%	83%	100%
Principle 6	Provision 6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	5%	3%	92%	100%
Principle 7	Provision 7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance.	3%	16%	81%	100%
Principle 7	Provision 7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.	4%	4%	92%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 7	Provision 7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	8%	6%	86%	100%
Principle 8	Provision 8.1	The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.	0%	21%	79%	100%
Principle 8	Provision 8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report.	1%	10%	89%	100%
Principle 8	Provision 8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	1%	31%	69%	100%
Principle 9	Provision 9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this if appropriate.	1%	28%	71%	100%
Principle 9	Provision 9.2	The Board requires and discloses in the company's annual report that it has received assurance from:	1%	1%	99%	100%
Principle 10	Provision 10.1	The duties of the AC	0%	7%	93%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 10	Provision 10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	0%	13%	87%	100%
Principle 10	Provision 10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	5%	16%	79%	100%
Principle 10	Provision 10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	0%	17%	83%	100%
Principle 10	Provision 10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.	1%	1%	98%	100%
Principle 11	Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	0%	1%	99%	100%
Principle 11	Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	1%	29%	70%	100%

Principle	Provision	Description	No disclosure	Some disclosure	Full disclosure	Total
Principle 11	Provision 11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	1%	15%	84%	100%
Principle 11	Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	0%	0%	100%	100%
Principle 11	Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	1%	11%	88%	100%
Principle 11	Provision 11.6	The company has a dividend policy and communicates it to shareholders.	3%	50%	47%	100%
Principle 12	Provision 12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	1%	12%	87%	100%
Principle 12	Provision 12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	11%	46%	43%	100%
Principle 12	Provision 12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	8%	24%	68%	100%
Principle 13	Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	1%	0%	99%	100%
Principle 13	Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	2%	1%	97%	100%
Principle 13	Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	1%	2%	97%	100%

9.2. Disclosure Quality by Percentage of Companies

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 1	Provision 1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company.	2%	63%	34%	2%
Principle 1	Provision 1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	1%	45%	46%	8%
Principle 1	Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.	1%	41%	50%	8%
Principle 1	Provision 1.4	Board committees, including Executive Committees if any, are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities are disclosed in the company's annual report.	0%	52%	46%	2%
Principle 1	Provision 1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	0%	22%	76%	2%
Principle 1	Provision 1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities.	1%	18%	75%	6%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 1	Provision 1.7	Directors have separate and independent access to management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	2%	18%	79%	2%
Principle 2	Provision 2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	2%	31%	67%	0%
Principle 2	Provision 2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	0%	42%	57%	0%
Principle 2	Provision 2.3	Non-Executive Directors make up a majority of the Board.	0%	17%	82%	0%
Principle 2	Provision 2.4	The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.	0%	49%	47%	4%
Principle 2	Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	3%	39%	56%	2%
Principle 3	Provision 3.1	The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	0%	30%	67%	3%
Principle 3	Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	3%	37%	57%	3%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 3	Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate.	4%	35%	59%	2%
Principle 4	Provision 4.1	The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:	0%	43%	55%	1%
Principle 4	Provision 4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director (Lead ID), if any, is a member of the NC.	0%	20%	79%	0%
Principle 4	Provision 4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	0%	41%	53%	6%
Principle 4	Provision 4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board.	0%	34%	62%	3%
Principle 4	Provision 4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company.	0%	43%	55%	1%
Principle 5	Provision 5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	1%	50%	48%	2%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 5	Provision 5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	1%	38%	58%	3%
Principle 6	Provision 6.1	The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:	0%	43%	56%	1%
Principle 6	Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	0%	8%	92%	0%
Principle 6	Provision 6.3	The RC considers all aspects of remuneration including termination terms to ensure they are fair.	4%	37%	58%	1%
Principle 6	Provision 6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	5%	14%	79%	2%
Principle 7	Provision 7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance.	3%	41%	54%	2%
Principle 7	Provision 7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.	4%	24%	69%	3%
Principle 7	Provision 7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	8%	34%	57%	1%
Principle 8	Provision 8.1	The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (c) each individual director and the CEO (d) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.	0%	83%	12%	5%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 8	Provision 8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report.	1%	47%	50%	2%
Principle 8	Provision 8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	1%	66%	30%	3%
Principle 9	Provision 9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this if appropriate.	1%	71%	24%	4%
Principle 9	Provision 9.2	The Board requires and discloses in the company's annual report that it has received assurance from:	1%	15%	83%	2%
Principle 10	Provision 10.1	The duties of the AC include:	0%	41%	56%	3%
Principle 10	Provision 10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	0%	21%	76%	3%
Principle 10	Provision 10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	5%	34%	61%	1%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 10	Provision 10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	1%	27%	69%	3%
Principle 10	Provision 10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.	1%	10%	87%	2%
Principle 11	Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	0%	21%	78%	0%
Principle 11	Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	1%	41%	58%	0%
Principle 11	Provision 11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	1%	33%	59%	7%
Principle 11	Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	0%	42%	57%	1%
Principle 11	Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	1%	38%	60%	1%

