

**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 unreservedly on our customers;
- Make sound corporate decisions to generate long-term shareholder value rather than for short-term benefits;
- Maintain our lean culture through cost efficiencies to drive value creation without compromising our service quality;
- Build a sustainable talent pool to address the evolving and complex demands of the industry in this highly competitive market; and
- Commit to sustainability to make a positive impact on society and 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 and business partners, the authorities, labour unions and professional bodies 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 and amended on 11 January 2023 (the “Code”) and has put in place policies, structures and mechanisms to ensure compliance with the relevant legislative and regulatory requirements. 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 maintaining confidentiality of the identity of whistleblowers and protecting them 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 2022 (“FY2022”), with specific references to the Code. For FY2022, 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 be aware of their legal responsibilities, 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 Company is headed by an effective Board which is led by its Independent and Non-Executive Chairman, Dr Tan Kim Siew (the “Chairman”). The Board is collectively responsible and works with Management for the long-term success of the Company by:

- (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 reviewing 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 strategy for sustainability.

### 1.1 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. In the event that a Director has a conflict of interest, or it appears that he/she may have a conflict of interest in relation to any matter, the Director must immediately declare his/her interest at a meeting of the Board or send a written notice to the Board and 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. In the case of any matter where the Chairman is conflicted such as his remuneration or re-election as a Director, he will similarly recuse himself from participating in the discussion; and the other Directors will elect someone among themselves to preside over the discussion and lead the Directors in decision making.

### 1.2 DIRECTORS' COMPETENCIES, INDUCTION, TRAINING AND DEVELOPMENT

Upon appointment, the Director will be issued an official letter of appointment, which clearly sets out his/her role, duties and responsibilities and the Company's expectations of him/her as a Director of the Company. The new Director will also receive a copy of the Company's Constitution, the Company's current and previous 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. In this respect, all of our new Directors who are required to undergo such training conscientiously commit their time and effort to complete the training within the first 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 Chairman and the Nominating and Remuneration Committee ("NRC") review each Director's training and professional development needs on a yearly basis.

The Company Secretaries 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 invited to conduct seminars on specific topics as and when necessary. Most recently, the Group engaged an external law firm to conduct a seminar on the Approved Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health ("WSH") Duties ("COP") for the Directors and Key Management Personnel of the Group, to help them to better understand their duties and responsibilities under the Workplace Safety and Health Act 2006 and the COP.

# CORPORATE GOVERNANCE

In FY2022, the Directors attended the courses/seminars listed below:

| DATE        | TRAINING PROVIDER   | TOPIC  | ATTENDED BY   |
|-------------|---|--|---|
| 12 Jan 2022 | Accounting and Corporate Regulatory Authority (" <b>ACRA</b> "), Singapore Exchange and SID | ACRA-SGX-SID Audit Committee Seminar 2022  | (1) Dr Tan Kim Siew   |
| 29 Mar 2022 | SID   | CTP 2 – Evaluating the Impact of ESG (GVR#1)   | (1) Ms Tan Poh Hong   |
| 21 Apr 2022 | Singapore Exchange Regulation   | SGX-GCNS Workshops on Task Force on Climate-Related Financial Disclosures (TCFD) – All-Sectors | (1) Mr Sim Wing Yew   |
| 14 Jul 2022 | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Sim Wing Yew<br>(2) Ms Tan Poh Hong<br>(3) Ms June Seah Lee Kiang                |
| 2 Aug 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Yang Ban Seng<br>(2) Mr Soh Chung Hian, Daniel<br>(3) Prof Shim Phyu Wui, Victor |
| 8 Nov 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Dr Tan Kim Siew   |
| 6 Dec 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Jackson Chia<br>(2) Ms Wong Yoke Woon  |

As required under Rule 720(7) of the SGX-ST Listing Rules, all the Directors of the Company underwent a one-time training on sustainability matters in FY2022.

Regular presentations are made by Management to the Board to enable the Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised from time to time to enable the Directors to learn more about the Group's operations. During such visits, the 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 the 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 2022, Management conducted several tours for Directors at Setsco Services Pte Ltd's new laboratories at Bukit Batok to provide updates on and observation of the latest equipment and testing procedures.

### 1.3 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 compliance with delegated limits.

### 1.4 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 have been established, namely, the Audit and Risk Committee ("**ARC**"), the NRC, the Sustainability Committee ("**SC**"), and the Technology Committee ("**TC**") (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 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 35 to 47.

The SC 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 seeks to integrate sustainability considerations in the business strategies of the Group in order to deliver steady and sustainable outcomes. As at 31 December 2022 and 1 January 2023, the SC comprised five Directors, including the Chairman and Mr Sim Wing Yew who is 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 established the TC on 1 January 2022 to oversee harnessing of technology to enhance the Group's strategic and business initiatives. This includes Group-wide digitalisation and automation.

As at 31 December 2022, the TC comprised five Directors, including the CEO. As at 1 January 2023, the TC comprised six Directors, including the CEO. The Chairperson of the TC is Professor Shim Phayau Wui, Victor. The terms of reference of the TC include the following:

- (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 innovation across the Group; and
- (iii) Monitor technology trends and identify new opportunities in testing, inspection and certification 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.

