

# CORPORATE GOVERNANCE

Good corporate governance is essential to the success of Frasers Centrepoint Limited's ("FCL" or the "Company") business and performance. FCL is firmly committed to setting and maintaining high standards of corporate governance and corporate transparency, and adheres to sound corporate policies, business practices and system of internal controls. Operating within such a framework allows FCL to safeguard the assets of FCL and its subsidiaries (the "Group") and interests of shareholders of the Company (the "Shareholders") whilst pursuing sustainable growth and enhancement of corporate performance and value for Shareholders.

Listed on 9 January 2014 on Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Company adheres closely to the principles, guidelines and recommendations under the Code of Corporate Governance 2012 (the "Code 2012").

## A. BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

The board of directors of the Company (the "Board") is entrusted with oversight of the business performance and affairs of FCL, and is responsible for the Group's overall entrepreneurial leadership, strategic direction, risk appetite, performance objectives and long-term success. The Board is also responsible for aligning the interests of the Board and the management of the Company (the "Management") with that of Shareholders as well as setting good principles of ethics and values.

The Board also (a) reviews annual budgets, financial plans, major acquisitions and divestments, funding and investment proposals, (b) monitors the financial performance of the Group and the Management's performance, (c) oversees processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, (d) assumes responsibility for corporate governance, (e) considers sustainability issues such as environmental and social factors as part of its strategic formulation and (f) ensures compliance by the Group with relevant laws and regulations.

### Delegation of Authority on certain Board Matters

In order for the Board to efficiently discharge its oversight function of FCL, it delegates specific areas of responsibilities to five board committees (the "Board Committees") namely, the Board Executive Committee ("EXCO"), the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Risk Management Committee ("RMC"). Each Board Committee is governed by clear terms of reference (the "Terms of Reference") which have been approved by the Board. Minutes of all Board Committee meetings are circulated to the Board so that directors of the Company (the "Directors") are aware of and kept updated as to the proceedings and matters discussed during such meetings.

### Corporate Authorisations

The Company adopts a framework of delegated authorisations in its Manual of Authority ("MOA"). The MOA defines the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure as well as acquisitions and disposals of assets and investments. The MOA also contains a schedule of matters specifically reserved for approval by the Board. These include approval of annual budgets, financial plans, business strategies and material transactions, such as major acquisitions, divestments, funding and investment proposals. The MOA authorises the EXCO to approve certain transactions up to specified limits, beyond which the approval of the Board needs to be obtained. Below the Board and EXCO levels, there are appropriate delegation of authority and approval sub-limits at the Management level, to facilitate operational efficiency.

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Under the MOA, the following matters are specifically reserved for the approval of the Board:

- (1) acquisition of land and properties, redevelopment of existing assets, refurbishment of existing assets, disposal of land and properties and the incurring of unbudgeted capital and development expenditure, where these exceed a value of \$1 billion;
- (2) new equity investments, increase in equity participation, and disposal or reduction of equity participation, where these exceed a value of \$600 million;
- (3) approval of the annual capital budget, annual operating budget and staff costs budget; and
- (4) the sale or disposal of the whole or substantially the whole of the undertaking or assets of the Company.

Further, the establishment of Board Committees or Board sub-committees and the determination, amendment or alteration of the Terms of Reference of any Board Committee or Board sub-committee are also matters reserved for the Board's approval.

## Conflicts of Interest

To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including (i) requiring any Director to declare any conflict of interest on a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his knowledge; and (ii) requiring such Directors to refrain from participating in meetings or discussions (or relevant segments thereof), in addition to abstaining from voting, on any matter in which they are so interested or conflicted. For purchases of property in FCL property projects, there is also a policy which sets out the process and procedure for disclosing, reporting and obtaining of relevant approvals for property purchases made by any Director, the Chief Executive Officer ("CEO") or any other interested persons (as defined in the Listing Manual of the SGX-ST (the "Listing Manual")) and employees of the Group.

## Meetings of the Board and Board Committees

The Board and its various Board Committees meet regularly, and also as required by business needs or if their members deem it necessary or appropriate to do so. For the financial year ended 30 September 2017 ("FY2017"), the Board met 6 times. During Board meetings, the Directors actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Time is set aside, where appropriate, after scheduled Board meetings for discussions amongst the Directors without the presence of the Management, so as to facilitate a more effective check on the Management.