Principle	Provision	Description	No disclosure	Poor/Fair	Good	Outstanding
Principle 11	Provision 11.6	The company has a dividend policy and communicates it to shareholders.	3%	61%	35%	1%
Principle 12	Provision 12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	1%	34%	63%	3%
Principle 12	Provision 12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	10%	51%	37%	2%
Principle 12	Provision 12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	8%	53%	38%	2%
Principle 13	Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	1%	55%	41%	3%
Principle 13	Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	2%	48%	40%	9%
Principle 13	Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	2%	43%	49%	7%



10. APPENDIX 3: SOME EXAMPLES OF LEADING DISCLOSURES

10.1. Board Renewal and Tenure Policy

Purpose

The Board of Directors (the “Board”) is committed to a process of board renewal and orderly succession-planning for Directors. The Board recognises the importance of progressively refreshing the Board to address the evolving needs of _____ (the “Company”).

Board Needs

Recognising that board needs change over time, the Board will each year review and approve a Board Composition Matrix of skill sets and capabilities, taking into account the objectives of:

- building a Board that embodies diversity;
- with an appropriate balance between functional skill sets, domain expertise, and specific skills and capabilities needed to support the Company’s strategy and business.

Tenure

Directors are expected to serve for two terms, totalling no more than six years.

A Director may serve for such further period as the Board determines is necessary, up to a total of nine years (including the aforementioned six years served), to accommodate phasing, giving due regard to critical skill sets needed.

Process

At the end of each term, Directors who wish to seek reappointment for another term will be subject to a review by the Nominations and Corporate Governance Committee.

The review will take into account:

- The Director’s fit with the Board Composition Matrix;
- The Annual Board Effectiveness Review;
- The contribution and performance of the Director; and
- The Director’s compliance with the Board’s Code of Business Conduct and Ethics.

10.2. Board Skills Matrix

Skills Area	Skills & Experience
Leadership and Culture	Experience at an executive level in business including the ability to assess the performance of the CEO and senior management
	Non-executive and board committee experience in a publicly listed company in Singapore, Europe and/or Australia
	Understanding, implementing and monitoring of good organisational culture and change management
	Experience in managing human capital and strategic workforce planning
	Remuneration and rewards planning
	Industrial relations, workplace health and safety
Commercial Capability	<p>Deep experience at a Board or executive level with a listed company(s) in the SGX-ST or international equivalent, giving an understanding of any or all of the following:</p> <ul style="list-style-type: none"> ■ Capital raising ■ Takeovers ■ Continuous disclosure ■ Corporate governance ■ Commercial law ■ Legal and regulatory frameworks
Investment Management/ Funds Management	Experience in the investment management or funds management industry
European Commercial Property Market Knowledge	<p>Experience in, and appropriate knowledge of, the European commercial property market:</p> <ul style="list-style-type: none"> ■ Acquisitions and disposals ■ Real estate evaluation ■ Asset management ■ Property management ■ Leasing ■ Facilities management ■ Property development
Financial Acumen	<p>Understanding of:</p> <ul style="list-style-type: none"> ■ Financial statements ■ Critically assess financial viability performance ■ Contribute to financial planning ■ Monitor operating and capital expenditure budgets ■ Monitor debt levels and funding arrangements <p>Experience as a partner in a top-tier accounting firm, or as a Chief Financial Officer in a company listed on the SGX-ST, giving a deep understanding of the accounting standards.</p>