## 1.5 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-year 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, can 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 and Board Committees.

## ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2022

| NAME                        | BOARD                |                          | AUDIT & RISK COMMITTEE |                          |
|-----------------------------|----------------------|--------------------------|------------------------|--------------------------|
|                             | No. of meetings held | No. of meetings attended | No. of meetings held   | No. of meetings attended |
| TAN KIM SIEW                | 4                    | 4                        | –                      | –                        |
| YANG BAN SENG               | 4                    | 4                        | 4                      | 2 <sup>(a)</sup>         |
| SIM WING YEW                | 4                    | 4                        | 4                      | 4 <sup>(d)</sup>         |
| JACKSON CHIA <sup>(e)</sup> | 4                    | 3                        | 4                      | 2 <sup>(a)</sup>         |
| JUNE SEAH LEE KIANG         | 4                    | 4                        | 4                      | 4                        |
| SHIM PHYAU WUI, VICTOR      | 4                    | 4                        | 4                      | 4                        |
| SOH CHUNG HIAN, DANIEL      | 4                    | 4                        | 4                      | 4                        |
| TAN POH HONG                | 4                    | 4                        | 4                      | 4                        |
| WONG YOKE WOON              | 4                    | 4                        | 4                      | 4                        |
| LIM JIT POH <sup>(h)</sup>  | 4                    | 1                        | –                      | –                        |
| GOH YEOW TIN <sup>(i)</sup> | 4                    | 1                        | –                      | –                        |

Notes:

- (a) Mr Yang and Mr Chia were appointed members of the ARC on 27 April 2022 but stepped down as members on 11 August 2022.  
 (b) Mr Yang was appointed a member of the NRC on 27 April 2022. Prior to his appointment, he attended the NRC meeting by invitation of the NRC.  
 (c) Mr Yang stepped down as a member of the SC on 27 April 2022.  
 (d) Not a member but attended meetings by invitation of the Committee.  
 (e) Mr Chia was appointed a Director of the Company and a member of the SC on 27 April 2022.  
 (f) Professor Shim stepped down as the Chairman and a member of the NRC on 27 April 2022.  
 (g) Professor Shim was appointed a member of the SC on 27 April 2022. Prior to his appointment, he attended the SC meeting by invitation of the SC.  
 (h) Mr Lim retired as the Chairman and a Director of the Company at the conclusion of the Annual General Meeting held on 27 April 2022, and did not attend any more meetings thereafter.  
 (i) Mr Goh retired as a Director of the Company at the conclusion of the Annual General Meeting held on 27 April 2022, and did not attend any more meetings thereafter.

### 1.6 ACCESS TO INFORMATION

Prior to each Board and Board Committee Meeting, and where needed, Management provides Directors with complete, adequate and timely information to enable them to make informed decisions and discharge their duties and responsibilities. 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.

### 1.7 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.

### 1.8 COMPANY SECRETARIES

The Company Secretaries assist in organising the Board and Board Committee Meetings, and prepare the agenda in consultation with the Chairman, the CEO and the chairpersons of the respective Board Committees. At least one of the Company Secretaries attends all Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including updates on 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.

| NOMINATING & REMUNERATION COMMITTEE |                          | SUSTAINABILITY COMMITTEE |                          | TECHNOLOGY 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 |
| 2                                   | 2                        | 3                        | 3                        | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2 <sup>(b)</sup>         | 3                        | 1 <sup>(c)</sup>         | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2 <sup>(d)</sup>         | 3                        | 3                        | 4                    | 4                        | 1                      | 1                        |
| –                                   | –                        | 3                        | 2                        | –                    | –                        | –                      | –                        |
| –                                   | –                        | 3                        | 3                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1 <sup>(f)</sup>         | 3                        | 3 <sup>(g)</sup>         | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1                        | 3                        | 1                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1                        | 3                        | 1                        | 4                    | 1                        | 1                      | 1                        |

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

### BOARD COMPOSITION

As at 31 December 2022, the Board comprised nine Directors with 66.7% of them being independent Directors. Except for the CEO who is a Non-Independent Executive Director, as well as the Deputy Chairman and Mr Jackson Chia 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), all the remaining six Non-Executive Directors (“**NED**”) are considered by the NRC to be independent. As the Chairman, Dr Tan Kim Siew, is an Independent Non-Executive Director, a Lead Independent Director is not required and hence Professor Shim Phiau Wui, Victor stepped down as the Lead Independent Director upon the appointment of Dr Tan as the Chairman at the conclusion of the Annual General Meeting (“**AGM**”) held on 27 April 2022. 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.

Mr Yang Ban Seng, the former Deputy Chairman of the Company, retired as a Director of the Company on 31 December 2022. Professor Ooi Beng Chin and Mr Cheng Siak Kian were appointed Directors of the Company on 1 January 2023. As Professor Ooi and Mr Cheng are nominees of ComfortDelGro which is a substantial shareholder of the Company, they are deemed non-independent. The Board as of 1 January 2023 comprised 10 Directors with 60% being independent Directors.

### 2.1 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.

The Board’s practices in relation to conflicts of interest are set out in the section ‘Conflicts of Interest’ on page 27 above.

