

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 sound business sense. To this end, the Group 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 Group is committed to ensuring the Group’s compliance with the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 (the “**Code**”). The Group has adopted a Code of Business Conduct, which sets out the principles and policies upon which the Group’s businesses are to be conducted, as well as a Whistle Blowing Policy, which provides a mechanism for employees and external parties 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 2021 (“**FY2021**”), with specific references to the Code. For FY2021, we are pleased to report that the Group complied in all material aspects 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 Group and achieve

sustainable growth for the Group. It sets the overall strategic direction of the Group 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:

- (i) 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;
- (ii) 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 exposure to risks and the Group’s performance;
- (iii) Challenging Management constructively and monitoring its performance;
- (iv) Identifying the key stakeholder groups and guiding Management in the Group’s strategy and approach in addressing the concerns of these key stakeholder groups, and ensuring transparency and accountability to all stakeholders;
- (v) Instilling an ethical corporate culture and ensuring the Group’s values, standards, policies and practices are consistent with the Group’s culture; and
- (vi) Considering environmental, social and governance (“**ESG**”) issues as part of its strategic formulation on sustainability.

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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. The new Director will also receive a copy of the Company's Constitution, the Company's current and past years' annual reports and the corporate structure chart of the Group.

Management will conduct a comprehensive orientation programme for newly appointed Directors, which covers, amongst other matters, duties as a director and how to discharge those duties and key aspects of the Group's businesses, including financial and corporate governance policies. 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 a copy of the relevant Board Committee's 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-ST 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 programmes, seminars and courses organised by the Singapore Institute of Directors ("SID") and other professional bodies to enhance their 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 Secretary updates and briefs 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 invited to conduct seminars on specific topics as and when necessary.

In FY2021, the Directors attended the courses/seminars listed below:

DATE	TRAINING PROVIDER	TOPIC	ATTENDED BY:
12 Jan 2021	SID	Audit Committee Seminar 2021	(1) Mr Goh Yeow Tin
29 Jan 2021	Accenture Innovation Hub	New Technology Overview	(1) Mr Lim Jit Poh (2) Mr Yang Ban Seng (3) Mr Sim Wing Yew (4) Prof Shim Phayau Wui, Victor (5) Ms June Seah Lee Kiang (6) Dr Tan Kim Siew (7) Mr Soh Chung Hian, Daniel (8) Ms Tan Poh Hong (9) Mr Goh Yeow Tin
19 May 2021	SID	Board Dynamics	(1) Prof Shim Phayau Wui, Victor
20 May 2021	SID	Board Performance	(1) Prof Shim Phayau Wui, Victor
21 Jul 2021	SID	Audit Committee Essentials	(1) Ms June Seah Lee Kiang
22 Jul 2021	SID	Board Risk Committee Essentials	(1) Prof Shim Phayau Wui, Victor (2) Ms June Seah Lee Kiang
23 Jul 2021	SID	Nominating Committee Essentials	(1) Prof Shim Phayau Wui, Victor
29 Jul 2021	SID	Remuneration Committee Essentials	(1) Prof Shim Phayau Wui, Victor

DATE	TRAINING PROVIDER	TOPIC	ATTENDED BY:
30 Jul 2021	SID	Driving Climate Change through Executive Compensation	(1) Ms June Seah Lee Kiang
2 Sep 2021	Eco-Business	The Board perspective: ESG and Climate-related Risks & Opportunities	(1) Ms June Seah Lee Kiang (2) Mr Goh Yeow Tin
18 Nov 2021	SID	Annual Corporate Governance Roundup 2021	(1) Ms Tan Poh Hong

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 businesses in general. Such meetings help Directors to be better equipped to make informed decisions relating to the future direction of the Group. The Group also holds strategy meetings at least once every two years for the Board to interact with Management and review the Group's future plans and proposals for new business opportunities, with the latest strategy meeting held in November 2021. In November 2021, the Directors also visited Setsco Services Pte Ltd's new premises at Bukit Batok.

