

# CORPORATE GOVERNANCE

VICOM Ltd (“VICOM” or the “Company”, and together with its subsidiaries, the “Group”), believes that a fundamental measure of our success is about creating long term shareholder value.

We will continue to:

- Focus relentlessly on our customers;
- Make corporate decisions to generate long-term value rather than for short-term considerations;
- Maintain our lean culture through cost efficiencies to drive value creation;
- Hire and retain skilled and dedicated Employees; and
- Look for sustainable ways to protect the environment.

## CORPORATE GOVERNANCE STATEMENT

VICOM strongly believes that good Corporate Governance makes good business sense. To this end, the Company maintains the highest standards of Corporate Governance, professionalism and integrity as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of.

The Company is committed and adheres to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 (the “Code”) and ensures that it is upheld throughout the Group. The Company has also adopted a Code of Business Conduct, which sets out the principles and policies upon which the Company’s businesses are to be conducted, and also implemented a Whistle Blowing Policy which provides a mechanism for Employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst protecting the whistleblowers from reprisal within the limits of the law.

This Report sets out the Corporate Governance practices that were in place during the Financial Year ended 31 December 2020 (“FY 2020”), with specific references to the Code. For FY 2020, we are pleased to report that the Company complied in all material respects with the Code.

## 1. BOARD MATTERS

The Board of Directors (the “Board”) has a duty to protect and enhance the long-term value of the

Company and achieve sustainable growth for the Group. It sets the overall strategic direction of the Company and oversees the proper conduct of the business, performance and affairs of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Company.

In appointing Directors, the Company seeks individuals who have integrity, expertise, business acumen, shareholder orientation and a genuine interest in the Group.

## PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

### BOARD’S ROLE AND RESPONSIBILITIES

At the helm of the decision-making process of the Company is the Board. The Board is headed by the Non-Independent and Non-Executive Chairman, Mr Lim Jit Poh (the “Chairman”), and is responsible for:

- Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group (which include appropriate focus on value creation, innovation and sustainability) and ensuring that adequate financial and human resources are in place to achieve the objectives;
- Ensuring that appropriate and adequate systems of internal controls, risk management processes and Financial Authority Limits are in place to safeguard Shareholders’ interests and the Group’s assets, and to achieve an appropriate balance between risks and company performance;
- Challenging Management constructively and monitoring its performance;
- Identifying the key Stakeholder groups and guiding Management in the Company’s strategy and approach in addressing the concerns of these key Stakeholder groups, and ensuring transparency and accountability to all Stakeholders;
- Instilling an ethical corporate culture and ensuring the Company’s values, standards, policies and practices are consistent with the culture; and
- Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

**INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS**

Upon appointment as a Director, the Chairman will issue an official letter of appointment to the Director, which clearly sets out his/her role, duties and responsibilities as a director of the Company.

Management will conduct a comprehensive orientation programme for newly appointed Directors, which include duties as a Director and how to discharge those duties, key aspects of the businesses, including financial and Corporate Governance policies are also discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.

If the newly appointed director has no prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), training in relevant areas such as regulatory, finance and legal as well as industry-related areas will be provided. As required under the SGX Listing Rules, a new director who has no prior experience as a director of a company listed on the

SGX-ST must undergo training as prescribed by the SGX-ST. Such training should be completed within one year of appointment.

Directors are encouraged to undergo continual professional development by attending relevant training programme, seminars and courses organised by the Singapore Institute of Directors and other professional bodies to enhance their (SID) knowledge and skills and better equip themselves to effectively discharge their duties as a Director of the Company. The fees for the courses are paid for by the Company.

The Company Secretaries also update and brief the Board on Corporate Governance practices and changes in or updates to the relevant legal and regulatory requirements pertaining to the Group's businesses. External consultants are also engaged to conduct seminars on specific topics as and when necessary.

Due to the COVID-19 pandemic started in early 2020, there were no internal training programmes being organised in 2020 for the Directors. However, some Directors continued to attend external courses/ seminars as listed below:

DATE	TRAINING PROVIDER	TOPIC	ATTENDED BY:
25 Feb 2020	SID	Financial Reporting Fundamentals	(1) Prof Shim Phiau Wui, Victor
15 Oct 2020	SID	LED 6 - Board Risk Committee Essentials	(1) Mr Sim Wing Yew

Ms Wong Yoke Woon, who was appointed as Director of the Company on 21 May 2020 attended the essential Listed Entity Directors' (LED) Programmes organised by the SID as follows:

DATE	TRAINING PROVIDER	LISTED ENTITY DIRECTORS PROGRAMME
16 Jul 2020	SID	LED 1 – Listed Entity Director Essentials
17 Jul 2020	SID	LED 2 – Board Dynamics
17 Jul 2020	SID	LED 3 – Board Performance
20 Jul 2020	SID	LED 4 – Stakeholder Engagement
20 Jul 2020	SID	LED 5 – Audit Committee Essentials
15 Oct 2020	SID	LED 6 – Board Risk Committee Essentials
21 Oct 2020	SID	LED 7 – Nominating Committee Essentials

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Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised from time to time to enable Directors to learn more about the Group's operations. During such visits, Directors spend time with Management to discuss key strategies and policies pertaining to, not just Company specific operations, but also the Group's business in general. Such meetings help Directors to be better equipped to make informed decisions relating to the future direction of the Group.

### RESERVED MATTERS

VICOM has adopted clear, established and documented internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, Board approval is required with regard to matters such as acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/ associates, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of Financial Results to the SGX-ST via SGXNET. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.

The Board periodically reviews the adequacy and effectiveness of internal controls, risk management and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

### CONFLICTS OF INTEREST

All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest in relation to any matter, he/she must immediately declare his/her interest at a meeting of the Directors or send a written notice to the Company containing details of his/her interest in the matter and the actual or potential conflict, and recuse himself/herself from participating in any discussion or decision on the matter.

### DELEGATION BY THE BOARD

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, three Board Committees were formed, namely, the Audit and Risk Committee (**ARC**), the Nominating Committee (**NC**) and the Remuneration Committee (**RC**) (collectively, the "**Board Committees**"). Ad hoc committees are also formed to look at specific issues from time to time.

Each Board Committee is governed and regulated by its own terms of reference, which sets out the scope of its authorities, duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken.