## 2.2 INDEPENDENT DIRECTORS

As mentioned above, as at 31 December 2022, the Board comprised nine Directors with 66.7% of them being Independent Non-Executive Directors. The Board as of 1 January 2023 comprised 10 Directors with 60% being Independent Non-Executive Directors. There is a strong level of independence in the Board, and the Board composition (whether as at 31 December 2022 or 1 January 2023) exceeds the requirement under the SGX-ST Listing Rules and the Code that at least one-third of the Board must be independent Directors. No person will be able to influence the decisions of the Board as Independent Non-Executive Directors continue to be the majority.

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 Cheng Siak Kian is deemed non-independent as he is both a nominee and the Managing Director/Group CEO (MD/Group CEO) of ComfortDelGro. Mr Sim Wing Yew is deemed non-independent as he is the Executive Director and CEO of the Company. Mr Jackson Chia is also deemed to be a non-independent Director as he is a nominee and staff of ComfortDelGro and the CEO of the ComfortDelGro taxi and private mobility businesses. Professor Ooi Beng Chin is deemed non-independent as he is a nominee and Director of ComfortDelGro.

Except for the CEO, none of the Directors had served on the Board for more than nine years as at 31 December 2022 and 1 January 2023. The NRC and the Board take 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. In assessing the independence of a Director, the Board and the NRC take a holistic approach, taking into consideration various factors

such as whether 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.

## 2.3 NON-EXECUTIVE DIRECTORS

As at 31 December 2022, the Board comprised nine Directors with 88.9% of them being Non-Executive Directors. As at 1 January 2023, the Board comprised 10 Directors with 90% of them being Non-Executive Directors.

## 2.4 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, experience, 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 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.

### BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy since 2019 which focusses on ensuring an appropriate balance and mix of skills, knowledge, experience, age, 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. Under the Board Diversity Policy, the NRC will discuss and agree annually the relevant measurable targets for promoting and achieving diversity in the composition of the Board and Board Committees and make its recommendations for consideration and approval by the Board.

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, age, 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 each Board Committee including the NRC. As at 31 December 2022, out of nine Directors on the Board, three Directors (or 33.3%) were females, with three female Directors sitting on the ARC, two female Directors sitting on the NRC and one female Director sitting on each of the SC and the TC. There was no change to the number of female Directors on the Board and each Board Committee as at 1 January 2023. The number of female Directors on the ARC and the NRC exceeds the number in the guideline in the Company's Board Diversity Policy while the number of female Directors on the SC and the TC meets the guideline. With three females or 30% female Directors on the Board, the Board has achieved its target in respect of Board gender composition. The Company has also exceeded the target of the Council for Board Diversity to have at least 25% of Board seats held by females by 2025.

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 and business management, which are important to the Group as the Group is in the vehicle and non-vehicle testing business and has to deal with various stakeholders including members of the public (being its customers), trade associations and professional bodies and regulators. 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 current 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 Board has noted that two of the current Independent Directors would cease to be considered independent at the 2027 AGM pursuant to Rule 210(5)(d)(iv) of the SGX-ST Listing Rules which came into effect on 11 January 2023. In order to allow sufficient time to find suitable replacement candidates, the Board will, prior to the 2027 AGM and in a timely manner, commence its search for suitable replacement candidates with competencies and characteristics of diversity in the areas of gaps identified by the Board. The NRC and the Board shall review the size and composition of the Board annually to determine the optimal Board size and composition, having regards to the business and governance needs of the Group.

The Company shall source for suitable candidates through the recommendations of the existing Directors, other contacts, and a variety of independent sources, which may include external consultants, to find the right match of potential candidates with the Company.

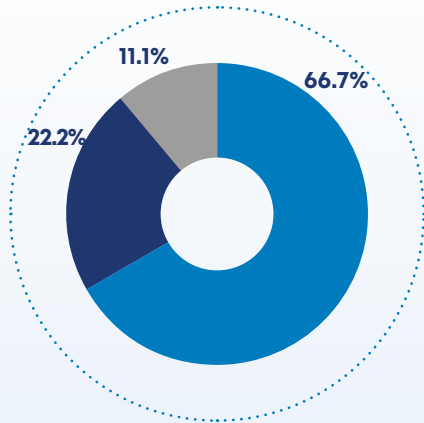
Nonetheless, the ultimate decision on selection of Directors will be based on merit against a set of objective criteria that complements and expands the skills, knowledge, industry and business experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board to serve the needs of the Group.

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 8 to 12 and pages 51 to 54 of this Annual Report.



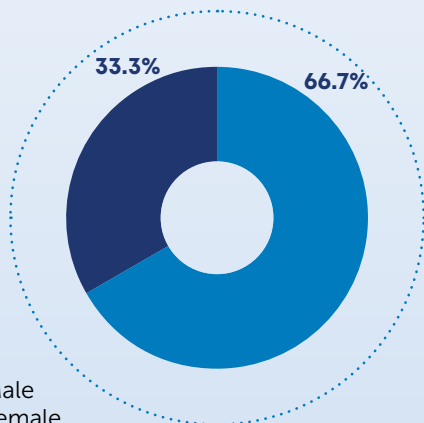
# CORPORATE GOVERNANCE

## BOARD INDEPENDENCE (As at 31 December 2022)



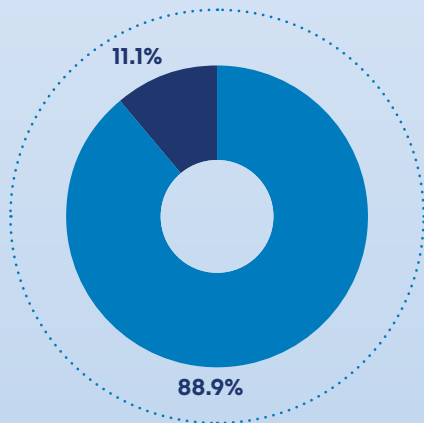
- Independent Non-Executive Director
- Non-Independent Non-Executive Director
- Non-Independent Executive Director