RESERVED MATTERS

VICOM has adopted clear, established and documented internal guidelines for matters which require the Board's approval. Under these guidelines, Board approval is required with regard to matters such as acquisition of business, disposal of or change in equity interests in existing subsidiaries/associates, investment in financial instruments, tender for business 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 also 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 Group. 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, the Director 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, four Board Committees were formed, namely, the Audit and Risk Committee ("**ARC**"), the Nominating and Remuneration Committee ("**NRC**"), the Sustainability Committee ("**SC**") which was formed on 28 April 2021 and the Technology Committee ("**TC**") which was formed on 1 January 2022 (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 authority, duties and responsibilities, as well as the regulations and procedures governing the manner in which the Board Committee operates and how decisions are taken.

The Nominating Committee and the Remuneration Committee were merged into one single Board Committee, the NRC, on 28 April 2021 for greater efficiency in the review of the appointment, performance and compensation of Directors and Key Management Personnel.

The terms of reference and summary of the activities of the NRC and the ARC are described in further detail in the relevant sections below from pages 45 to 54.

The SC, which was established on 28 April 2021, assists the Board in fulfilling its corporate governance responsibilities in relation to the Group's sustainability policies and strategies, by providing directions and considering ESG issues as part of its strategic formulation and investments. The Committee will seek to integrate sustainability considerations in the business strategies of the Group in order to deliver steady and sustainable outcomes.

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As at 31 December 2021, the SC comprised six Directors, including the Chairman and the Chief Executive Officer (“CEO”). The Chairperson of the SC is Ms June Seah Lee Kiang. The key terms of reference of the SC include the following:

- (i) Review and monitor the implementation of the Group’s sustainability strategy, including materiality assessment and alignment of sustainable development policies with applicable laws and regulations;
- (ii) Review and monitor Management’s commitment and allocation of resources to achieving the desired outcomes of the Group’s sustainability strategy;
- (iii) Establish policies and practices, set and assess ESG targets, and measure the performance against targets;

(iv) Ensure the Group’s sustainability policies, strategies and priorities are integrated into the Group’s strategic plans, investment strategy and business goals; and

- (v) Monitor and consider emerging key ESG trends and issues that may have strategic, business and reputational implications for the Group, and receive periodic reports from the Management or external parties on the same, and make recommendations to the Board as necessary.

The Board also established the TC to oversee the group-wide digital strategy and associated execution plans to ensure that the Group leverages on technology as the catalyst for its strategic and business initiatives.

The TC was established on 1 January 2022, and comprises six Directors, including the CEO. The Chairperson of the TC is Dr Tan Kim Siew. The terms of reference of the TC include the following:

ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2021

NAME	BOARD		AUDIT & RISK COMMITTEE		NOMINATING COMMITTEE ^(b)	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
LIM JIT POH	4	4	-	-	-	-
YANG BAN SENG	4	4	-	-	-	-
SIM WING YEOW	4	4	4	4 ^(a)	-	-
GOH YEOW TIN	4	4	4	1 ^(d)	-	-
JUNE SEAH LEE KIANG	4	4	4	3 ^(e)	-	-
SHIM PHYAU WUI, VICTOR	4	4	4	4	-	-
SOH CHUNG HIAN, DANIEL	4	4	4	4	-	-
TAN KIM SIEW	4	4	-	-	-	-
TAN POH HONG	4	4	4	4	-	-
WONG YOKE WOON	4	4	4	4	-	-

Notes:

(a) Not a member but attended meetings by invitation of the Committee.

(b) The Nominating Committee and Remuneration Committee were merged to form the Nominating and Remuneration Committee on 28 April 2021.

(c) The Sustainability Committee was established on 28 April 2021.

(d) Mr Goh Yeow Tin stepped down as a member of the Audit and Risk Committee on 28 April 2021.

(e) Ms June Seah Lee Kiang was appointed as a member of the Audit and Risk Committee on 28 April 2021.

- (i) Oversee technology investments (including digitalisation) to enhance the Group's inspection and testing services;
- (ii) Review the requirements for technology talent and expertise to promote disruptive innovation across the Group; and
- (iii) Monitor technology trends and identify new opportunities for the Group.