The terms of reference and summary of the activities of the ARC, NC and RC are described in further detail in the relevant sections below from pages 72 to 82.

Although the Board Committees are empowered to make their own decisions, the Board is ultimately responsible for all decisions made by the Board Committees.

### DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

At least four scheduled Board Meetings are held every year at regular intervals for the purpose of reviewing the results and ongoing performance of the Group notwithstanding that the financial results are only announced semi-annually. The Board Meetings to approve the half yearly Financial Results are held within 45 days after the end of the first half of the financial year, and not later than 60 days after the end of the financial year for the full year financial results, while the Board Meeting to approve the Annual Budget is held in last quarter of each year after all the Budgets of the subsidiaries have been approved by their respective Boards. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises.

Directors who are unable to attend meetings in-person, are able to participate in the discussions through video/audio/tele-conferencing. Decisions of the Board and Board Committees on matters in the ordinary course of business may also be obtained via circular Resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

**ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2020**

Name	BOARD		AUDIT & RISK COMMITTEE		NOMINATING COMMITTEE		REMUNERATION COMMITTEE		ANNUAL GENERAL MEETING	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
<b>Lim Jit Poh</b>	4	4	–	–	2	2	2	2	1	1
<b>Yang Ban Seng</b>	4	4	–	–	2	2 <sup>a</sup>	2	2 <sup>a</sup>	1	1
<b>Sim Wing Yew</b>	4	4	3	3 <sup>a</sup>	2	1 <sup>a</sup>	2	2 <sup>a</sup>	1	1
<b>Shim Phyu Wui, Victor</b>	4	4	3	3	2	2	–	–	1	1
<b>Goh Yeow Tin</b>	4	4	3	3	–	–	2	2	1	1
<b>June Seah Lee Kiang</b>	4	4	–	–	2	2	2	2	1	1
<b>Soh Chung Hian, Daniel</b>	4	4	3	3	2	2	–	–	1	1
<b>Tan Kim Siew</b>	4	4	–	–	2	2	2	2	1	1
<b>Tan Poh Hong</b>	4	4	3	3	–	–	2	2	1	1
<b>Teo Geok Har, Nancy<sup>b</sup></b>	1	1	1	1	–	–	1	1	1	1
<b>Wong Yoke Woon<sup>c</sup></b>	3	3	2	2			1	1	–	–

Notes:

- a) Attended meetings by invitation of the Committee.
- b) Retired on 20 May 2020.
- c) Appointed on 21 May 2020.

**ACCESS TO INFORMATION**

Prior to each Board and Board Committee Meeting, and where needed, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts, updates on key performance indicators and quarterly Investor Relations (“IR”) Reports covering IR activities and updates of analysts’ and investors’ views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group. As a general rule, reports to the Board and Board Committees are disseminated to Directors prior to meetings to provide sufficient time for review and consideration, so that discussions at the meetings are productive and effective. All information is encrypted if distributed electronically.

**INDEPENDENT PROFESSIONAL ADVICE**

Directors can request for additional information and has full access to Management. Management provides information requested by Directors for its meetings and decision making in a timely manner. Should there be a need to obtain independent professional advice on matters relating to the businesses of the Group or issues affecting the duties of the Directors, the Company will arrange for the appointment of relevant professional advisers at its own cost.

**COMPANY SECRETARIES**

The Company Secretaries assist in organising Board and Board Committee Meetings, prepare the agenda in consultation with the Chairman, the CEO and the chairman of the respective Board Committees. The Company Secretaries attend all Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including compliance with all relevant rules and regulations. The Directors have separate and independent access to the Company Secretaries. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

**PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

**BOARD INDEPENDENCE**

As at 31 December 2020, the Board comprised ten (10) Directors with 70% independent Directors. There is a strong level of independence in the Board. Except for the Chairman and the Deputy Chairman who are Non-Independent Non-Executive Directors, as well as the Chief Executive Officer (**CEO**) who is a Non-Independent Executive Director, all the remaining seven Non-Executive Directors (**NED**) are considered by the NC to be independent. The current board composition exceeds the

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requirement under Listing Rules and the Code for at least one third of the Board to comprise independent Directors where the Chairman is not independent. The Chairman and Deputy Chairman are nominees of ComfortDelGro Corporation Limited (**ComfortDelGro**), a Substantial Shareholder of the Company, and therefore non-independent. As such a Lead Independent Director has been appointed with effect from 1 January 2013. The Chairman, Deputy Chairman and CEO are different persons and are not immediate family members. The Chairman and Deputy Chairman are also not part of the Management team. No person will be able to influence the decisions of the Board as the over-whelming majority of the Directors are independent NEDs.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist which is drawn up in accordance with the guidelines provided in the Code and requires each Director to assess his/her own independence. The Director is required to declare any circumstances in which he/she may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is associated with a Substantial Shareholder in the current and immediate past financial year as non-independent. Mr Lim Jit Poh, the chairman of the Board is deemed as non-independent as he is both the nominee and the Chairman of ComfortDelGro. Mr Yang Ban Seng is deemed as non-independent as he is both the nominee and the Managing Director/Group CEO of ComfortDelGro. Mr Sim Wing Yew is deemed as non-independent as he is the Executive Director and CEO of the Company.

As at 31 December 2020, one out of the seven Independent Directors, namely Mr Goh Yeow Tin, has served on the Board for more than nine years. The NC takes the view that a Director's independence should not be determined solely and arbitrarily on the basis of the length of service. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining his/her independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. In taking a holistic approach, the Board and the NC exercise due and careful review, taking into consideration various factors, in assessing the independence of a Director.

These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. The Board is of the view that all independent Directors remain independent in the exercise of their judgement on Board matters.

### INDEPENDENT JUDGEMENT

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company and its Group.

### BOARD SIZE, COMPOSITION AND COMPETENCY

The NC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, knowledge, experiences, age and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors. The NC also takes into consideration the promotion of tripartism experience from labour, government and business, to foster constructive debate to enhance the Board's ability to discharge its duties and responsibilities effectively.

The bulk of the Group's businesses is regulated. Having considered the scope and nature of the operations of the Group and the requirements of its businesses, the NC and the Board are of the view that the current size of ten (10) Directors is appropriate.