Skills Area	Skills & Experience
Risk Management and Internal Controls	<p>Ability to identify or recognise key risks across its various operations and understand and monitor enterprise risk management frameworks and risk mitigating solutions</p> <hr/> <p>Understanding of governance frameworks and internal controls</p>
Capital Management	<p>Experience in the banking industry or in a corporate treasury department providing an understanding of the debt market in Singapore, Europe and elsewhere</p>
Sustainability and ESG	<p>Ability to make a positive contribution to the diversity of the Board, whether because of geographic location, gender, age, skillset, etc.</p> <hr/> <p>Demonstrate of understanding of health and safety practices</p> <hr/> <p>Understanding of environmental risks and opportunities relating to climate change</p> <hr/> <p>Former or current role with direct accountability for environment practices and risk management including energy, water management, emissions and land management</p> <hr/> <p>Stakeholders engagement on ESG issues</p> <hr/> <p>Marketing and positioning expertise capitalising on ESG related opportunities</p>
Digitalisation and Technology	<p>Understanding of digitalisation and disruption to the industry including cybersecurity risks and threats</p> <hr/> <p>Understanding of technology and information systems applicable to the real estate industry</p>
Public Policy, Government, Economics	<p>Experience with either Singapore or European government ministries of departments giving a knowledge of agendas, policies and/or processes</p> <hr/> <p>Understanding of key macro and micro economic indicators and market cycles and their impact on the Group and the environment in which it operates</p>

10.3. Board diversity policy with reference to progress

Objectives identified under Board Diversity Policy

The objectives identified in FY 2019 to be fulfilled by the end of FY 2021, and the progress towards achieving such objectives, are set out below:

Objectives	Progress
<p>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.</p>	<p>[NAME] was appointed as a non-executive and independent director with effect from 1 November 2019. [NAME] was Managing Partner of [CO] Singapore and then Chairman of [CO] Asia Pacific before he retired in 2017. He was a member of [CO]'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, [NAME] was responsible for [CO]'s global strategies and planning, including developing the firm's capabilities in cyber security, data analytics and digital transformation. [NAME] 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 [NAME] in the roles of Audit Committee Chairman and Board Risk Committee member.</p> <p>[NAME] was appointed as a non-executive and independent director with effect from 2 January 2020. [NAME] was Co-Chairman and Senior Partner of [CO], 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. [NAME] was appointed with a view to succeeding [NAME] as a board member with legal expertise and to enhance the gender diversity of the Board.</p>
<p>Broaden the skill set 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.</p>	<p>[NAME] was appointed as a non-executive and independent director with effect from 1 November 2019 (and subsequently re-designated as non-executive and non-independent director with effect from 3 February 2021). 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.</p>
<p>Improve gender diversity over a 3-year period by ensuring that at least 20% of the Board will comprise female directors by the end of FY 2021.</p>	<p>The female representation on the Board is currently 18%. This objective will be met with the appointment of an additional female director by the end of FY 2021.</p>

10.4. Remuneration report with description of practices

Remuneration report

We believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices, drive business strategy and create long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.

Objectives of [COMPANY] remuneration strategy

[COMPANY]'s remuneration policy, which is applicable to [COMPANY] and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns, taking into consideration risk management principles and standards set out by [REGULATOR] and the Code of Corporate Governance.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with [COMPANY] values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within [COMPANY]:

Main thrusts	Details
Pay for performance as measured against balanced scorecard	<ul style="list-style-type: none">■ Instill and drive a pay-for-performance culture■ Ensure close linkage between total compensation and our annual and long-term business objectives as measured by our balanced scorecard■ Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to [COMPANY] values, taking into account both "what" and "how" key performance indicators (KPIs) are achieved
Provide market competitive pay	<ul style="list-style-type: none">■ Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in■ Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	<ul style="list-style-type: none">■ Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes■ Design payout structure to align incentive payments with the long-term performance of the Group through deferral and clawback arrangements■ Design sales incentive plans to encourage the right sales behaviour