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 the last quarter of each year after all the budgets of the Company's 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/teleconferencing. 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.

REMUNERATION COMMITTEE ^(b)		NOMINATING & REMUNERATION COMMITTEE ^(b)		SUSTAINABILITY COMMITTEE ^(c)		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
1	1	1	1	3	3	1	1
1	1 ^(a)	1	1 ^(a)	3	3	1	1
1	1 ^(a)	1	1 ^(a)	3	3	1	1
1	1	1	1	3	3	1	1
1	1	-	-	3	3	1	1
-	-	1	1	-	-	1	1
-	-	1	1	-	-	1	1
1	1	1	1	3	3	1	1
1	1	1	1	-	-	1	1
1	1	1	1	-	-	1	1

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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 to keep 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 have full access to Management. Management provides information requested by Directors for their 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 SECRETARY

The Company Secretary assists in organising Board and Board Committee Meetings, and prepares the agenda in consultation with the Chairman, the CEO and the chairpersons of the respective Board Committees. The Company Secretary attends all Board and Board Committee Meetings. The Company Secretary keeps 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 Secretary. The appointment and removal of the Company Secretary are subject to the approval of the Board.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

BOARD INDEPENDENCE

As at 31 December 2021, the Board comprised ten Directors with 70% of them being 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 (they are deemed non-independent as they are nominees of ComfortDelGro Corporation Limited (“**ComfortDelGro**”) which is a substantial shareholder of the Company), as well as the CEO who is a Non-Independent Executive Director, all the remaining seven Non-Executive Directors (“**NED**”) are considered

by the NRC to be independent. The current board composition exceeds the requirement under the Code for a majority of the Board to comprise independent Directors where the Chairman is not independent. As the Chairman is not independent, 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 NRC 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. Each Director is required to declare any circumstances in which he/she may be considered non-independent. The NRC will then review the Confirmation of Independence to determine whether a Director is independent. The NRC 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 2021, the Chairman, the CEO and one out of the seven independent Directors, namely Mr Goh Yeow Tin, had served on the Board for more than nine years. However, as Mr Goh Yeow Tin’s continued appointment as an independent Director was approved in separate resolutions by (i) the shareholders of the Company; and (ii) the shareholders of the Company, excluding the Directors and CEO and associates of such Directors and CEO, at the Annual General Meeting (“**AGM**”) held on 28 April 2021, Mr Goh is still considered an Independent Director notwithstanding his length of service on the Board. The NRC 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 NRC 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.

Mr Lim Jit Poh and Mr Goh Yeow Tin have expressed their desire to step down as Directors upon the conclusion of the AGM in 2022. Upon their retirement as Directors, there will be eight Directors on the Board, six of whom are independent. The board composition following Mr Lim's and Mr Goh's retirement will still be in compliance with the Code.

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.

A Director must not vote in respect of any contract or arrangement in which the Director is interested in accordance with Regulation 93 of the Company's Constitution.

BOARD SIZE, COMPOSITION, DIVERSITY AND COMPETENCY

The NRC 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 that the size is conducive for effective discussion and decision making, with an appropriate number of independent Directors. The NRC 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 NRC and the Board are of the view that the current size of ten 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.

BOARD DIVERSITY POLICY

The Company adopted a Board Diversity Policy in 2019 which focuses on ensuring an appropriate balance and mix of skills, knowledge, experience, gender and other aspects of diversity within the Board to avoid groupthink and bias, and instead foster constructive debate and achieve effective decision-making in the best interests of the Group.

In reviewing the Board composition and succession planning, the NRC considers various aspects of diversity, with all Board appointments and re-appointments based on merit, and due consideration being given to a candidate's suitability in strengthening the diversity of skills, experience, gender, knowledge and core competencies of the Board relevant to the Group. In relation to gender diversity, the Board ensures that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board, and that at least one female director sits on the NRC. As at 31 December 2021, out of ten Directors on the Board, three Directors (or 30%) were females, and there were two female Directors on the NRC. The number of female Directors on the NRC exceeds the number in the guideline in the Company's Board Diversity Policy.