The Directors are also given direct access to the management team of the Group's business divisions through presentations at Board and Board Committee meetings. Where required or requested by Board members, site visits and meetings with personnel from the Group's business divisions are also arranged for Directors to have an intimate understanding of the key business operations of each division and to promote active engagement with the Group's key Management. The Company's Constitution provide for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or any other forms of electronic or instantaneous communication facilities.

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The number of Board meetings and Board Committee meetings held in FY2017 and the attendance of Directors at these meetings are as follows:

	Board	Board EXCO	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
<b>Meetings held for FY2017</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>Nil<sup>(1)</sup></b>
Mr Charoen Sirivadhanabhakdi	6	3	-	-	-	-
Khunying Wanna Sirivadhanabhakdi	6	-	-	-	-	-
Mr Charles Mak Ming Ying	5	6	5	3	3	Nil
Mr Chan Heng Wing	5	-	-	4	3	Nil
Mr Philip Eng Heng Nee	6	-	5	-	3	-
Mr Tan Pheng Hock <sup>(2)</sup>	3	-	-	-	-	-
Mr Wee Joo Yeow	6	6	5	-	-	-
Mr Weerawong Chittmittrapap	6	-	-	3	-	Nil
Mr Chotiphat Bijananda	6	5	-	4	-	Nil
Mr Panote Sirivadhanabhakdi	6	6	-	4	-	-
Mr Sithichai Chaikriangkrai	6	6	5	4	-	-

## Notes:

<sup>(1)</sup> Decisions of the NC during FY2017 were made by way of written resolutions.

<sup>(2)</sup> Mr Tan Pheng Hock was appointed as a non-executive and Independent Director of the Company on 20 March 2017.

## Director Orientation and Training

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties and obligations, including his or her responsibilities as fiduciaries, and where appropriate, how to deal with possible conflicts of interest that may arise. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies, key business risks, the regulatory environment in which the Group operates, corporate governance practices of the Group, as well as their statutory and other duties and responsibilities as directors. This programme allows new Directors to get acquainted with senior Management, and fosters better rapport and facilitates communication with the Management.

The Directors are kept continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of presentations and/or handouts. The Board is also regularly updated on the latest key changes to any applicable legislation and changes to the rules of the SGX-ST (the "**Listing Rules**") as well as developments in accounting standards, by way of briefings held by the Company's lawyers and auditors. To ensure the Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. In addition, the Directors are also encouraged to be members of the Singapore Institute of Directors ("**SID**") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business trends. During FY2017, the Board was updated on electronic communication and changes to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the Listing Manual, as well as the disclosure regime for Directors under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**").

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## Principle 2: Board Composition and Guidance

### Board Composition

As of 30 September 2017, the Board comprised 10 non-executive Directors and one executive Director<sup>(1)</sup>. No alternate directors have been appointed on the Board for FY2017. The current composition of the Board provides an appropriate balance and mix of skills, experience and knowledge relevant to the Group, and is well-diversified in terms of age group, gender and nationality. The Directors of the Company are:

Mr Charoen Sirivadhanabhakdi (Chairman)  
Khunying Wanna Sirivadhanabhakdi (Vice-Chairman)  
Mr Charles Mak Ming Ying<sup>(2)</sup>  
Mr Chan Heng Wing<sup>(3)</sup>  
Mr Philip Eng Heng Nee<sup>(2)</sup>  
Mr Tan Pheng Hock<sup>(1)</sup>  
Mr Wee Joo Yeow  
Mr Weerawong Chittmittrapap  
Mr Chotiphat Bijananda  
Mr Panote Sirivadhanabhakdi<sup>(1) (3)</sup>  
Mr Sithichai Chaikriangkrai<sup>(2)</sup>

#### Notes:

- <sup>(1)</sup> With effect from 1 October 2016, Mr Panote Sirivadhanabhakdi was appointed as the Group Chief Executive Officer, resulting in the composition of the Board of Directors to comprise nine non-executive Directors and one executive Director as of 1 October 2016. Mr Tan Pheng Hock was appointed as a non-executive and independent Director of the Company on 20 March 2017, resulting in the composition of the Board of Directors to comprise 10 non-executive Directors and one executive Director as of 30 September 2017.
- <sup>(2)</sup> Mr Charles Mak Ming Ying, Mr Philip Eng Heng Nee, Mr Wee Joo Yeow and Mr Sithichai Chaikriangkrai were re-appointed to the Board at the annual general meeting held on 24 January 2017.
- <sup>(3)</sup> With effect from 1 October 2016, Mr Panote Sirivadhanabhakdi stepped down as a member of the RC of the Company and Mr Chan Heng Wing, a non-executive Independent Director of the Company, was appointed as a member of the RC in his place.