10.5. Remuneration Framework

Main thrusts	Details
Pay for Performance	<ul style="list-style-type: none"> Instill and drive a pay-for-performance culture Ensure close linkage between total compensation and annual and long-term business objectives Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to the Group's values, taking into account qualitative and quantitative factor
Competitive market pay	<ul style="list-style-type: none"> Benchmarking total compensation against other organisations of similar size and standing in the markets that the Group operates in
Guarding against excessive risk-taking	<ul style="list-style-type: none"> Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management, as well as emphasis on long-term sustainable outcomes Design payout structure to align incentive payments with the long-term performance of the Group, for instance, certain components of the incentive payments will be paid over the course of a specified period of time, and providing for clawback arrangements in the service contract of the relevant personnel.

Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary (which includes employer's contributions to the Central Provident Fund and may in certain circumstances, also include contractual bonus and contractual entitlement to awards under the CES Share Plan) and fixed allowances.

10.6. Full disclosure of remuneration of Directors, including CEO (names redacted)

Name of Directors	Directors' Fees \$	Salary \$	Benefits \$	Variable Bonus \$	Total \$
Executive Director	-	934,560	48,026	554,400	1,536,986
Non-Executive Directors					
	35,190	-	-	-	35,190
	77,500				77,500
	122,500				122,500
	77,000				77,000
	18,639				18,639
	80,907				80,907
	27,928				27,928
Total Directors' Remuneration	439,664	934,560	48,026	554,400	1,976,650

10.7. Full disclosure of Remuneration of KMPs (names redacted)

Name of Top 5 Management Personnel including KMP	Designation	Breakdown of Remuneration by Percentage				Total Remuneration in Compensation Bands of \$250,000
		Salary ⁽¹⁾	Benefits ⁽²⁾	Bonus ⁽³⁾	Total	
	Chief Financial Officer	84%	1%	15%	100%	\$250,000 - \$499,999
	Senior Vice President, Business Development	74%	1%	25%	100%	\$250,000 - \$499,999
	Senior Vice President, Sales, Leasing & Marketing	60%	2%	38%	100%	\$250,000 - \$499,999
	Head, Asset & Fund Management	66%	1%	33%	100%	\$500,000 - \$749,999
	General Counsel	66%	1%	33%	100%	\$250,000 - \$499,999
Total Remuneration of Top 5 Management Personnel including the KMP		\$1,493,266 70%	\$14,880 1%	\$627,379 29%	\$2,135,526 100%	