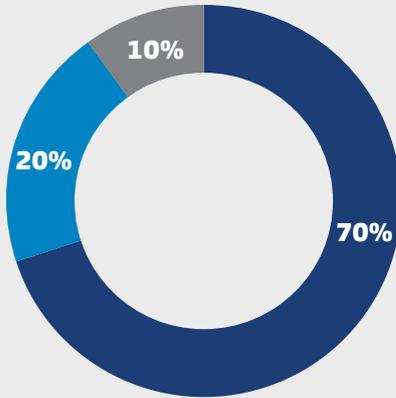
The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, technical testing, engineering, regulatory and business management. Each Director provides a valuable network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

The NRC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, knowledge, experience, age, gender, 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 NRC also ensures that the Board Diversity Policy is reviewed from time to time and ascertains that the current makeup of the Board and Board Committees reflects the Group's commitment to all aspects of diversity.

The individual profile of the Directors, their listed company directorships and principal commitments held currently and/or in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 21 to 25 and pages 58 to 61 of this Annual Report.

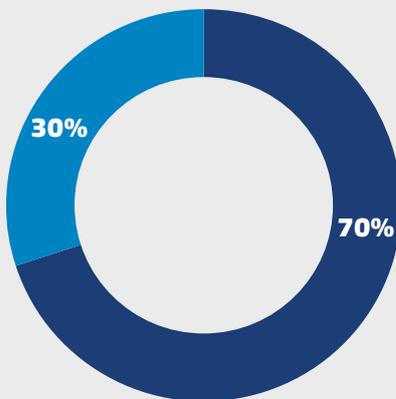
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BOARD INDEPENDENCE (As at 31 December 2021)



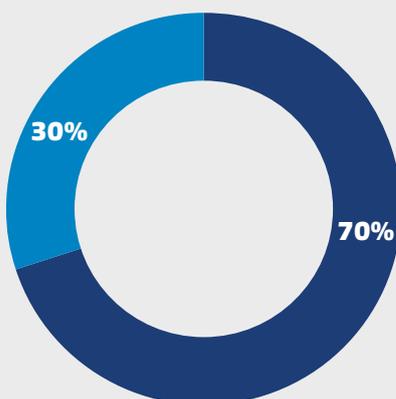
- Independent Non-Executive Director
- Non-Independent Non-Executive Director
- Non-Independent Executive Director

BOARD GENDER DIVERSITY (As at 31 December 2021)



- Male
- Female

DIRECTORS' LENGTH OF SERVICE (As at 31 December 2021)



- Served < 9 years
- Served > 9 years

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. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

All the members of the ARC and NRC 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. The NEDs led by the Lead Independent Director meet regularly without the presence of Management before or after Board Meetings. The chairperson of such meetings provides feedback to the Board and/or the Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 responsibilities of the Chairman and the CEO are set out in writing, with the Chairman responsible for the effective functioning of the Board, and the CEO responsible for the operations and management of the Group's businesses. The Chairman and the CEO are not related.

The Chairman:

- 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;
- Oversees the translation of the Board's decisions into executive actions;
- Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with shareholders and other stakeholders;
- Encourages constructive conversations and cordial 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 in 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 NRC and a member of the ARC and the TC. The Lead Independent Director is available to shareholders if they have concerns for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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 AND REMUNERATION COMMITTEE

As at 31 December 2021, the NRC comprised seven NEDs, of whom six including the NRC Chairman are independent. The NRC Chairman is also the Lead Independent Director and he is not associated with any substantial shareholder. The NRC 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 NRC are made by a majority of votes of the NRC members who are present and voting. The key terms of reference of the NRC, in relation to nomination matters, include the following:

- (i) Review the succession plans for Directors and the talent management and succession plans for Key Management Personnel, and make recommendations to the Board on the appointment, replacement and re-appointment of Directors and Key Management Personnel, including the appointment and/or replacement of the Chairman and CEO;

- (ii) Assess the effectiveness of the Board and Board Committees and contributions by each individual Director;

- (iii) Develop a process for performance evaluation of the Board, its Board Committees and individual Director's performance, including comparison with industry peers;

- (iv) Determine annually, and as and when circumstances require, if a Director is independent; and

- (v) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors.