## BOARD GENDER DIVERSITY (As at 31 December 2022)



- Male
- Female

## DIRECTORS' LENGTH OF SERVICE (As at 31 December 2022)



- Served < 9 years
- Served > 9 years

## 2.5 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.

As at 31 December 2022 and 1 January 2023, all the members of the ARC and NRC were 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 the External Auditors annually in the absence of Management. From time to time when required, the NEDs led by the independent Chairman or other independent NED as appropriate, meet 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

### 3.1 ROLES AND RESPONSIBILITIES 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 action;
- Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with shareholders and other stakeholders;

- (iv) 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.

### 3.2 LEAD INDEPENDENT DIRECTOR

Consistent with the Code, from 1 September 2019 to 27 April 2022, Professor Shim Phyu Wui, Victor held the position of Lead Independent Director as the then-Chairman Mr Lim Jit Poh was deemed to be non-independent by virtue of him being a nominee of ComfortDelGro which is a substantial shareholder of the Company,

With Mr Lim's retirement as the Chairman and a Director and the appointment of Dr Tan Kim Siew (who is an independent Director) as the Chairman at the AGM held on 27 April 2022, Professor Shim concurrently stepped down as the Lead Independent Director. The Board is of the view that there is no necessity to continue having a Lead Independent Director, as the majority of the Board (including the Chairman) are independent Directors and none of them is part of Management or has a relationship with the CEO and his immediate family members. Moreover, the ARC Chairman is readily available to shareholders if they have concerns for which contact through the normal channels of communication with the Chairman or Management may be inappropriate or inadequate.

The Board's practices in relation to conflicts of interest are set out in the section 'Conflicts of Interest' on page 27 above.

## PRINCIPLE 4: BOARD MEMBERSHIP

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

### 4.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE

In 2021, the Nominating Committee ("NC") and the Remuneration Committee ("RC") were merged to

streamline their respective functions for greater efficiency in reviewing the appointment, performance and remuneration of Directors and Key Management Personnel. Notwithstanding that the NC and RC were merged, the roles and responsibilities of the respective functions were not compromised and the Company continues to adhere to the principles of the Code in relation to the NC and the RC.

The NRC is responsible for (i) regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place for Directors and Key Management Personnel (the "NC Role"); and (ii) setting the Group's remuneration policies (the "RC Role"). Details of the RC Role are found on pages 37 to 42 of this Annual Report.

### NC ROLE

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) Develop a process for performance evaluation of the Board, its Board Committees and individual Director's performance, including comparison with industry peers;
- (iii) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors;
- (iv) Assess the effectiveness of the Board and Board Committees and contributions by each individual Director; and
- (v) Determine annually, and as and when circumstances require, if a Director is independent.

### 4.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As at 31 December 2022 and 1 January 2023, the NRC comprised five NEDs, of whom four including the NRC Chairman are independent. The composition of the NRC therefore complies with the requirement under the Code that the NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent.

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

As part of the Board succession plan, potential candidates 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 as well as the need for diversity on the Board.
- (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 competencies, commitment, 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.

At the forthcoming AGM, Mr Sim Wing Yew, Mr Soh Chung Hian, Daniel and Ms Tan Poh Hong are due for re-election pursuant to Regulation 98(b) of the Constitution of the Company whilst Mr Jackson Chia, Professor Ooi Beng Chin and Mr Cheng Siak Kian will be put forward for re-election pursuant to Regulation 99.

#### ALTERNATE DIRECTOR

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

#### 4.4 REVIEW OF INDEPENDENCE

The process undertaken by the NRC to review the independence of the Directors is set out on page 32 above.

#### 4.5 MULTIPLE DIRECTORSHIPS

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.

Listed companies within a group should be considered as one entity.

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 the Directors' attendance at the 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.

As a policy, the CEO, being an Executive Director 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 2022, all Directors comply with the guidelines on multiple board representation.

#### 4.6 KEY INFORMATION ON DIRECTORS

The profiles of the Directors and key information are set out in this Annual Report from pages 8 to 12. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors is 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.

##### 5.1 BOARD PERFORMANCE EVALUATION

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.