The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

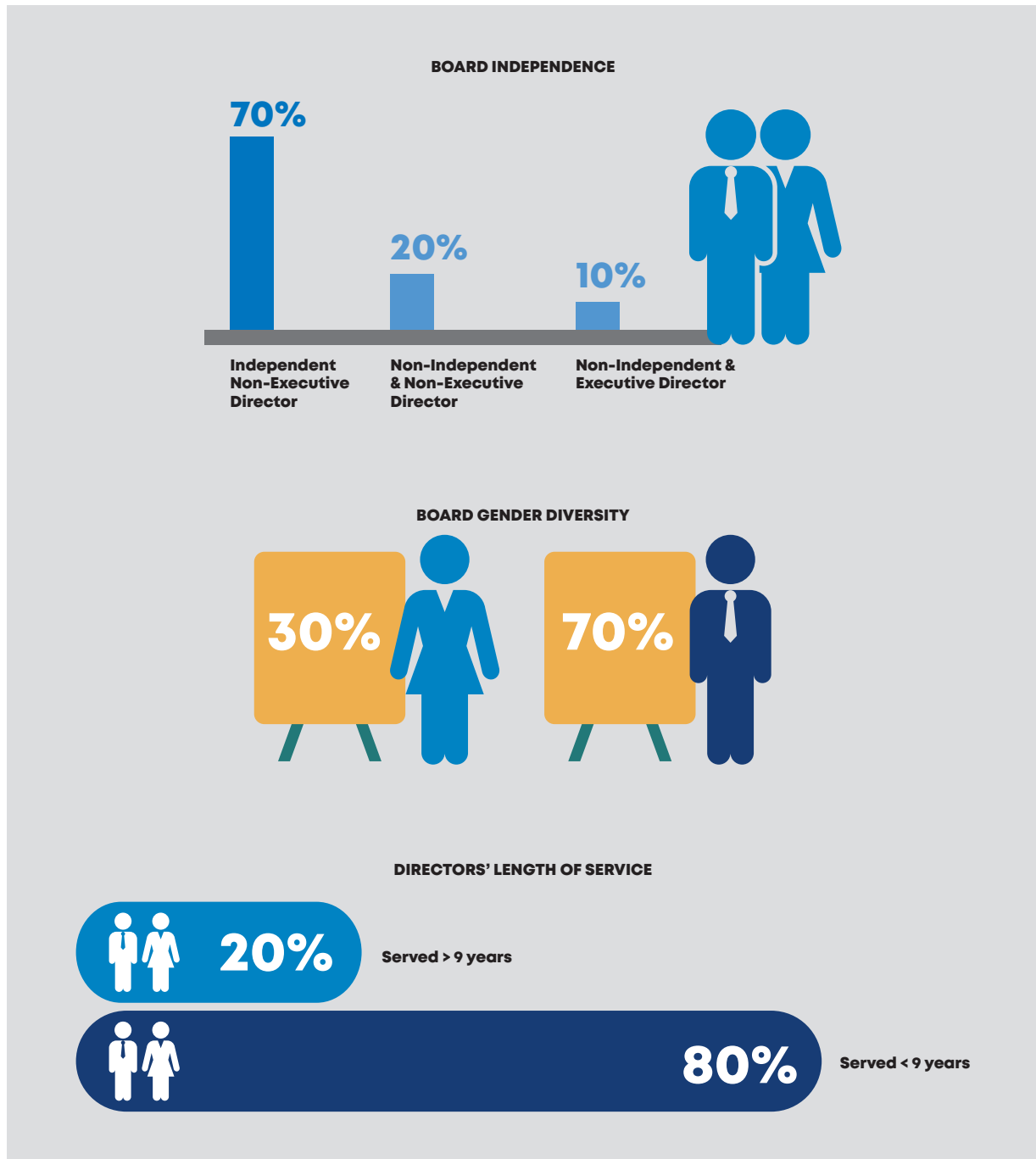
The Board recognises the merits of gender diversity in relation to composition of the Board and in identifying suitable candidates for new appointments to the Board would ensure that female candidates are included for consideration. As at 31 December 2020, out of ten directors on the Board three of them or 30% are females.

The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, technical testing, engineering, regulatory and business management. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively and ensure that the Group continues to be able to meet the challenges and demands of the markets in which it operates. The current makeup

of the Board and Board Committees reflects our commitment to all aspects of diversity.

The individual profile of the Directors, their listed company directorships and principal commitments held currently and in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 45 to 49 and pages 86 to 89 of this Annual Report.





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## NON-EXECUTIVE DIRECTORS' PARTICIPATION

All the NEDs have unrestricted access to the Management and are well supported by accurate, complete and timely information, including monthly and quarterly performance reports. They participate actively at Board and Board Committee Meetings to constructively challenge Management and help develop proposals on business strategy and other business and governance issues and also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

All the members of the ARC, RC, and NC are NEDs. There is no Executive Director on these Board Committees.

The Chairman, who is not a member of the ARC, meets with the chairman of the ARC and External Auditors annually in the absence of Management. From time to time when required, the NEDs led by the Lead Independent Director meet without the presence of Management before or after Board Meetings. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

The roles of the Chairman and the CEO are kept separate and distinct to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. This is a deliberate policy agreed by the Board and one that is strictly adhered to. This ensures Management accountability and Board independence. The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses. The Chairman and the CEO are not related.

The Chairman:

- (i) Leads the Board, facilitates effective contribution of all Directors, sets the agenda and promotes comprehensive, rigorous and open discussions at Board Meetings among the Directors, as well as between the Board and Management;
- (ii) Oversees the translation of the Board's decisions into executive actions;
- (iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with Shareholders and other Stakeholders;

(iv) Encourages constructive relations within the Board, between the Board and Management and the Board and the CEO; and

(v) Promotes high standards of Corporate Governance and transparency.

The CEO is given full executive responsibility for the management of the Group's businesses and the implementation of the Group's strategies and policies as decided by the Board and reports to the Board on a regular basis.

The Chairman and the CEO represent the Board at official functions and meetings with Shareholders and other Stakeholders such as employees, regulators and customers. A detailed description of our engagements with Stakeholders can be found from pages 62 and 65 of our Sustainability Report.

## LEAD INDEPENDENT DIRECTOR

Consistent with the Code, as the Chairman is deemed non-independent, the Board unanimously appointed Professor Shim Phyu Wui, Victor as the Lead Independent Director with effect from 1 September 2019. Professor Shim is the chairman of the NC and a member of the ARC.