MULTIPLE BOARD REPRESENTATIONS

The NRC 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 NRC and the Board have adopted the following as a proactive step to ensure 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 NRC 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 of the Board 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 NRC takes a holistic approach. Focusing 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 ability 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.

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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 does not accept appointments to the boards of competitors.

As at 31 December 2021, all Directors comply with the guidelines 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 NRC 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 a balanced tripartism experience from government, labour and business to avoid unproductive group-think and bias.

The process for selection of new Directors is as follows:

- (i) The NRC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.
- (ii) The NRC 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 NRC to assess suitability and commitment.
- (v) The NRC 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 AGM. All Directors are required to retire from office at least once every three years. Re-election is, however, not

automatic, and all Directors are assessed by the NRC 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. With effect from 1 January 2022, Independent Directors who have served more than nine years on the Board must subject their independence to a two-tier shareholder vote.

At the forthcoming AGM, Mr Yang Ban Seng, Ms June Seah Lee Kiang, Professor Shim Phiau Wui, Victor and Dr Tan Kim Siew are due for re-election pursuant to Regulation 98(b) of the Constitution of the Company. Mr Lim Jit Poh has expressed his desire to retire at the conclusion of the forthcoming AGM and this is one year ahead of the expiry of his current term. Mr Goh Yeow Tin has also expressed his desire to retire at the conclusion of the forthcoming AGM. The Board has decided that if Dr Tan Kim Siew is successfully re-elected as an Independent Non-Executive Director, he will succeed Mr Lim Jit Poh as the Chairman of the Board upon the latter's retirement. If Dr Tan is re-elected and succeeds the position of Chairman of the Board, there will no longer be a need for a Lead Independent Director under the Code as the Chairman of the Board will be independent, and hence Professor Shim will cease to be the Lead Independent Director.

The Board has, in recognition of Mr Lim Jit Poh's tremendous contributions to the Group and helping it evolve into Singapore's leading provider of vehicle inspection and technical testing services, as well as expand into non-vehicle testing services, decided to accord Mr Lim the title of Chairman Emeritus. Mr Lim Jit Poh will also assume the role of Senior Advisor after his retirement so that the Board and Management can continue to benefit from his sound counsel.

KEY INFORMATION ON DIRECTORS

The profiles of the Directors and key information are set out in this Annual Report from pages 21 to 25. 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 NRC 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 a reasonable 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 criteria are determined by the NRC and approved by the Board, and do not change from year to year.

The annual evaluation process (including for FY2021) for the Board, Board Committees and individual Directors involves the following:

- (i) Each Director completes an individual director self-assessment form.
- (ii) The NRC members each completes a Board performance evaluation questionnaire.
- (iii) The respective Board Committee members complete the relevant Board Committee evaluation questionnaire.
- (iv) The results of the completed Board Committee questionnaires are collated by the Company Secretary and sent to the chairpersons of the respective Board Committees as well as to the Chairman for review.
- (v) The results of the completed Board questionnaires and the individual self-assessment forms are collated by the Company Secretary and sent to the Chairman for review.
- (vi) The collated results of the completed Board questionnaires, Board Committee questionnaires and individual self-assessment forms are presented to the Board for review, endorsement and discussion on possible areas for improvement to enhance overall effectiveness.

The performance evaluation includes key points such as the Board composition and size, Board accountability, conduct of Board and Board Committee Meetings, standards of conduct and whether the Directors have discharged their duties effectively.

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 Group's 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 corporate and individual performance as well as long-term interests of the Group and shareholders.

NOMINATING AND REMUNERATION COMMITTEE

The NRC 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 that shareholder value is enhanced.

The NRC considers all aspects of remuneration, including the terms of termination, to ensure they are fair.