##### 5.2 ANNUAL BOARD PERFORMANCE EVALUATION PROCESS

The FY2022 annual evaluation process for the Board, Board Committees and individual Directors involves the following:

- (i) Each Director completes an individual director self-assessment form.
- (ii) The NRC Chairman completes a Board performance evaluation questionnaire.
- (iii) Each Board Committee Chairperson completes the relevant Board Committee performance evaluation questionnaire.
- (iv) The completed Board performance evaluation questionnaire and the responses to the individual director self-assessment forms are reviewed by the NRC, while each completed Board Committee performance evaluation questionnaire is reviewed by the respective Board Committees.
- (v) The reviewed Board and Board Committee performance evaluation questionnaires and responses to the individual self-assessment forms (collectively, the **"Reviewed Responses"**) are collated by the Company Secretaries and

sent to the Chairman for approval to table at the next NRC meeting.

- (vi) The Reviewed Responses are tabled at the NRC meeting for review, and also tabled at the Board meeting 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.

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

##### 6.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE RC ROLE

In relation to the RC Role, the NRC plays an important role in setting the Group's remuneration framework and strategy for the compensation of both Directors and Key Management Personnel. As per the terms of reference, the NRC makes recommendations to the Board on the specific remuneration package for each Director, appropriate to the level of contributions from them. In respect of the Key Management Personnel, it reviews their remuneration with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success and the enhancement of shareholder value.

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

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 other 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 fix 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
- (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.

## 6.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As mentioned above, as at 31 December 2022 and 1 January 2023, the NRC comprised five NEDs, of whom four including the NRC Chairman are independent. The composition of the NRC therefore complies with the requirement under the Code that the RC comprises at least three directors, all of whom are non-executive and the majority, including the RC Chairman, are independent.

## 6.3 APPOINTMENT OF REMUNERATION CONSULTANTS

The NRC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer who 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 FY2022, 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.

## 7.1 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

Eligible employees of the Group are eligible to participate in the ComfortDelGro Executive Share Award Scheme (“**CDG ESAS**” or the “**Scheme**”).

ComfortDelGro had in 2018 implemented the CDG ESAS for Executive Directors and Key Executives as part of the long-term incentive programme to attract talent, retain them and reward those who make significant contributions to the ComfortDelGro Group. Key executives of the Group are eligible to participate in the Scheme.

The share awards would be granted conditionally upon performance targets being met and would have a vesting schedule whereby only a portion of the benefits would be vested each year. The grant of the shares may be withdrawn or clawed-back in the event of exceptional circumstances of material misstatement of financial results or misconduct resulting in financial or other losses for the ComfortDelGro Group.

The aggregate number of shares which may be issued pursuant to the Scheme and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Scheme) two per centum (2%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

Total share awards granted to the Executive Director of the Company in FY2022 under the Scheme are as follows:

| NAME OF PARTICIPANT | SHARE AWARDS GRANTED DURING FY2022                            | AGGREGATE SHARE AWARDS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2022 | AGGREGATE SHARE AWARDS VESTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2022 | AGGREGATE SHARE AWARDS OUTSTANDING AS AT END OF FY2022 |
|---------------------|---|--|---|--|
| <b>SIM WING YEW</b> | 40,000<br>(Share awards to be vested over a four-year period) | 130,000  | 45,000  | 85,000<br>(unvested shares)                            |

## 7.2 REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

The CEO, being the Executive Director of the Company, does not receive any fees paid by the Company’s subsidiaries for his directorships with the subsidiaries and such fees are instead paid directly by the subsidiaries to the Company. The CEO does not receive Directors’ fees for his directorship with the Company.

The Directors’ fee structure for FY2022 is set out below:

| BOARD                            | BASIC FEE (PER ANNUM) |
|----------------------------------|-----------------------|
| <b>CHAIRMAN</b>                  | S\$64,000             |
| <b>DEPUTY CHAIRMAN</b>           | S\$48,000             |
| <b>LEAD INDEPENDENT DIRECTOR</b> | S\$38,400             |
| <b>MEMBER</b>                    | S\$32,000             |

# CORPORATE GOVERNANCE

| BOARD COMMITTEE                              | ADDITIONAL FEES (PER ANNUM) AS |           |
|--|--------------------------------|-----------|
|  | CHAIRMAN                       | MEMBER    |
| <b>AUDIT AND RISK COMMITTEE</b>              | S\$21,333                      | S\$14,933 |
| <b>NOMINATING AND REMUNERATION COMMITTEE</b> | S\$12,800                      | S\$8,960  |
| <b>SUSTAINABILITY COMMITTEE</b>              | S\$10,667                      | S\$7,468  |
| <b>TECHNOLOGY COMMITTEE</b>                  | S\$10,667                      | S\$7,468  |

The attendance fees payable to the NEDs for attendance at each Board and Board Committee meeting and the AGM for FY2022 and the Financial Year ending 31 December 2023 ("FY2023") are set out below. The attendance fees for FY2023 have reverted to the pre-COVID-19 rates.

| MEETINGS   | ATTENDANCE FEE (PER MEETING) |                       |
|--|------------------------------|-----------------------|
|  | FY2022                       | FY2023                |
|  | In-person / Dial-in          | In-person / Dial-in   |
| <b>BOARD / BOARD COMMITTEE MEETING HELD LOCALLY AND ANNUAL GENERAL MEETING</b> | S\$2,000                     | S\$2,000 / S\$1,000   |
| <b>BOARD / BOARD COMMITTEE MEETING HELD OVERSEAS</b>                           | US\$2,000                    | US\$2,000 / US\$1,000 |