## PRINCIPLE 4: BOARD MEMBERSHIP

There is a formal and transparent process for the appointment and reappointment of Directors to the Board, taking into account the need for progressive renewal of the Board.

## NOMINATING COMMITTEE

As at 31 December 2020, the NC comprised five NEDs, of whom four including the NC Chairman is independent. The NC Chairman is also the Lead Independent Director and he is not associated with any Substantial Shareholder. The NC is responsible for regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place. The renewal of Board membership is an ongoing process to ensure good governance and to maintain relevance in a changing business environment. All decisions by the NC are made by a majority of votes of the NC members who are present and voting. The key terms of reference of the NC include the following:

- (i) Review the Board's succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;

- (ii) Assess the effectiveness of the Board and Board Committees and contribution by each individual Director;
- (iii) Develop a process for performance evaluation of the Board, its Board Committees and individual Directors' performance, including comparison with industry peers; and
- (iv) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors.

#### **MULTIPLE BOARD REPRESENTATIONS**

The NC subscribes to the view that it is important for Directors to devote sufficient time and attention to the affairs of the Group. Consistent with the guidelines in the Code, the NC and the Board have adopted the following as a proactive step in ensuring this:

- A Director who is in full-time employment should not serve as a Director on the Board of more than three listed companies; and
- A Director who is not in full-time employment should not serve as a Director on the Board of more than six listed companies.

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman for approval. As a policy, the Chairman himself should not hold more than six directorships in listed companies if he is not in full-time employment and not more than three directorships in listed companies if he is in full-time employment.

In assessing a Director's contribution, the NC takes a holistic approach. Focussing solely on Directors' attendance at Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their abilities to provide valuable insights and strategic networking to enhance the businesses of the Group, availability for guidance and advice outside the scope of formal Board and Board Committee Meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors.

As a policy, the CEO, being an executive of the Company, besides adhering to the guidelines set on the maximum number of board representations on

listed companies, will also have to seek the approval of the Chairman before accepting any directorships of companies not within the Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the CEO and whether the new external directorships will provide strategic fit and networking for the businesses of the Group. The Chairman will also ensure that the CEO will not accept appointments to the boards of competitors.

As at 31 December 2020, all Directors comply with the guideline on multiple board representation.

#### **ALTERNATE DIRECTOR**

Consistent with the Code, there is no alternate Director on the Board.

#### **PROCESS FOR SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, age, gender, knowledge and relevant core competencies of the Board whilst ensuring that there is balanced tripartism experience from government, labour and business to avoid unproductive group-think and biasness.

The process for selection of new Directors is as follows:

- (i) The NC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.
- (ii) The NC then assesses the competencies and attributes to include into the current representation to achieve the desired mix. This forms the basis for selection of new Directors.
- (iii) New Directors are sourced through various channels, including recommendations of Directors and Management and if required, external search consultants.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

The Constitution of the Company provides that one-third of the Directors are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire



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from office at least once every three years. Re-election is, however, not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended to Shareholders for re-election at the AGM. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. Independent Directors who have served or will be serving more than nine years on Board when Rule 210(5)(d)(iii) of the Listing Manual come into effect on 1 January 2022 must subject their independence to a two-tier shareholder vote.

At the forthcoming AGM, Mr Lim Jit Poh, Mr Sim Wing Yew, Mr Goh Yeow Tin and Mr Soh Chung Hian, Daniel are due for re-election pursuant to Regulation 98(b) of the Constitution of the Company, while Ms Wong Yoke Woon is due for re-election pursuant to Regulation 99 of the Constitution of the Company. Mr Goh will also be seeking approval on his continued appointment as an Independent Non-Executive Director as he would have been a director of the Company for an aggregate period of more than 9 years and will cease to be regarded as independent on and from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual if a two-tier shareholder vote has not been sought and approved prior to 1 January 2022.

### KEY INFORMATION ON DIRECTORS

The profile of the Directors and key information are set out in this Annual Report from page 45 to 49. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors are also available on the Company's website.

### PRINCIPLE 5: BOARD PERFORMANCE

Each year, the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

The NC is delegated by the Board to undertake a process to assess the effectiveness of the Board in terms of overall performance and growth of the Group, achieving an adequate return for Shareholders, preventing conflicts of interest and balancing the competing demands of the Group. In evaluating the contributions and performance of each individual Director, factors taken into consideration include attendance at AGM, Board and Board Committee Meetings and corporate activities, contributions in specialist areas and maintenance of independence. The performance criterion is determined by the NC and does not change from year to year.

In the last quarter of 2020, the NC conducted a performance evaluation of the Board, the Board Committee and individual Directors. The performance evaluation included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

### 2. REMUNERATION MATTERS

#### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

VICOM recognises the importance of having a skilled and dedicated workforce to manage and grow the businesses in an increasingly competitive and challenging environment. It therefore places great emphasis on motivating staff through engagement, recognition and an alignment of rewards to the performance, as well as long-term interests of the Group and Shareholders.

#### REMUNERATION COMMITTEE

The RC plays an important role in the Group's remuneration policies, as well as oversees the talent management and succession planning for Key Management Personnel. Besides providing the Board with an independent review and assessment of Directors' remuneration, it also reviews the remuneration framework and strategy for executive compensation, with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success and enhancing shareholder value.

As at 31 December 2020, the RC comprised six independent NEDs, of whom five including the RC Chairman are independent. This is in accordance with the Code. The RC considers all aspects of remuneration including terms of their termination to ensure they are fair. Members of RC are independent of Management and also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations that would affect the decisions of the RC. The CEO is not present at and does not participate in any RC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when

the compensation of Key Management Personnel is discussed. No Director is involved in deciding his or her own remuneration.

The key terms of reference of the RC include the following:

- (i) Oversee the talent management and succession planning for Key Management Personnel;
- (ii) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Review and approve the remuneration of Key Management Personnel that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate Key Management Personnel; and
- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Management Personnel's services in a fair, reasonable and equitable manner, including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The RC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external expert advice on such matters where needed. The Group continued to engage the services of an external consulting firm, Willis Towers Watson in 2020, to conduct an Executive Compensation Benchmarking exercise for an independent review of the compensation packages of its senior executives.

#### **PRINCIPLE 7: LEVEL OF MIX OF REMUNERATION**

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

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company, and it is appropriate to attract, retain and motivate the Directors and Key Management Personnel to successfully manage the Company for the long term.