10.8. Risk Governance and Risk Governance Structure

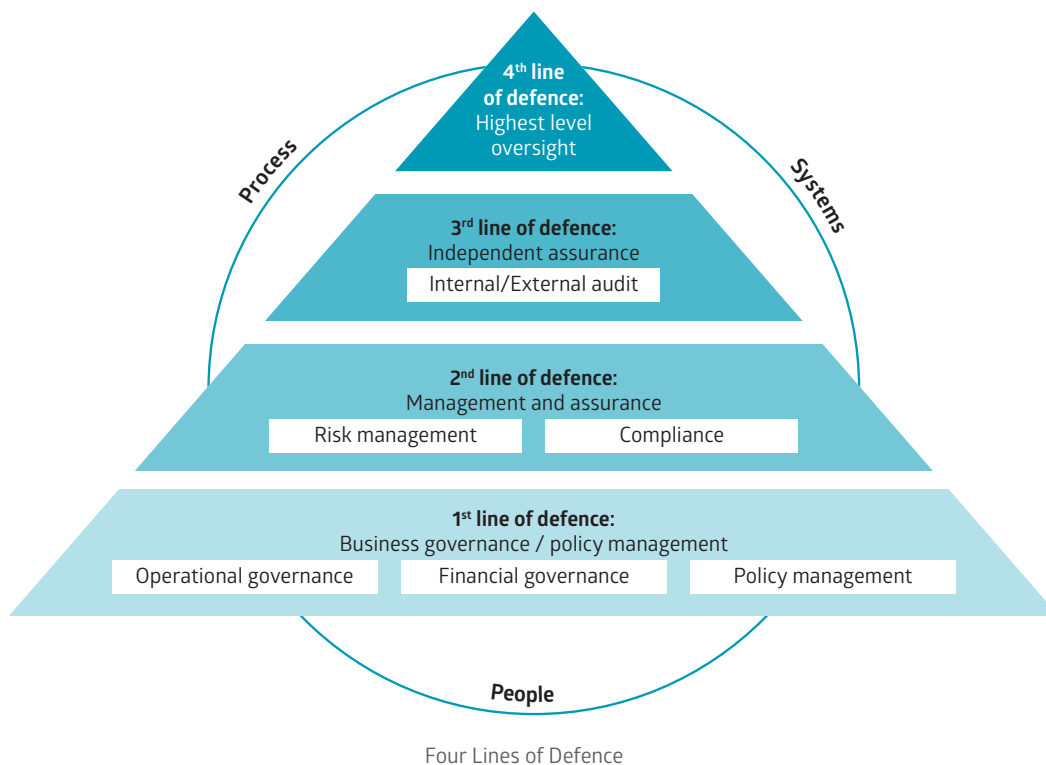
Risk Governance

The Group's ERM programme and internal controls are reviewed on a regular basis and, where appropriate, refined by Key Management with guidance from the Board Risk and Technology Committee (BRTC) and the Board of Directors (Board).

The Board, through the BRTC, has an overall responsibility for risk governance and ensures that Management maintains a robust system of risk management and internal controls to safeguard stakeholders' interests and the company's assets and resources.

In addition, the BRTC sets the tone on the appropriate risk culture and provides guidance on the enterprise risk management system and the corresponding policies and procedures. The BRTC meets quarterly.

The purpose of risk governance is to embed and build on the four lines of defence (as illustrated in the diagram below), which is a prerequisite to promote a robust system of risk management and effective internal controls.



Risk Governance Structure

The adoption of the above four lines of defence develops a risk governance structure. It embeds the Group’s existing organisational structure with assigned risk roles and responsibilities.

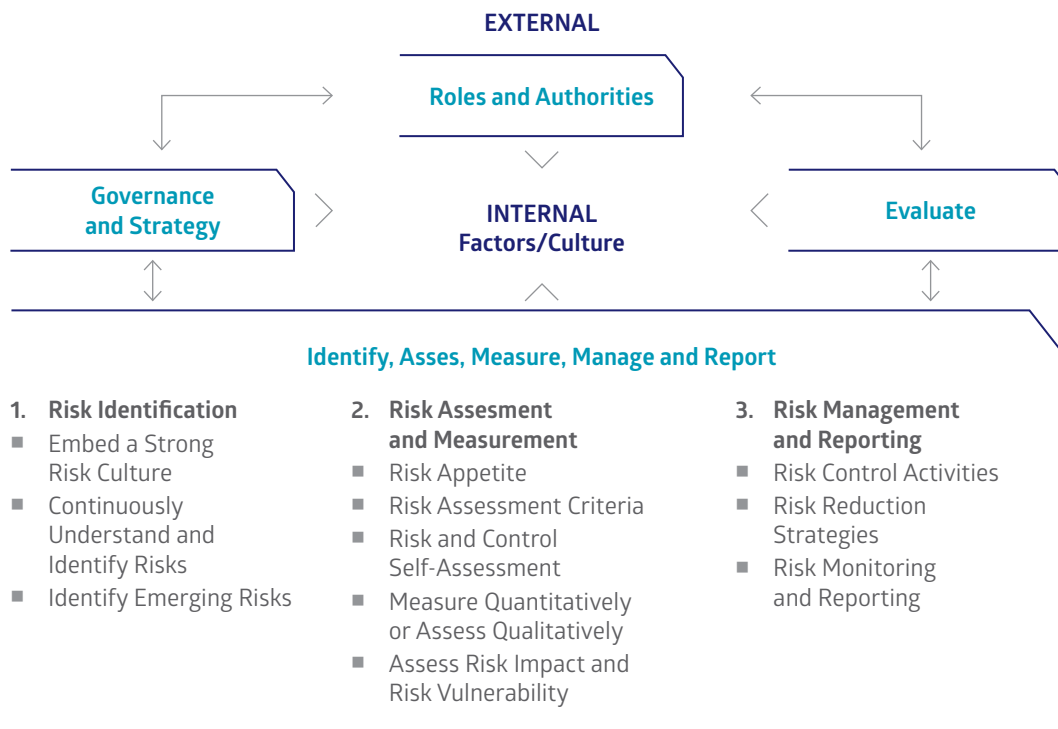
10.9. Types of risks and mitigation plans