Members of the NRC are independent of Management and are also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

All decisions by the NRC are made by a majority of votes of the NRC members who are present and voting. Any member of the NRC with a conflict of interest in relation to the subject matter under consideration will abstain from voting, approving or making recommendations that would affect the decisions of the NRC. The CEO is not present at and does not participate in any NRC 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 NRC, in relation to remuneration matters, include the following:

- (i) Establish a formal and transparent procedure for developing the Group's remuneration policies and fixing the remuneration packages of individual Directors and the Key Management Personnel, and review 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;
- (ii) Review and recommend to the Board the remuneration framework and the specific remuneration packages for the Directors, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Review and approve the remuneration framework and the specific remuneration packages of Key Management Personnel that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is appropriate to attract, retain and motivate Key Management Personnel to provide good stewardship of the Group and to successfully manage the Group for the long term; and

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- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Management Personnel's services to ensure that they are fair, reasonable and equitable including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The NRC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer, who attends all NRC meetings and provides the relevant market remuneration data and practices to the Committee. The NRC may also seek external independent expert advice on such matters where needed. Where such advice is sought, the NRC will ensure that there is no existing relationship between the Group and its appointed consultants that will affect the independence and objectivity of the consultants. The Group continued to engage the services of an external consulting firm, Willis Towers Watson, in FY2021, to conduct an executive compensation benchmarking exercise for an independent review of the compensation packages of its senior executives. The NRC is of the view that there is no existing relationship between Willis Towers Watson and the Group that would affect their independence and objectivity.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The Group 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 Group, taking into account the strategic objectives of the Group, and are appropriate to attract, retain and motivate the Directors and Key Management Personnel to successfully manage the Group 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 are appropriate and proportionate to the sustained performance and value creation of the Group. 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's guidelines on fixed to variable component ratios in respect of remuneration packages are 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for senior management staff. Notwithstanding the guidelines, the actual remuneration packages for employees are ultimately determined on a case-by-case basis with the aim of maximising employee engagement and retention. 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 employees of the Group are 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 Company's 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.

The Directors' fee structure for FY2021 is set out below:

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

BOARD COMMITTEE	ADDITIONAL FEES (PER ANNUM) AS	
	CHAIRMAN	MEMBER
Audit and Risk Committee	S\$20,667	S\$14,467
Nominating Committee	S\$10,334	S\$7,234
Remuneration Committee	S\$10,334	S\$7,234
Nominating and Remuneration Committee (formed on 28 April 2021)	S\$12,400	S\$8,680
Sustainability Committee (formed on 28 April 2021)	S\$10,334	S\$7,234

In light of the trend for meetings to be held remotely via video conferences, attendance fees were equalised between in-person and dial-in remote attendance with effect from 1 January 2021. 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 / Board Committee Meeting held locally	S\$2,000
Board / Board Committee Meeting held overseas	US\$2,000

* Directors are only paid one attendance fee per day irrespective of the number of meetings held on that day.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

REMUNERATION OF DIRECTORS AND EXECUTIVES

CEO's remuneration:

REMUNERATION	THE GROUP			
	SALARY	BONUS	OTHERS	TOTAL COMPENSATION
	S\$	S\$	S\$	S\$
FY2021				
SIM WING YEW	313,200	247,950	101,940	663,090

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The remuneration of the Non-Executive Directors in FY2021 comprised entirely Directors' fees as follows:

	DIRECTORS' FEES
	FY2021
	S\$
LIM JIT POH	77,491
YANG BAN SENG¹	51,415
SHIM PHYAU WUI, VICTOR	63,433
GOH YEOW TIN	48,829
JUNE SEAH LEE KIANG	53,531
SOH CHUNG HIAN, DANIEL	59,904
TAN KIM SIEW	46,491
TAN POH HONG	53,704
WONG YOKE WOON	53,704

Notes:

- Mr Yang's Directors' fees are paid to the Company's holding company ComfortDelGro Corporation Limited.