The current Board comprises six independent directors (the “**Independent Directors**”), namely, Mr Charles Mak Ming Ying, Mr Chan Heng Wing, Mr Philip Eng Heng Nee, Mr Tan Pheng Hock, Mr Wee Joo Yeow and Mr Weerawong Chittmittrapap. Based on declarations of independence made by each of these Independent Directors, none of them has any relationship with the Company, its related corporations<sup>(1)</sup>, the Group’s 10% Shareholders<sup>(2)</sup> or FCL’s officers that could interfere, or reasonably be perceived to interfere, with the exercise of each of their independent business judgment with a view to the best interests of the Company. These six Independent Directors will help to uphold good corporate governance at the Board level and their presence will facilitate the exercise of independent and objective judgment on corporate affairs. Their participation and input will also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, and takes into account the long-term interests of FCL and its Shareholders. As of 30 September 2017, none of the Independent Directors have been on the Board for more than nine years.

#### Notes:

- <sup>(1)</sup> The Code 2012 defines “related corporations” as having the same meaning under the Companies Act i.e. a corporation that is the company’s holding company, subsidiary or fellow subsidiary.
- <sup>(2)</sup> The Code 2012 defines a ten percent (10%) shareholder as a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than ten percent (10%) of the total votes attached to all the voting shares in the company.

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The NC is of the view that the current size and composition of the Board is appropriate for the scope and nature of the Group's operations, and facilitates effective decision-making. In line with the Code 2012, taking into account the requirements of the Group's businesses and the need to avoid undue disruption from changes to the composition of the Board and the Board Committees, the NC is of the view that the current size of the Board is not so large as to be unwieldy, or as would interfere with efficient decision-making. No individual or group dominates the Board's decision-making process.

The Directors are provided with accurate, complete and timely information and have direct and unrestricted access to Management. This gives the Board and the Board Committees sufficient time to critically evaluate and consider issues relevant to the Company and its businesses and operations, and also allows the Directors to effectively carry out their duties and discharge their oversight function.

As of 1 October 2016, Mr Panote Sirivadhanabhakdi was appointed as the Group Chief Executive Officer of the Company (the "Group CEO"). Mr Panote Sirivadhanabhakdi is an immediate family member of the Chairman of the Board. The Company notes that it is in compliance with Guideline 2.2 of the Code 2012, as its Independent Directors make up half of the Board when the Chairman and the Group CEO are immediate family members.

## Board Executive Committee (or EXCO)

The current EXCO is made up of the following members:

Mr Charoen Sirivadhanabhakdi <sup>(1)</sup>	Chairman
Mr Charles Mak Ming Ying <sup>(1)</sup>	Vice-Chairman
Mr Chotiphat Bijananda <sup>(1)</sup>	Vice-Chairman
Mr Wee Joo Yeow <sup>(2)</sup>	Member
Mr Panote Sirivadhanabhakdi <sup>(1)</sup>	Member
Mr Sithichai Chaikriangkrai <sup>(1)</sup>	Member

### Notes:

<sup>(1)</sup> Mr Charoen Sirivadhanabhakdi, Mr Charles Mak Ming Ying, Mr Chotiphat Bijananda, Mr Panote Sirivadhanabhakdi and Mr Sithichai Chaikriangkrai were appointed to the EXCO on 25 October 2013.

<sup>(2)</sup> Mr Wee Joo Yeow was appointed to the EXCO on 10 March 2014.

The EXCO provides overall direction as well as oversees the general management of the Company and the Group. The EXCO formulates the Group's strategic development initiatives, provides direction for new investments and material financial and non-financial matters to ensure that the Group achieves its desired performance objectives and enhances long-term shareholder value, and oversees the Company's and the Group's conduct of business and corporate governance structure. It assists the Board in enhancing its business strategies and contributes towards the strengthening of core competencies of the Group.