#### **PERFORMANCE-RELATED REMUNERATION**

The Group is committed to creating and enhancing shareholder value through growth that is sustainable and profitable. The remuneration packages of the CEO and Key Management Personnel comprise fixed and variable components, and is appropriate and proportionate to sustained performance and value creation of the Company. The variable component in the form of year end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the employees with those of Shareholders and contributes to sustainable performance and value creation in the long-term.

#### **SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES**

The 2001 VICOM Share Option Scheme expired in April 2011 and hence no option had been granted since then. Eligible VICOM employees shall be eligible to participate in the ComfortDelGro Executive Share Award Scheme introduced in 2019.

#### **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The structure for the payment of fees to NEDs is based on a framework comprising basic fees and additional fees for serving on Board Committees and also for undertaking additional services for the Group. The fees are subject to the approval of Shareholders at the AGM.

The CEO, being an executive of the Group, does not retain any fees paid by the subsidiaries. Instead, fees due to him are paid by the subsidiaries to the Company. The CEO does not receive Director's fees for his Board Directorship with the Company.

## CORPORATE GOVERNANCE

The Directors' fee structure for 2020 is set out below:

BOARD	BASIC FEE (PER ANNUM)
<b>Chairman</b>	S\$62,000
<b>Deputy Chairman</b>	S\$46,500
<b>Lead Independent Director</b>	S\$37,200
<b>Member</b>	S\$31,000

BOARD COMMITTEE	ADDITIONAL FEES (PER ANNUM) AS	
	CHAIRMAN	MEMBER
<b>Audit and Risk Committee</b>	S\$20,667	S\$14,467
<b>Nominating Committee</b>	S\$10,334	S\$7,234
<b>Remuneration Committee</b>	S\$10,334	S\$7,234

The attendance fees payable to Non-Executive Directors for attendance at each Board and Board Committee Meeting are as follows:

MEETINGS	ATTENDANCE FEE (PER MEETING)	
	In-person	Dial-in
Board	S\$1,000	S\$500
Board Committee	S\$1,000	S\$500

\* Directors are only paid one attendance fee even if two or more meetings are held on the same day.

### PRINCIPLE 8: DISCLOSURE ON REMUNERATION

#### REMUNERATION OF DIRECTORS AND EXECUTIVES

CEO's remuneration:

REMUNERATION	THE GROUP			TOTAL COMPENSATION
	SALARY	BONUS	OTHERS	
2020	S\$	S\$	S\$	S\$
<b>Sim Wing Yew</b>	292,100	215,900	97,141	605,141

The remuneration of the Non-Executive Directors comprised entirely Directors' fees as follows:

	DIRECTORS' FEES
	2020
	S\$
<b>Lim Jit Poh</b>	70,121
<b>Yang Ban Seng<sup>1</sup></b>	42,641
<b>Shim Phiau Wui, Victor</b>	56,855
<b>Goh Yeow Tin</b>	48,327
<b>June Seah Lee Kiang</b>	44,537
<b>Soh Chung Hian, Daniel</b>	54,012
<b>Tan Kim Siew</b>	41,694
<b>Tan Poh Hong</b>	48,327
<b>Teo Geok Har, Nancy<sup>2</sup></b>	18,618
<b>Wong Yoke Woon<sup>3</sup></b>	29,709

Notes:

1. Mr Yang's Directors' Fees are paid to the Company's holding company ComfortDelGro Corporation Limited.
2. Amount constitutes Ms Teo Geok Har, Nancy's Directors' fees for the period from 1 January 2020 to 20 May 2020. Ms Teo retired as Director at the conclusion of the Company's AGM held on 20 May 2020 and ceased to be a member of both the Audit and Risk Committee and the Remuneration Committee.
3. Amount constitutes Ms Wong Yoke Woon's Directors' fees for the period from 21 May 2020 to 31 December 2020. Ms Wong was appointed as an Independent Non-Executive Director and a member of both the Audit and Risk Committee and the Remuneration Committee with effect from 21 May 2020.

The remuneration of the Key Management Personnel in the five key portfolios having regard to the performance of the individuals and the Group, are as follows:

	THE GROUP			
	SALARY	BONUS	OTHERS	TOTAL COMPENSATION
REMUNERATION BAND	%	%	%	%
<b>2020</b>				
<b>S\$250,000 to S\$499,999</b>				
Sze Thiam Siong	57.7	30.1	12.2	100
Chung Tying Chun	58.1	25.3	16.6	100
Yusoof Aynuddin	59.6	25.9	14.5	100
<b>Below S\$250,000</b>				
Lee Peck Kim, Mary	63.2	33.0	3.8	100
Yip Chun Wah	61.9	29.6	8.5	100

The total remuneration paid to these five Key Management Personnel holding the key portfolios (who are not Directors or the CEO) amounted to S\$1,510,120.

# CORPORATE GOVERNANCE

## REMUNERATION OF CERTAIN RELATED EMPLOYEES

During the FY 2020, no employees whose remuneration exceeded S\$100,000 was a substantial shareholder of the Company, or an immediate family member of a Director or the CEO. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

## 3. ACCOUNTABILITY AND AUDIT

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNET. The Financial Results are reported semi-annually via SGXNET with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

The Group has formalised a Policy on Securities – Restrictions Against Dealings to provide guidance to Directors and executives of the Group in relation to dealings in the securities of the Company, ComfortDelGro Corporation Limited (ComfortDelGro) and SBS Transit Ltd (SBS Transit). Directors and Executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and SBS Transit during the period commencing one month before the announcement of the Company's, ComfortDelGro and SBS Transit's semi-annual results, and the full-year results and ending on the date of the announcement of the relevant results. All Directors and Executives are notified of the trading blackout periods before the start of the financial year and are given reminders prior to each trading blackout period.

All Directors and Executives of the Group are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and SBS Transit on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the Employees' Share Option Scheme which expired on 26 April 2011.

The Group has put in place a Standard Operating Procedure ("SOP") on compilation of information on privy persons who have access to material information of transactions that have yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

## PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

Risk management is an important and integral part of VICOM's strategic planning and decision making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional levels, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the risk governance, risk policy and internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management can be found from pages 90 to 96 of this Annual Report.