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

### 7.3 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The NRC and the Board have reviewed and are satisfied that the framework for remuneration and specific remuneration package for each Director as well as for the Key Management Personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

### 8.1 REMUNERATION OF DIRECTORS AND EXECUTIVES

#### CEO'S REMUNERATION

CEO's remuneration for FY2022 is as follows:

| REMUNERATION        | THE GROUP   |             |            |                    |
|---------------------|-------------|-------------|------------|--------------------|
|                     | SALARY      | BONUS       | OTHERS     | TOTAL COMPENSATION |
| <b>FY2022</b>       | S\$ 342,600 | S\$ 283,100 | S\$ 86,716 | S\$ 712,416        |
| <b>SIM WING YEW</b> |             |             |            |                    |

## DIRECTORS' FEES

Directors' fees are for services rendered by the NEDs on the Board as well as the various Board Committees and where applicable, for additional services provided to the Group. The amount includes Directors' attendance fees for scheduled Board and Board Committee meetings held throughout the year.

In FY2022, ComfortDelGro conducted a Request for Proposal ("**RFP**") for its new external auditors for FY2022. As ComfortDelGro intended to nominate its new external auditors to be the external auditors of the Group for FY2023, the Company was invited to participate in the RFP Committee (an ad hoc committee set up by the ComfortDelGro Board) that conducted the RFP. The RFP Committee's scope of work included determining the scope of audit work to be undertaken by the new auditors, reviewing and evaluating the submitted proposals, and negotiations with the tenderers. The ARC Chairman, Mr Soh Chung Hian, Daniel, participated in the RFP Committee on behalf of the Group.

The Directors' Fees of the NEDs in FY2022 are as follows:

| BOARD                        | DIRECTORS' FEES   |
|------------------------------|-------------------|
|                              | FY2022            |
|                              | S\$               |
| LIM JIT POH <sup>(1)</sup>   | 61,781.00         |
| GOH YEOW TIN <sup>(2)</sup>  | 35,917.00         |
| TAN KIM SIEW <sup>(3)</sup>  | 103,503.00        |
| YANG BAN SENG <sup>(4)</sup> | 107,352.00        |
| JACKSON CHIA <sup>(5)</sup>  | 45,302.00         |
| JUNE SEAH LEE KIANG          | 81,600.00         |
| SHIM PHYAU WUI, VICTOR       | 95,941.00         |
| SOH CHUNG HIAN, DANIEL       | 84,293.00         |
| TAN POH HONG                 | 89,361.00         |
| WONG YOKE WOON               | 73,893.00         |
| <b>TOTAL</b>                 | <b>778,943.00</b> |

### Notes:

- (1) Amount includes Mr Lim's Directors' Fees for the period from 1 January 2022 to 27 April 2022. Mr Lim retired as the Chairman and a Director of the Company at the conclusion of the AGM held on 27 April 2022.
- (2) Amount includes Mr Goh's Directors' Fees for the period from 1 January 2022 to 27 April 2022. Mr Goh retired as a Director of the Company at the conclusion of the AGM held on 27 April 2022.
- (3) Dr Tan was appointed the Chairman of the Company at the conclusion of the AGM held on 27 April 2022.
- (4) Amount includes the Directors' Fees payable by the Company's subsidiaries. Mr Yang's Directors' Fees are paid to the Company's holding company, ComfortDelGro.
- (5) Amount constitutes Mr Chia's Directors' Fees for the period from 27 April 2022 to 31 December 2022. Mr Chia was appointed a Non-Independent Non-Executive Director and a member of the ARC and the SC on 27 April 2022. He stepped down as a member of the ARC on 11 August 2022. Mr Chia's Directors' Fees are paid to the Company's holding company, ComfortDelGro.



# CORPORATE GOVERNANCE

## KEY MANAGEMENT PERSONNEL'S REMUNERATION

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

| REMUNERATION BAND               | THE GROUP |       |        | TOTAL COMPENSATION |
|---------------------------------|-----------|-------|--------|--------------------|
|                                 | SALARY    | BONUS | OTHERS |                    |
|                                 | %         | %     | %      | %                  |
| <b>FY2022</b>                   |           |       |        |                    |
| <b>S\$500,000 TO S\$749,999</b> |           |       |        |                    |
| <b>SIZE THIAM SIONG</b>         | 54.8%     | 40.5% | 4.7%   | 100%               |
| <b>S\$250,000 TO S\$499,999</b> |           |       |        |                    |
| <b>CHUNG TYING CHUN</b>         | 51.6%     | 35.2% | 13.2%  | 100%               |
| <b>LEE PECK KIM, MARY</b>       | 58.4%     | 35.1% | 6.5%   | 100%               |
| <b>YUSOOF AYNUDDIN</b>          | 57.8%     | 35.7% | 6.5%   | 100%               |
| <b>BELOW S\$250,000</b>         |           |       |        |                    |
| <b>YIP CHUN WAH</b>             | 63.1%     | 29.0% | 7.9%   | 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\$1,835,390 in FY2022.

### 8.2 REMUNERATION OF CERTAIN RELATED EMPLOYEES

During FY2022, 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.