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:

REMUNERATION BAND	THE GROUP			TOTAL COMPENSATION
	SALARY	BONUS	OTHERS	
	%	%	%	
FY2021				
S\$500,000 to S\$749,999				
SZE THIAM SIONG	53.2	37.6	9.2	100
S\$250,000 to S\$499,999				
CHUNG TYING CHUN	53.0	30.9	16.1	100
YUSOOF AYNUDDIN	55.1	32.2	12.7	100
LEE PECK KIM, MARY	58.3	34.0	7.7	100
Below S\$250,000				
YIP CHUN WAH	63.0	28.9	8.1	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\$1,717,270 in FY2021.

REMUNERATION OF CERTAIN RELATED EMPLOYEES

During FY2021, no employee 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. Material price-sensitive and trade sensitive information, Annual Reports and other material corporate developments are disseminated in a timely and transparent 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 aspect. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining shareholder confidence and trust.

DEALINGS IN SECURITIES

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 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's 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 considerations and/or while in possession of unpublished material price-sensitive and trade sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive and trade 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 the Group'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. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy and effectiveness of the risk governance, risk policy and internal controls in place are also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group. A detailed description of the Group's approach to internal controls and risk management can be found from pages 62 to 67 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 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 FY2021, the Board has received assurance from the CEO and the 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.

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PRINCIPLE 10: AUDIT AND RISK COMMITTEE

As at 31 December 2021, the ARC comprised 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 NRC. 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) Ms June Seah Lee Kiang is an Independent Non-Executive Director of VICOM. She is a member of the ARC and also the Chairperson of the SC. Ms Seah is currently the Head of Business Development of Omise Co, a payment processor registered in Singapore with operations in Thailand, Indonesia, Singapore, Malaysia and Japan. She was formerly General Manager of UOB Card Center before joining VISA International. She was a member of VISA's Asia Pacific Management Committee and headed up Merchant and Acquirer Partnerships for Asia Pacific, Central Europe, Middle East and Africa. Ms Seah holds a Bachelor of Social Science Degree with Second Upper Honours in Economics from the University of Singapore.
- (iii) Professor Shim Phiau Wui, Victor is the Lead Independent and Non-Executive Director of VICOM. He is also the Chairman of the NRC and a member of the ARC and the TC. 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 ("**NUS**"), and a Doctor of Philosophy from the University of Cambridge, United Kingdom. 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 a member of the ARC and also a member of the NRC and the TC. Ms Tan holds a BSc (Hons) in Estate Management from NUS, 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 a member of the ARC and also a member of the NRC. Ms Wong holds an Executive Masters in Business Administration from the Singapore Management University, a Bachelor of Social Sciences from NUS and a Bachelor of Arts and Social Sciences from NUS. She also holds a Professional Diploma in Employment Relations from the NUS-Extension and Ong Teng Cheong Institute and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

The details of the ARC members' credentials are found on pages 21 to 25 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 Secretary 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 1967 of Singapore (the "**Companies Act**") and include the following:

- (i) Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal control systems (including financial, operational, compliance and information technology controls) and risk management systems;
- (ii) Review the effectiveness, adequacy, independence, scope and results of the Group's external audit and internal audit function;
- (iii) Review the significant accounting and financial reporting issues and judgements to ensure the integrity of the financial statements, as well as any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (iv) Review the assurance from the CEO and the CFO on the financial records and financial statements;
- (v) 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;
- (vi) Review Interested Person Transactions;

- (vii) Make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of the External Auditors; and (ii) the fees and terms of engagement of the External Auditors;
- (viii) Review and approve the annual audit plans of the External Auditors;
- (ix) Review and approve the Internal Auditors' annual and three-year rolling work plans; and
- (x) Review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on pages 54 and 67 of this Annual Report.
- (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) Recommendation to the Board of the re-appointment of External Auditors and its remuneration; and
- (x) Significant matters (if any) raised through the whistle-blowing channel.

AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC held four meetings during FY2021. The CEO, CFO, ComfortDelGro Group Chief Internal Audit Officer ("**GCAIO**") were present at these meetings. The External Auditors attended the meetings that discussed the half-year and full-year results. 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;

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 Internal Auditors and External 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 for FY2021, the ARC considered the following key audit matters:

SIGNIFICANT MATTERS	REVIEW OF SIGNIFICANT MATTERS BY THE ARC
Allowance for expected credit losses for trade receivables	<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 FY2021.