The EXCO is also empowered to take all possible measures to protect the interests of the Group, review and approve major transactions subject to any specified limits, review and approve corporate values, corporate strategy and corporate objectives, review and approve policies for financial and human resource management, and review both the financial and non-financial performance of the Company and the Group. The EXCO reviews and provides recommendations on matters requiring Board approval, such as country or business strategic matters, business plans, the annual budget, capital structure, investments and divestments. The powers delegated to the EXCO facilitates the decision-making process and allows for quicker response time.

The activities and responsibilities of other Board Committees are described in the following sections of this report.

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## Board Diversity

The Board views diversity at the Board level as an essential element for driving value in decision-making and proactively seeks, as part of its diversity policy, to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of backgrounds and competencies of the Directors, whose competencies range from banking, finance, accounting and legal to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to the Company and the Management as decisions by, and discussions with, the Board would be enriched by the broad range of views and perspectives and the breadth of experience of the Directors. The NC is of the view that there is an appropriate balance of expertise and skills amongst the Directors as they collectively bring with them a broad range of complementary competencies and experience.

## Principle 3: Chairman and Chief Executive Officer

As of 1 October 2016, Mr Panote Sirivadhanabhakdi was appointed as the Group CEO. Mr Panote Sirivadhanabhakdi is an immediate family member of the Chairman of the Board. The Company notes that it is in compliance with Guideline 3.3 of the Code 2012 with the appointment of the Lead Independent Director as described below. None of the CEOs of the Group's business divisions and the Group CEO are related to each other, and neither is there any other business relationship between or among them.

The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the Management team on strategic, business and other key issues pertinent to the business and operations of the Group. In addition, the Chairman promotes a culture of openness and debate at the Board and ensures, with the support of the company secretary of FCL (the "**Company Secretary**"), that Directors are provided with clear, complete and timely information in order to make sound, informed decisions.

The Chairman encourages active and effective engagement, participation by and contribution from all Directors, and facilitates constructive relations among and between them and the Management. With the full support of the Board, the Company Secretary and the Management, the Chairman supports the Company in its bid to promote, attain and maintain highest standards of corporate governance and transparency. The Chairman also sees to it that there is overall effective communication to and with Shareholders on the performance of the Group. In turn, the CEOs of the Group's business divisions are responsible for executing the Group's strategies and policies, and are accountable to the Board for the conduct and performance of the respective business operations under their charge.

## Lead Independent Director

Mr Charles Mak Ming Ying, who has been an Independent Director of the Company since 25 October 2013, was appointed as Lead Independent Director on 8 May 2015. The Lead Independent Director is available to Shareholders if they have concerns for which contact through the normal channels of the Chairman, the Group CEO and the chief financial officer of the Company (the "**CFO**") is not available.

The Lead Independent Director represents the Independent Directors in responding to Shareholders' questions that are directed to the Independent Directors as a group, and has the authority to call for meetings of the Independent Directors, where necessary and appropriate, and to provide feedback to the Chairman after such meetings.

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## Principle 4: Board Membership

### Nominating Committee

The Nominating Committee (or NC) is made up of the following Directors:

Mr Weerawong Chittmittrapap	Chairman
Mr Charles Mak Ming Ying	Member
Mr Chan Heng Wing	Member
Mr Chotiphat Bijananda	Member

A majority of the members of this Board Committee, including the Chairman, are independent non-executive Directors. The Lead Independent Director, Mr Charles Mak Ming Ying, is a member of the NC.

The NC is guided by written Terms of Reference approved by the Board which set out the duties and responsibilities of the NC. The NC's responsibilities include reviewing the structure, size and composition of the Board, identifying the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively, and reviews nominations for appointments to the Board of the Company and its subsidiaries.

The NC will assess from time to time the independence of each Director, the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The NC is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately.

### Annual Review of Directors' Time Commitments

The Code 2012 requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. Details of such directorships and other principal commitments of the Directors may be found on pages 12 to 17.

The NC determines annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. In determining whether each Director is able to devote sufficient time and attention to discharge his or her duties, the NC has taken cognizance of the Code 2012 requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director – and their respective principal commitments – per se. Holistically, the contributions by the Directors to and during meetings of the Board and relevant Board Committees, the value the Directors bring to the Company when they are involved in other boards, the personal capabilities of the Directors, as well as their attendance at such meetings are also taken into account. The NC is of the view that based on the attendance of Board and Board Committee meetings during the year, all the Directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC was therefore satisfied that in FY2017, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his duties as a Director of the Company.