A summary of the Group’s top risks and risk mitigation plans is set out below:

Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
Operational	Business continuity planning (Global/countrywide)	Ability to handle major global/country wide disruption and resume operations within the optimum timeframe and minimises losses	<ul style="list-style-type: none"> ■ Maintain sufficient debt headroom and cash runway to sustain the Group’s businesses over prolonged period of disruption affecting all companies. ■ IT disaster recovery plan and remote work arrangement capabilities are in place. However, the group may not be able to resume full business operations within a short duration of time after a major global/country wide disruption due to the lack of fully equipped sites (hot sites). ■ Safe management measures are implemented at workplaces.

Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
Strategic	Concentration risk – China	Majority of the Group’s businesses are based in China	<ul style="list-style-type: none"> Regular review of business strategies and performance of business units in China Evaluate new investment opportunities in other geographical regions besides China, when the opportunities arise.
Strategic	Change in government policies	The Group is affected by change in the government policies in the countries and markets that it operates in. The ability to respond effectively and adapt its business strategies to changes in the government policies and regulation is crucial to the Group’s performance.	<ul style="list-style-type: none"> Stay updated on new and potential changes in government policies Assess impact of policy changes and review business strategies where necessary Monitor market conditions and key external indicators that may affect the Group’s businesses.

10.10. ERM Framework



10.11. Investor and Media relations

Calendar of Events



Date	Events
1st Quarter	7 Jan Pulses of Asia, Singapore
	5 Feb FY2019 Financial Results: Analyst Briefing
	5 Feb FY2019 Financial Results: Media Luncheon
	6 Feb FY2019 Financial Results: Investor Luncheon
	11 Feb Non-deal Roadshow (NDR), Bangkok
	24 Mar COVID-19 Updates: Analysts, Media and Investor Call
2nd Quarter	14 Apr U.S. Tax Call Updates: Analyst, Media and Investors
	8 May 1Q2020 Operational Updates: Analyst & Media Briefing
	8 May 1Q2020 Operational Updates: Investor Briefing
	12 May Securities Conference, Korea
	18 May Annual General Meeting
	23 Jun Securities Corporate Presentation, Taiwan

Date	Events
3rd Quarter	3 Aug 1H2020 Financial Results: Analyst & Media Briefing
	3 Aug 1H2020 Financial Results: Investor Briefing
	4 Aug 1H2020 Financial Results: Presentation
	19 Aug NDR, Malaysia and Bangkok
	26 Aug C-Suite Singapore REITs & Sponsor Forum
	4 Sep Futures of Real Estate Series Conference
	9 Sep 'Ask Me Anything' Live Chat
	14 Sep Panel Discussion
	24 Sep NDR, Taiwan
	30 Sep Real Estate Virtual Corporate Day
	30 Sep Investor Day: Work From Home Seminar
	4th Quarter
13 Oct Radio Interview	
5 Nov 3Q2020 Operational Updates: Analyst & Media Briefing	
5 Nov 3Q2020 Operational Updates: Investor Briefing	
5 Nov SREITs Corporate Day, Korea	
10 Nov Lunch Webinar	
18 Nov Thought Leadership Webinar	
24 Nov Round Table Presentation	

Note: All events from February to December 2020 were held virtually due to COVID-19.



11. APPENDIX 4: OPEN ENDED REMARKS FROM DIRECTORS SURVEY

Selected open-ended remarks in verbatim are included here to provide additional information captured from Directors' survey.