As part of the risk management process, all businesses are required to refresh their risk inventories, conduct risk prioritisation exercises, identify key and emerging risks, and develop the requisite risk controls and risk treatment action plans. The identified risks, their indicators and action plans are to be continually reviewed and reported.

The Internal and External Auditors conduct reviews in accordance with their audit plans. Any material non-compliance and recommendations for improvements on the internal controls are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

For the FY 2020, the Board has received assurance from the CEO and Chief Financial Officer ("CFO") that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International) and are correct in all

material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's internal controls system (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by the ARC and the Board. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that the systems of risk management and internal controls in place for the Group are adequate and effective to address its financial, operational, compliance and information technology risks and to provide reasonable assurance against material financial misstatements or loss.

#### PRINCIPLE 10: AUDIT AND RISK COMMITTEE

As at 31 December 2020, the ARC comprises five independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the External Auditors. The Chairman and Members of the ARC are rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

The ARC members who collectively bring with them recent and relevant managerial and professional expertise in accounting and related financial management domains, are as follows:

- (i) Mr Soh Chung Hian, Daniel, Chairman of the ARC, is an Independent Non-Executive Director of VICOM. He is also a member of the Nominating Committee of the Company. Mr Soh is a fellow member of the Institute of Singapore Chartered Accountants, Mr Soh began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in December 2012. His 35 years of experience saw him auditing many publicly listed companies and working on many IPOs of listed companies. Mr Soh holds a Bachelor of Accountancy from the then University of Singapore and a Master of Business Administration from International Centre of Management in the United Kingdom.
- (ii) Mr Goh Yeow Tin is an Independent Non-Executive Director of VICOM. He is also a member of Remuneration Committee of the Company. Mr Goh is a Member of the Singapore Institute of Directors and an independent Director of KTMG

Limited, Sheng Siong Group Ltd, AsiaPhos Limited and TLV Holdings Limited. Prior to that, Mr Goh was the Vice President of Times Publishing Ltd and was responsible for the Group's Retail and Distribution businesses overseeing the operations in West Malaysia, Brunei, Thailand, Hong Kong and China. Mr Goh was appointed a Justice of the Peace in September 2015 and was awarded the Public Service Star (Bar) the same year by the President of the Republic of Singapore. Mr Goh holds a Bachelor of Engineering (Mechanical) (Hons) from the University of Singapore and a Master of Engineering (Industrial Engineering & Management) from the Asian Institute of Technology.

- (iii) Prof Shim Phiau Wui, Victor is the Lead Independent and Non-Executive Director of VICOM. He is also a Chairman of Nominating Committee of the Company. Professor Shim was a Colombo Plan Scholar. He holds a Bachelor of Mechanical Engineering (First Class Honours) from the University of Auckland, New Zealand, a Master of Engineering from the National University of Singapore, and a Doctor of Philosophy from the University of Cambridge, UK. He is a registered Professional Engineer and a Senior Member of the Institution of Engineers, Singapore. He has received awards at NUS for Teaching Excellence, Innovative Teaching and Outstanding Service, and was conferred the Singapore National Day Public Administration Medal (Silver) in 2012.
- (iv) Ms Tan Poh Hong is an Independent Non-Executive Director of VICOM. She is also a member of Remuneration Committee of the Company. Ms Tan holds a BSs (Hons) in Estate Management from the National University of Singapore, and a Master of Business Administration (with distinction) from New York University. She was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government and the NTUC Medal of Commendation in 2001.
- (v) Ms Wong Yoke Woon is an Independent Non-Executive Director of VICOM. She is also a member of Remuneration Committee of the Company. Ms Wong holds an Executive Masters in Business Administration from the Singapore Management University, Bachelor of Social Sciences from the National University of Singapore (NUS) and Bachelor of Arts and Social Sciences from NUS. She is also holds the Professional Diploma in Employment Relations from the NUS-Extension and Ong Teng Cheong Institute and Graduate Diploma in Personnel Management from the Singapore Institute of Management.



## CORPORATE GOVERNANCE

The details of ARC members' credentials are found in pages 46 to 49 of this Annual Report.

Members of the ARC keep abreast of relevant changes to accounting standards and issues through attendance at relevant seminars/talks, articles and news circulated by the Company Secretaries and regular updates by the External Auditors at ARC Meetings.

The terms of reference of the ARC are aligned with the provisions of Section 201B(5) of the Companies Act, Cap. 50 and include the following:

- (i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;
- (ii) Review the effectiveness, adequacy and independence of the Group's external audit and internal audit function;
- (iii) Review the semi-annual and annual financial statements and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
- (v) Review Interested Person Transactions;
- (vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
- (vii) Review and approve the annual audit plans of the Internal and External Auditors;
- (viii) Review and approve the Internal Auditor's annual and three-year rolling work plans; and
- (ix) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on page 96 of this Annual Report.

### AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC scheduled four meetings during the financial year under review but due to COVID-19 only three meetings took place. The CEO, CFO, ComfortDelGro Group Chief Internal Audit Officer (GCIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

- (i) Overall scope of both internal and external audits and results of their respective audits;
- (ii) Significant internal and external audit observations and Management's responses;
- (iii) Half yearly and full year results announcements and the financial statements and recommendation to the Board;
- (iv) Adoption of the Singapore Financial Reporting Standards (International);
- (v) Interested Person Transactions;
- (vi) Corporate Service Charges;
- (vii) Risk Management and adequacy and effectiveness of internal controls;
- (viii) Independence of the External Auditors;
- (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board; and
- (x) Significant matters (if any) raised through the whistle-blowing channel.

In the performance of its duties, the ARC has explicit authority to investigate the affairs falling within its terms of reference, with full access to and cooperation from Management, discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its duties properly.

The ARC meets with the Internal and External Auditors annually in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the ARC.

**SIGNIFICANT FINANCIAL REPORTING MATTERS**

In the review of the financial statements of the Group, the ARC considered the following key audit matters:

SIGNIFICANT MATTERS	REVIEW OF SIGNIFICANT MATTERS BY THE ARC
<p>Allowance for expected credit losses for trade receivables</p>	<p>The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.</p> <p>Our audit procedures included critically challenging Management’s assessment of the allowance for expected credit losses. We have evaluated the design and implementation of key controls over the allowance for expected credit losses; assessed Management’s assumptions about risk of default and expected credit loss rate; and assessed movement in the allowance for expected credit losses, write-off and recoveries of receivables. We found Management’s key assumptions to be reasonable.</p>

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for the financial year ended 31 December 2020.