### 8.3 REMUNERATION AND OTHER PAYMENTS AND BENEFITS FROM THE COMPANY AND ITS SUBSIDIARIES TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

During FY2022, no other forms of remuneration and other payments and benefits, were paid by the Company and its subsidiaries to the Directors and Key Management Personnel of the Company, except as disclosed in Section 8.1 above.

## 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 a formal 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 full-year results (as the case may be) 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.

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.

### **9.1 DETERMINATION OF THE NATURE AND EXTENT OF SIGNIFICANT RISKS**

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 the 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 55 to 60 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 respective 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.

### **9.2 ASSURANCE FROM THE CEO, CHIEF FINANCIAL OFFICER AND THE KEY MANAGEMENT PERSONNEL**

For FY2022, 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 systems (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

## **PRINCIPLE 10: AUDIT AND RISK COMMITTEE**

As at 31 December 2022 and 1 January 2023, 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.

### **10.1 ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE**

The terms of reference of the ARC are aligned with the provisions of Section 201B(5) of the Companies Act 1967 (the "Companies Act") and include the following:

- (i) Review the half-year and full-year financial statements including 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;
- (ii) 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;
- (iii) Review the assurance from the CEO and the CFO on the financial records and financial statements;
- (iv) Make recommendations to the Board on:
  - (i) the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors; and
  - (ii) the fees and terms of engagement of the External Auditors;
- (v) Review the effectiveness, adequacy, independence, scope and results of the Group's external audit and internal audit functions;
- (vi) 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;

- (vii) Review and approve the annual audit plans of the External Auditors;
- (viii) Review and approve the Internal Auditors' annual and three-year rolling work plans;
- (ix) 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 46 to 47 and 60 of this Annual Report;
- (x) Review interested person transactions; and
- (xi) Assist the Board in fulfilling its corporate governance responsibilities and legal obligations in relation to the Group's performance, practices, strategies and policies for workplace safety and health of its employees, contractors, customers, and others affected by its activities, including its obligations under the Workplace Safety and Health Act 2006, the COP and other relevant legislation and regulations.

The 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.

## 10.2 COMPOSITION OF THE AUDIT AND RISK COMMITTEE

As mentioned above, as at 31 December 2022 and 1 January 2023, the ARC comprised five Independent NEDs.

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 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 Executive Director/Senior Advisor of Omise Payment SG Pte Ltd, a payment solutions company registered in Singapore with operations in Japan and Southeast Asia. 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 an Independent Non-Executive Director of VICOM. He is also the Chairman of the TC and a member of the ARC and the SC. 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 (Honours) 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 8 to 12 of this Annual Report.

### 10.3 CONFIRMATION OF NO FORMER PARTNERS OR FINANCIAL INTEREST

None of the ARC members are previous partners or directors of the Company's existing External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the Company's existing External Auditors.

### 10.4 INTERNAL AUDIT

The Internal Audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising suitably qualified and experienced Internal Audit staff including the ComfortDelGro 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, 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 MD/Group CEO of ComfortDelGro. The ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his performance with the MD/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.

### 10.5 AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC held four meetings during FY2022. The CEO, CFO and GCIAO 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;
- (iii) Half-year 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 appointment or re-appointment of External Auditors and its remuneration; 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 Internal Auditors and External Auditors may raise issues encountered in the course of their work directly to the ARC.

## 10.6 SIGNIFICANT FINANCIAL REPORTING MATTERS

In the review of the financial statements of the Group for FY2022, the ARC considered the following key audit matters:

| SIGNIFICANT MATTERS   | REVIEW OF SIGNIFICANT MATTERS BY THE ARC   |
|---|--|
| <b>Allowance for expected credit losses for trade receivables</b> | <p>The ARC has considered the basis and judgement by the Management in estimating the allowance for expected credit losses of trade receivables.</p> <p>Following the review with Management and the External Auditors, the ARC is satisfied with the reasonableness in the estimate of the allowances for expected credit losses for trade receivables.</p> |

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for FY2022.

## 10.7 REVIEW OF INDEPENDENCE OF EXTERNAL AUDITORS

The ARC assesses the independence of the External Auditors based on the guidelines set by the ACRA and the Accountants Act 2004 of Singapore. The ARC is satisfied that the independence of the existing External Auditors, Deloitte & Touche LLP ("**Deloitte**"), is not impaired by their provision of non-audit services to the Group and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The partner in-charge of auditing the Company is changed every five years as a further safeguard of Deloitte's independence.

### CHANGE OF AUDITORS

The Company has received a notice of nomination dated 24 January 2023 from ComfortDelGro, the Company's substantial shareholder on the appointment of Ernst & Young LLP ("**EY**") in place of Deloitte.

The ARC is of the view that the change of auditors is in the best interests of the Group as it would enable the Group to benefit from a change of perspectives. Moreover, having EY as the auditor of the Group would enable the Group to benefit from a more coordinated audit as EY is currently the auditor of ComfortDelGro. There will be no change in the scope of the audit to be undertaken by EY. The ARC has also considered the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by the ACRA in assessing the suitability of EY as the Group's new auditors. It will be proposed at the upcoming AGM that the Company effects the change of auditors with effect from the financial year ending 31 December 2023. Accordingly, Deloitte will not be seeking re-appointment at the forthcoming AGM of the Company.