11.1. Board diversity

Question: What are the greatest impediments to having more gender diversity at the board level? (Select all that apply)

- Boys club mentality; It's still very much dependent on boy's club connection to be a Board Director. Better to mandate professional search for independent directors.
- Mindset of existing directors that still narrowly look at Diversity.
- Familiarity with existing structure, reluctance to upset what has worked in the past.
- Once the 30% quota is hit, most NC chairs will consider their duty done. There's still resistance to have more than 1-3 female directors on boards.
- More conscientious efforts must be made in searching out suitable female candidates in the early stage of the recruitment process.
- Lack of a structured search process that focuses in particular on diversity; searches in Singapore for directors still tend to be via networks and female directors tend to be less plugged in to these networks. Going more into professional search can help get awareness of high potential female directors.
- Current female candidates may not have the requisite technical skillset being sought after at the time, such as cyber/IT background, legal, industry knowledge.
- Skill set and relevant experience should be the key priority as it will deliver value to the company and shareholders.
- Gender diversity is only one aspect of diversity - for a global company, geographical and skills diversity are also important.
- Gender is not the only element of diversity - culture, socio-economic and other criteria are also important.
- We should look for best fit regardless of gender.

11.2. Board Composition

Question: In your opinion, what composition at board level will be appropriate for effective corporate governance?

- Much would depend on the nature of the company including its business, its shareholding structure, strength of management, availability of resources etc. Whatever the case, however, at least half should comprise independent directors.
- Decision making should not be based on numerical superiority but quality of deliberation.
- It depends on the nature of the company. The appropriate governance structure for a large multinational with distributed shareholdings is different from the needs of a small to mid-sized company with a dominant shareholder. Disagree with having statistical targets that are not differentiated.
- The percentage or proportion is not a scientific matter.
- Directors must be independent minded, not just comply with the statutory definition of independence.

11.3. Directors' independence

Question: How does the board assess the independence of a director who has served on the board for more than 9-years? (Select all that apply)

- Board's evaluation is important. The 9-years rule is, in my mind, an artificial rule. It creates an overwhelming assumption that no one can be independent after 9-years on the board. We know this is not true for everyone.
- Years of service should not be the factor of consideration. The better knowledge they have of the company will enable them to offer better guidance, provided they continue to remain independence.
- Subjecting long-serving independent directors to some form of external review (independent of controlling shareholders and senior management), for example by proxy advisory firms.
- Implement a hard stop at Year 9 plus 3 years, ie no Director should serve more than 12 years on a listed company's board. Whatever form of annual or other types of assessment within the organisation cannot be fully objective or deemed independent and will be tainted by some bias.
- No matter how good a director, it is always good to refresh with new perspectives from new directors. For senior, long serving board members, annual assessment are always congenial. Independence is in the mind translated into decisions/actions should be the key criteria.
- This is too subjective. Best to limit the tenure.

11.4. Two-tier voting

Question: How should the 9-year rule, which applies to independent directors who have served for more than 9 years, and the process for appointing / re-appointing independent directors be improved?

- Good intention but weak in assessing appropriateness.
- The 9 year rule may not be applicable in all situations. The Board should have a free hand at managing its affairs.
- 9 years is actually a short time. It is not easy having a board that is able to have a cohesive and good relationship. Respecting and understanding each other's views. This takes time and built over a few years.
- The current rules are fine if long-serving independent directors (more than 9 years) are subjected to some form of external review (independent of controlling shareholders and senior management), for example by proxy advisory firms to inform the shareholders more fully about the implications of the vote.
- The reasons for the ID's reappointment as well as the reasons as to why the NC is of the view that the ID is to be regarded as independent should be reflected in the notes in the notice of meeting called for the purpose of the two-tier vote.
- Two-tier voting should be used to re-appoint an individual director once every 3 years.
- Definition of independence should be based on the integrity of the person not by years of service. It is the conduct of the ID that matters.
- Independence is a state of mind. Nine-year rule is obsolete. In two weeks, one can find out if a Director is Independent or not.
- Should simplify by having all IDs go through two-tier voting. 9-year mark is arbitrary as a long-serving ID could have more clout and gravitas to make independent demands, compared with a newly appointed ID. We must factor in our unique Singaporean culture. By subjecting all IDs to two-tier voting will better protect minority shareholders.
- Not more than 1/3 of IDs should serve more than 9 years.