### Process and Criteria for Appointment of New Directors

The NC takes the lead in identifying, evaluating and selecting suitable candidates for new directorships. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees. It also reviews the composition of the Board – including the mix of expertise, skills and attributes of the Directors – so as to identify needed and/or desired competencies to supplement the Board's existing attributes. Where it deems necessary or appropriate, the NC may tap on its network of contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

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## Re-nomination of Directors

The NC also reviews all nominations for appointments and re-appointments to the Board and to the Board Committees, and submits its recommendations for approval by the Board taking into account an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities.

The Company's Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every annual general meeting of the Company ("AGM"). All Directors are required to retire from office at least once every three years. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for reappointment by virtue of their skills, experience and contributions. Newly-appointed Directors during the year must also submit themselves for retirement and re-election at the next AGM immediately following their appointment. The Shareholders approve the appointment or re-appointment of Board members at the AGM.

## Independence

The NC determines the independence of each Director annually based on the definitions and guidelines of independence set out in the Code 2012. A Director is considered independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of FCL. The Board takes into account the existence of relationships or circumstances, including those identified by the Code 2012, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations during the financial year in question or in any of the previous three financial years; the acceptance by a Director of any significant compensation from the Company or any of its related corporations for the provision of services during the financial year in question or the previous financial year, other than compensation for board service; and a Director being related to any organisation from which FCL or any of its subsidiaries received significant payments or material services during the financial year in question or the previous financial year.

For FY2017, the NC has performed a review of the independence of the Directors as at 30 September 2017 and following its assessment, has determined the status of each Director as follows:

Mr Charoen Sirivadhanabhakdi <sup>(1)</sup>	Non-Independent
Khunying Wanna Sirivadhanabhakdi <sup>(1)</sup>	Non-Independent
Mr Charles Mak Ming Ying	Independent
Mr Chan Heng Wing	Independent
Mr Philip Eng Heng Nee	Independent
Mr Tan Pheng Hock <sup>(2)</sup>	Independent
Mr Wee Joo Yeow	Independent
Mr Weerawong Chittmittrapap	Independent
Mr Chotiphat Bijananda <sup>(3)</sup>	Non-Independent
Mr Panote Sirivadhanabhakdi <sup>(4)</sup>	Non-Independent
Mr Sithichai Chaikriangkrai <sup>(5)</sup>	Non-Independent

### Notes:

- <sup>(1)</sup> Each of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are directly or indirectly interested in not less than ten percent (10%) of the total voting shares in the Company through their interests in TCC Assets Limited ("TCCA") and Thai Beverage Public Company Limited ("ThaiBev"). TCCA has a direct interest of 59.07% in the Company and ThaiBev, through its indirect wholly-owned subsidiary InterBev Investment Limited, holds 28.39% interest in the Company. Mr Charoen Sirivadhanabhakdi is married to Khunying Wanna Sirivadhanabhakdi
- <sup>(2)</sup> Mr Tan Pheng Hock was appointed as a non-executive and independent Director of the Company on 20 March 2017.
- <sup>(3)</sup> Mr Chotiphat Bijananda is the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and a director of TCCA.
- <sup>(4)</sup> Mr Panote Sirivadhanabhakdi being a son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is an immediate family member of a ten percent (10%) shareholder of the Company.
- <sup>(5)</sup> Mr Sithichai Chaikriangkrai is a director, the senior executive vice president and the chief financial officer of ThaiBev.

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## Key Information regarding Directors

Key information on the Directors is set out on pages 12 to 17.

## Principle 5: Board Performance

The effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board is assessed annually.

All Directors are required to assess the performance of the Board and the Board Committees. The assessment covers areas such as Board processes, managing the Company's performance, effectiveness of the Board and Board Committees, and Director development.