The Board, with the concurrence of the ARC, is satisfied that EY will be able to meet the audit requirements of the Group after having considered factors such as the adequacy of the resources and experience of EY and the audit engagement partner assigned to the audit, EY's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who will be assigned to the Group's audit. The Board, with the concurrence of the ARC, is also satisfied that if EY is appointed, Rules 712 and 715 of the SGX-ST Listing Manual will be complied with.

EY has given their consent to be appointed as the External Auditors, subject to the approval of the shareholders at the AGM.

Further information on the appointment of EY can be found in the Notice of AGM.

## 10.8 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.

The contact information is as follows:

- Group Chief Internal Audit Officer at DID: +65 6383 7010 or by email to [gciao@comfortdelgro.com](mailto:gciao@comfortdelgro.com) or via the intranet.
- Chairman of the ARC via this email: [arc\\_chairman@vicom.com.sg](mailto:arc_chairman@vicom.com.sg)

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 ensuring the 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

###### 11.1 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 (if appropriate) 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 (<https://www.vicom.com.sg/financials/investor-relations>). 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 (<https://www.vicom.com.sg/financials/investor-relations>).

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.

###### 11.2 CONDUCT OF SHAREHOLDER MEETINGS INCLUDING DIRECTORS' ATTENDANCE

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 at 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 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 Company's AGM for the Financial Year ended 31 December 2021 was held in April 2022 both physically and by way of audio-visual electronic means due to the COVID-19 pandemic.

The FY2022 AGM scheduled to be held on 26 April 2023 will also be held both physically ("**Physical Meeting**") and by way of electronic means ("**Virtual Meeting**") as the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 will still be in force as at the time of the AGM. 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. 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 FY2022 AGM of the Company for more information.

## 11.3 RESOLUTIONS AND VOTING AT GENERAL MEETINGS

Each issue or matter requiring shareholders' approval is tabled as a separate and distinct resolution. All the resolutions at general meetings are single item resolutions. The Company does not practise bundling of 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 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 general 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 general 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.

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.

## 11.4 MINUTES OF GENERAL MEETINGS

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 the 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.

## 11.5 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 dividends 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.

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

### REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to ensuring that accurate and pertinent information is disseminated to the market in a timely and transparent manner as part of good corporate governance. Shareholders can access the corporate website at [www.vicom.com.sg](http://www.vicom.com.sg). The Group's Investor Relations Policy ("**IR Policy**") is available on the corporate website.

Communications with the SGX-ST are handled by the Company Secretaries, while communications with shareholders, analysts and fund managers are 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.

### 12.1 INVESTOR RELATIONS POLICY AND AVENUES FOR COMMUNICATION

The IR Policy sets out the process and mechanism 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 the IR engagement programme.

The Company is committed to treat all shareholders fairly and equitably, and to engage with shareholders and the investment community through various platforms including (where appropriate):

- (i) The Company's general meetings, namely AGMs and as and when necessary, Extraordinary General Meetings;
- (ii) Media briefings and analysts' briefings;
- (iii) Announcements via SGXNET in compliance with the SGX-ST Listing Rules;
- (iv) Investors' meetings, roadshows and conferences;
- (v) Annual reports and sustainability reports;
- (vi) Media releases and statements; and
- (vii) Corporate website ([www.vicom.com.sg](http://www.vicom.com.sg)).

## 5. MANAGING STAKEHOLDERS RELATIONSHIPS

### PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company adopts an inclusive approach by 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.

#### 13.1 IDENTIFICATION OF AND ENGAGEMENT WITH MATERIAL STAKEHOLDERS

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. Since the COVID-19 pandemic, the Company has been taking every opportunity to make use of digital means to communicate with shareholders. We were one of the first companies to hold hybrid meetings for its shareholders, with real-time communication and real-time live voting.

#### 13.2 MANAGEMENT OF STAKEHOLDER RELATIONSHIPS

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 including Rules 711A and 711B. As part of the Company's sustainability efforts and to ensure more efficient engagement, the Company encourages all shareholders to give their express consent to receive communications to shareholders, including statutory notices for general meetings and other circulars, via email and digital platforms.

#### 13.3 CORPORATE WEBSITE

The corporate website is regularly updated to communicate and engage with stakeholders.

## 6. 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 wellbeing of all employees and customers.

In 2022, following the issuance of the COP, the Group reviewed its work procedures and processes to ensure that its safety policies, standards and practices comply with the Workplace Safety and Health Act 2006 and the COP. The Group's current safety policies, standards and practices adhere to the core principles and measures set out in the COP.

Employees are sent for training to equip them with greater awareness and knowledge of good WSH practices.



# CORPORATE GOVERNANCE

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. They are also strongly encouraged to surface safety issues to improve safety standards at the workplace.

## 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.

## CYBERSECURITY POLICY

The Group has adopted the international Information Security Standard ISO 27000 in assessing and formulating the Group's cybersecurity framework. The Group regularly reviews its cybersecurity 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 cybersecurity authorities and regulators to develop appropriate countermeasures.

The Group will continue to strengthen its capabilities in light of the way cybersecurity 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.

## 7. 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. | \$4,707,000   | NIL   |
| SBS Transit               | SBS Transit is an associate of the Company.               | NIL   | NIL   |

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