- Rather than just a vote, shareholders should be encouraged to scrutinise independence and specifically consider whether keeping the ID for his experience and company knowledge outweighs the benefit fresh blood with different skillsets. NC should specifically address this and this should be circulated together with the resolution for the two tier vote.
- The 2-tier voting rules should be used not more than twice.
- The 9-year rule should 12-year rule and it be hard-coded. Once it reached the 12 years of service, the said ID should not be appointed. The manner some company circumvented the present rule is to change the title of the long serving so called independent director to NON-EXECUTIVE NON-INDEPENDENT DIRECTOR and yet this is somehow acceptable.
- One can argue that to promote renewal and diversity, a time-limit such as 9 year is a good step to allow for Board renewal, not just for independence alone. Being Independent is a given for Independent Directors. Looks like the current 9-year rule is to presume that a director will become somewhat cozy and lose his/her independence for Company's benefit.
- Each director should be judged on his/her own merits.
- To be determine by fellow board members.

11.5. Reasons for putting directors through 2-tier vote

Question: In your opinion, what are the main reason(s) for putting IDs through the two-tier vote?

- Not wanting to get new/directors who are actually independent.
- Reluctance to upset what has worked.
- Desire to keep change and challenge of dated practices out of the board room.
- The 'conflict of interest' in a long serving board members is convenient for others and mgmt and usually results in less questions and 'alignment'.
- 'Face saving' for incumbents who don't want to leave their posts (and potentially remuneration).
- Distressed situations where experience is needed but could be double edged sword. Director could be the reason company is distressed. Allow for past directors to come in to help.

11.6. Reasons for not engaging a remuneration consultant

Question: Were external consultants engaged at each remuneration review? [Answer: No]

- Costs consideration.
- External consultants are necessary only at critical review points when inputs on market trends, best practices and benchmarks are useful. Not every year.
- Benchmarking is not suitable because there are too many factors or arguments that similar companies are not comparable.
- Board and Management have adequate experience and access to information in the market to make reasonable adjustments.
- Company has a robust HR department.
- Consultants not necessarily have all info or experience evaluating SME's pay scale.
- Does not serve much purpose.
- HR department prepares market update for the Remuneration Committee at annual remuneration review.

11.7. Benefits to using non-financial KPIs in determining the remuneration

Question: In your opinion, what are the benefits of using non-financial KPIs in determining the remuneration of executive directors and key management personnel? (Select all that apply)

- Aspects such as safety, ESG and company reputation are non-financial but important.
- Prevents disproportionate focus on short term profits as opposed to long term sustainability
- Non-financial KPIs are very hard to quantify and therefore much more subjective. So these should only be considered in tandem with financial KPIs.
- KPI is good to access effort can be qualified by figures in short time but some efforts are not easy to measure such as customer and employee loyalty.
- Non-financial KPIs encourage and promote the soft aspects and long term growth of the company's strategic plans.
- There may be situations whereby strategy and purpose are defined nicely and relationships with stakeholders are also good, but results are still disappointing. So, we should not solely rely on non-financial KPIs.
- The harsh fact is that shareholders of listcos ultimately demand adequate financial performance, and fulfilment of other non-financial KPI's can be helpful for larger strategic reasons but cannot fully compensate for what shareholders desire.

11.8. Reasons for not disclosing more information on remuneration practices

Question: In your opinion, how much detail should companies disclose about their remuneration practices for directors and executives? [Answer: Provide only basic information such as total aggregation and how many KMPs.] Reasons:

- Internal board matters reflected in the overall operation performances to be challenged in AGMs
- Disclosure has been made in the company's corporate governance report
- We are not the pace setters for director remuneration.
- Information commercially and emotionally sensitive for this involved.
- Poaching of Key personnel in an extremely competitive environment
- Market is very competitive and salaries should not be divulged in detail to prevent poaching
- Confidentiality of remuneration packages
- Detail remuneration information will lead to competitors to target the key personnel and may also lead to dissatisfaction amongst key personnel when they compare to their peers in the industry. This will lead to unwanted churn.
- Reduce business competition.
- Over disclosing can lose out some secrecy among competitors
- Sensitivity
- Singapore is a small market. Detailed disclosure of an individual's compensation will create competitive pressure which will not be healthy. Aggregate, median and high of KMPs on no name basis would serve broader objectives.

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