**REVIEW OF INDEPENDENCE OF EXTERNAL AUDITOR**

Prior to the re-appointment of the External Auditors, the ARC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority and the Accountants Act. Having satisfied itself that the independence of the External Auditors, Deloitte & Touche LLP, is not impaired by their provision of non-audit services to the Group and that Rules 712, 715 and 716 of the SGX-ST Listing Manual have been complied with, the ARC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as the Company’s External Auditors at the next AGM.

As a further safeguard of Deloitte & Touche LLP’s independence, the partner in-charge of auditing the Company is changed every five years.

**INTERNAL AUDIT**

The internal audit function of the Group is performed by ComfortDelGro’s group internal audit division comprising of suitably qualified and experienced Internal Audit staff including the Group Chief Internal Audit Officer (GCIAO). The ComfortDelGro Group Internal Audit staff have professional qualifications and are either members of the Institute of Singapore Chartered Accountants, the Information Systems Audit and the Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairman of the ARC and administratively to the Managing Director/Group CEO of ComfortDelGro Corporation Ltd. The ComfortDelGro Group ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his compensation with the Managing Director/Group CEO of ComfortDelGro Corporation Ltd.

The ComfortDelGro Group Internal Audit Division adopts a risk based approach in its continuous audit work with focus on material internal control systems including financial, operational, information technology and compliance controls. It provides an independent and objective evaluation of the internal control systems and Corporate Governance processes of the Group. The annual and three year rolling audit plans are developed by the GCIAO in consultation with, but independent of, Management and are subject to the ARC’s approval before the start of each financial year. Quarterly internal audit reports are also prepared and submitted to the ARC. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC conducts review of the adequacy, effectiveness, independence, scope and results of the internal audit function. The ARC has full access to the GCIAO and the independence of the internal audit function is ensured as the ARC meets with the GCIAO at least once a year in the absence of Management. The Group Internal Audit Division is given unfettered access to all the Group’s documents, records, properties and personnel, including access to the ARC, and has appropriate standing within the Group.

The activities and organisational structure of the ComfortDelGro Group Internal Audit Division are monitored and reviewed by the ARC periodically to ensure that it has the necessary resources to adequately perform its functions and that there are no unjustified restrictions and limitations placed on the performance of its duties. The ComfortDelGro Group Internal Audit Division has adopted the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The ComfortDelGro Group Internal Audit Division successfully completed its external Quality Assurance

## CORPORATE GOVERNANCE

Review in 2018 by PricewaterhouseCoopers LLP and continues to meet or exceed the IIA Standards in all key aspects. The next Quality Assurance Review is scheduled for 2023.

The ARC finds the ComfortDelGro Group Internal Audit Division independent, effective and adequately resourced.

#### 4. SHAREHOLDER RIGHTS AND ENGAGEMENT

##### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

###### DISCLOSURE OF INFORMATION TO SHAREHOLDERS

The Company notifies Shareholders in advance of the dates of release of its Financial Results through the Company's website as well as SGXNET. Communications with Shareholders is conducted through announcements to the SGXNET, media and analyst briefings after the announcement of the Financial Results together with its presentation materials, as well as the posting of announcements and press releases on the Company's website. The Group has formalised a Policy on Securities – Drafting and Releasing SGX Announcements to provide guidance on preparation of SGX announcements.

Shareholders may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's Investor Relations (**IR**) team is accessible throughout the year to address Shareholders' queries. The contact details of the ComfortDelGro Group Chief Investor Relations Officer (**GCIRO**) can be found on the website.

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, Cap. 50, the Company has also taken various additional measures to enhance Corporate Governance and improve transparency, including:

- (i) The Notice of AGM is released publicly at least 28 days before the AGM is held; and
- (ii) The Annual Report is available to all Shareholders at the Company's website at least 28 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The electronic documentation demonstrates the Group's commitment towards Green and sustainable efforts. Upon request, hard copies are provided to Shareholders.

###### CONDUCT OF SHAREHOLDER MEETING

The Company encourages and supports shareholder participation at general meetings, and views the AGM as a good opportunity for Shareholders to meet the Board and Senior Management. The top criterion for

selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed Resolutions.

All Directors including the Chairman, CEO and the chairpersons of the various Board Committees together with Senior Management and the Company Secretaries are present to address any question or feedback raised by the Shareholders at the AGM and thereafter, including those pertaining to the proposed Resolutions before they are voted on. The External Auditors are also present to address Shareholders' queries about the conduct of audit and the preparation and contents of the Auditor's Report.

The Board had since 2009 removed and stopped seeking the general authority to issue shares to address concerns from the Shareholders that if this general authority to share issue was mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

The Constitution of the Company provides for voting in-person and by proxy at the AGM of the Company. Each Shareholder is allowed to appoint up to two proxies to vote on his behalf at Shareholders' Meetings through proxy forms sent in advance. Relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend, speak and vote at Shareholders' Meetings. Shareholders who hold shares through these relevant intermediaries will be allowed to attend, speak and vote at the AGM subject to being appointed a proxy by their respective relevant intermediaries.

Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct Resolution. All the Resolutions at the Shareholders' Meetings are single item Resolutions. The Company will consider implementing absentia voting methods such as voting via mail, e-mail or fax when security, integrity and other pertinent issues are satisfactorily resolved.

The Company prepares Minutes of General Meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management. The Minutes are available to Shareholders on the Company's website and SGXNET within one month after the date of the AGM.

The Company has adopted electronic poll voting for General Meetings since 2013 to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the Resolutions by poll, using an electronic voting system. The results of all votes cast for or against each Resolution or abstentions if any and the respective percentages (Voting Results) and the names of the independent scrutineers for the AGM are presented during the AGM and are announced via the SGXNET after the AGM. Voting by poll is the most accurate means of tabulating Shareholders' votes according to the number of shares owned. We believe that this will encourage greater Shareholders' participation at the Company's General Meetings and demonstrates VICOM's commitment to high standards of Corporate Governance and transparency.