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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 the ComfortDelGro Group Internal Audit Division comprising of suitably qualified and experienced Internal Audit staff including the GCIAO. The ComfortDelGro Group Internal Audit staff have professional qualifications and are either members of the Institute of Singapore Chartered Accountants, CPA Australia, the Information Systems Audit and 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. The ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his compensation with the Managing Director/Group CEO of ComfortDelGro.

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 audit plan is developed by the GCIAO in consultation with, but independent of, Management and is 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 meets with the GCIAO at least once a year in the absence of Management. The ComfortDelGro 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 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.

WHISTLE BLOWING POLICY

The Group's Whistle Blowing Policy provides a mechanism for employees and external parties 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. Under the Whistle Blowing Policy, incidents may be reported to the GCIAO, whose contact information is set out in the policy. Where the incident involves the GCIAO, the complaint may be made to the ARC Chairman. All cases are investigated and overseen by the ComfortDelGro Group Internal Audit Division, and dealt with promptly and thoroughly. The identity of whistleblowers is kept confidential, and the Group is committed to ensure protection of whistleblowers against detrimental or unfair treatment. The ARC is responsible for oversight and monitoring of whistleblowing.

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 are 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 formulated a Policy on Securities – Drafting and Releasing SGX-ST Announcements to provide guidance on preparation of SGX-ST announcements.

Shareholders may send in their requests or queries through the feedback channel provided on the Company's website. The IR function of the Group is performed by the ComfortDelGro Group's IR team ("**Group IR Team**"), led by the ComfortDelGro Head, Group Investor Relations ("**GHIR**"). The Group IR Team is accessible throughout the year to address shareholders' queries. The contact details of the GHIR can be found on the Company's website.

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, 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 sustainability efforts. Upon request, hard copies are provided to shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

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 Secretary, 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 issue shares was granted, 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/her 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. The Company believes 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 31 December 2020 was held in April 2021 both physically and by way of audio-visual electronic means as a result of restrictions on physical interactions due to the COVID-19 pandemic.

The FY2021 AGM scheduled to be held on 27 April 2022 will also be held both (i) physically pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 ("**Physical Meeting**") and (ii) by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Virtual Meeting**"). To facilitate high levels of shareholder engagement, real-time communication and real-time live voting will be conducted during the AGM for shareholders and proxies attending the Physical Meeting and the Virtual Meeting. Due to the current COVID-19 situation, the Company may restrict the number of attendees at the Physical Meeting in compliance with 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. The Company will adhere to the SGX-ST's guiding principle to provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the FY2021 AGM of the Company 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 to SGXNET. Dividends are paid to shareholders in an equitable and timely manner.

CORPORATE GOVERNANCE

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 Group IR Team works with senior management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretary, while communications with shareholders, analysts and fund managers is handled by the GHIR. 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 Group 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 in our 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 complies with the relevant requirements under the SGX-ST Listing Manual.

The Company maintains a 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 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 open 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 accepted corporate governance business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country that the Group operates in or any company with which the Group has dealings.

ANTI-CORRUPTION POLICY

The Group complies with all applicable laws of the jurisdictions in which it operates and conducts business in an open and 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 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. The Group complies with applicable 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 required 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 information provide protection against 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 2012, including the 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 Group's cyber security framework. The Group regularly reviews its cyber security measures to ensure effective protection of its information technology systems and databases. The Group has implemented multi-layered defences, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. The Group keeps abreast of the evolving threats and the latest techniques, and actively collaborates with cyber security authorities and regulators to develop appropriate countermeasures.

The Group will continue to strengthen its capabilities in light of the way cyber security risks will evolve with the digital age. As and when necessary, the Group will take appropriate risk management decisions and implement security controls to secure its 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 practises 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 their 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. The Group negotiates with suppliers on an individual basis and meets its obligations accordingly.

INTERESTED PERSON TRANSACTIONS

SGX-ST 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.	\$2,626,000	NIL
SBS Transit	SBS Transit is an associate of the Company.	\$853,000	NIL

There is no shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.