The Company's AGM for the Financial Year ended 2019 was held by way of audio-visual electronic means as a result of the COVID-19 Circuit Breaker measures. On 23 September 2020, the Ministry of Health declared that companies could resume physical general meetings, for up to 50 persons at permitted premises with strict adherence to safe management measures. As such, the Board decided that the FY 2020 AGM will be held both physically and by way of audio-visual electronic means. To minimize physical interaction and COVID-19 transmission risk, the number of shareholders allowed to attend the AGM in-person will be below 50, based on the prevailing national guidelines and regulations. Shareholders who are not able to attend the AGM in-person or those who prefer to attend the live webcast may do so by audio or audio visual means. Shareholders are required to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to the notice of the FY 2020 AGM for more information.

#### **DIVIDEND POLICY**

The Company's dividend policy is to pay out at least 90% of profit attributable to Shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividend semi-annually and informs its Shareholders of the dividend payments via announcements in the SGX-Net. Dividends are paid to Shareholders in an equitable and timely manner.

No interim dividend was declared for 1H FY 2020 in order to conserve cash during COVID-19 uncertainties. However, the Board has proposed a tax-exempt one-tier final dividend of 6.22 cents per ordinary share for the FY 2020 at the forthcoming AGM of the Company.

#### **PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

##### **REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS**

It is our policy to disseminate accurate and pertinent information to the market in a timely and transparent manner as part of good Corporate Governance. We have put in place an IR programme to promote regular, effective and fair communications with Shareholders and the investment community. The dedicated ComfortDelGro IR team works with Senior Management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretaries, while communications with Shareholders, analysts and fund managers is handled by the GCIRO. Specific guidelines have been laid down for compliance in respect of all public communications. The Company does not practise selective disclosure in the communication of material information.

In addition, the Company has put in place operational procedures to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities and to clear all announcements to the SGXNet with the Board.

#### **5. MANAGING STAKEHOLDERS RELATIONSHIPS**

##### **PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

The Company recognises the importance of engaging and balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has arrangements in place to enable it to engage stakeholders so as to better understand and take action to address their needs and interests. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 62 to 65 of the Sustainability Report. Our Sustainability Report highlights the economic, environmental and social aspects of our developments and operations in accordance with the Global Reporting Initiative Guidelines (G4 Core) and is issued ahead of the requirement under the SGX-ST Listing Manual.

The Company maintains a current corporate website to communicate and engage with stakeholders.

##### **ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE**

The Company has also undertaken various additional measures to enhance Corporate Governance as follows:

# CORPORATE GOVERNANCE

## CORPORATE GIFTS/ENTERTAINMENT POLICY

Whilst business gifts and entertainment are courtesies that build goodwill and sound working relationships among Business Partners, the Group does not tolerate the improper use of gifts or entertainment to gain any special advantage in a business relationship.

The Group discourages the receipt of gifts or acceptance of entertainment, loans or other favours as these may compromise an employee's ability to make objective, independent and fair business decisions. Offering excessive gifts in whatever form or entertainment to others can also be opened to misinterpretation.

Employees are therefore not permitted to offer or accept any gifts or entertainment without first seeking their supervisor's authorisation. Employees who receive gifts directly or indirectly in relation to their employment with the Group are expected to notify their supervisors and declare such gifts to the Group Human Resource Department. All gifts declared are processed through structured corporate procedures to ensure proper accountability.

Business gifts presented and entertainment on the Group's behalf are consistent with generally Corporate Governance accepted business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country we operate in or company in which we have dealings with.

## ANTI-CORRUPTION POLICY

The Group complies with all the laws of the jurisdictions in which it operates and conducts businesses in an open, transparent manner, and prohibits employees from directly or indirectly offering, promising to pay, or authorising the payment of money or anything of value for the purpose of gaining perceived personal advantage for the Group. All employees are responsible for following the Group's procedures, including audit controls, for carrying out and reporting business transactions.

## BLOCK LEAVE POLICY

As a further risk mitigation measure and to enhance governance, the Group has a Block Leave Policy in place which applies to Employees holding key functions. This arrangement allows covering officers to fully step into the duties of the Employees on leave as an additional check and balance against any breaches.

## HEALTH AND SAFETY POLICY

Given the nature of the Group's businesses, the health and safety of the employees and customers are of paramount importance. We comply with statutory requirements and regulations and procedures are

put in place to guide proper safe work practices for the well-being of all employees and customers. Employees are sent for training to equip them with the required competencies.

Employees are to observe safety rules and carry out safe work practices that apply to their jobs to ensure a safe work environment for everyone.

## INFORMATION PROTECTION POLICY

The Group has also implemented an Information Protection Policy to ensure that all documents and data information of the Group are properly safeguarded.

Information is classified into secret, confidential, restricted and unrestricted use based on its nature, contents and implications. Processes and systems used to store, process or communicate the information provide protection from unauthorised disclosure and use.

## DATA PROTECTION POLICY

All Business Units are required to comply with applicable laws pertaining to data protection. In particular, the Business Units in Singapore have implemented data protection policies and practices to ensure compliance with the obligations under the Personal Data Protection Act and Do Not Call provisions that came into force in 2014.

## CYBER SECURITY POLICY

The Group has adopted the international information Security Standard ISO 27000 in assessing and formulating the Company's cyber security framework. The Group regularly reviews its cyber security measures to ensure effective protection of our information technology systems and databases. We have implemented multi-layered defence, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. We keep abreast of the evolving threats and the latest techniques, and actively collaborate with cyber security authorities and regulators to develop appropriate countermeasures.

We will continue to strengthen our capabilities in light of the way cyber security risks will evolve with the digital age. As and when necessary, we will take appropriate risk management decisions and implement security controls to secure our information infrastructure systems and databases.

## SUPPLIER ETHICS POLICY

The Group procures a wide range of goods and services from various businesses, companies, persons and entities and requires its suppliers to be in full

compliance with all applicable laws and regulations and practice fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and the Group does not condone any corrupt and fraudulent practice.

Suppliers must have in place health and safety policies for its employees and be committed to good environmental, social and governance practices. Suppliers must not trade in the securities of the Group while in possession of confidential non-public information.

**CREDITORS' PAYMENT POLICY**

The Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly.

**INTERESTED PERSON TRANSACTIONS**

**LISTING MANUAL – RULE 907**

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
ComfortDelGro	ComfortDelGro is the majority shareholder of the Company	\$2,047,000	NIL
SBS Transit Ltd	SBS is an associate of the Company	\$1,574,000	NIL

There is no Shareholders' mandate for Interested Party Transactions pursuant to Rule 920 of the Listing Manual.