The Board has implemented formal processes for assessing the effectiveness of the Board and its Board Committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board. To ensure that the assessments are done fairly, the Board appoints an independent third party to facilitate the process of conducting a Board assessment survey from time to time. Ernst & Young Advisory Pte. Ltd. has been appointed this year. The Board assessment survey is designed to provide an evaluation of current effectiveness of the Board and to support the Chairman and the Board to proactively consider what can enhance the readiness of the Board to address emerging strategic priorities for the Group. As part of the survey, the Directors would be requested to complete an evaluation questionnaire which includes questions on (1) how the Board plays an effective role and adds value on critical issues, (2) how the Board operates to deliver impact and value, and (3) the evaluation of Board Committees. In particular, the survey will look at the Board's performance in shaping and adapting strategy, risk and crisis management, overseeing the Group's performance, CEO performance and succession management and stakeholder communications, as well as areas such as strategic plans and directions, Board composition and structure, the Board's partnership with the Management and efficiency of Board processes.

In addition to the survey, the contributions and performance of each Director would be assessed by the NC as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, the NC will identify areas for improving the effectiveness of the Board and the Board Committees. Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

## Principle 6: Access to Information

FCL recognises the importance of providing the Board with accurate and relevant information on a timely basis. The Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial forecasts, risk analyses and assessments, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are circulated to the Board periodically.

A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched to the Directors about a week before scheduled meetings as far as possible. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive. Senior Management from the Company's business divisions is requested to attend meetings of the Board and the Board Committees in order to provide input and insight into matters being discussed, and to respond to any queries that the Directors may have. The Board also has separate and independent access to the Company's senior Management and the Company Secretary.

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The Company Secretary is responsible for, among other things, ensuring that Board procedures, the Company's Constitution and relevant rules and regulations, including requirements of the SFA, Companies Act and the SGX-ST Listing Manual are complied with. The Company Secretary attends all Board meetings, and provides advice and guidance on corporate governance, practices and processes with a view to enhancing long-term shareholder value.

The Company Secretary also facilitates and acts as a channel of communication for the smooth flow of information to and within the Board and its various Board Committees, as well as between and with senior Management. Additionally, the Company Secretary solicits and consolidates Directors' feedback and evaluation from time to time, and arranges for and facilitates orientation programmes for new Directors and assists with their professional development as required. The Company Secretary is the Company's primary channel of communication with SGX-ST. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Where it is necessary for the efficacious discharge of their duties, the Directors may seek and obtain independent professional advice at the Company's expense.

## B. REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

#### Remuneration Committee

As at 30 September 2017, the Remuneration Committee (or RC) is made up of non-executive Directors, all of whom, including the Chairman, are Independent Directors. It comprises the following members:

Mr Philip Eng Heng Nee	Chairman
Mr Charles Mak Ming Ying	Member
Mr Chan Heng Wing <sup>(1)</sup>	Member

Note:

<sup>(1)</sup> With effect from 1 October 2016, Mr Panote Sirivadhanabhakdi stepped down as a member of the RC of the Company and Mr Chan Heng Wing, a non-executive Independent Director of the Company, was appointed as a member of the RC in his place.

The RC's main responsibility is to assist the Board in establishing a formal and transparent process for developing policies on executive remuneration and development. The RC reviews the remuneration framework for the non-executive Directors, the Group CEO, key management executives (such as the CEOs of the strategic business units ("SBUs") of the Company) (the "**Key Management Executives**") and other management personnel of the Company. The RC also reviews and makes recommendations on the specific packages and service terms for Group CEO and Key Management Executives for endorsement by the Board.

#### Remuneration Framework

The RC reviews, for endorsement by the Board, the remuneration framework which covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of share awards and incentives for the Group CEO and the Key Management Executives of the Company and fees for the non-executive Directors. When conducting such reviews, the RC takes into account the performance of the Company and individuals, where applicable. The RC also reviews the level and mix of remuneration and benefits, policies and practices (where appropriate) of the Company.

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No Director is involved in deciding his/her remuneration. Non-executive Directors do not receive options, share-based incentives or bonuses. Mr Panote Sirivadhanabhakdi, the Group CEO and an executive Director, does not receive any fee for serving on the Board and Board Committees. As he is also an associate of a substantial shareholder, he does not participate in the Group's share-based Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The Group CEO's long term incentive is based on similar performance targets, performance periods and achievement factors to the RSP and the PSP. Non-independent Directors will also abstain from any decisions relating to the Group CEO's remuneration.

The RC aligns the Group CEO's leadership, through appropriate remuneration and benefits policies, with the Company's strategic objectives and key challenges. Performance targets will also be set for the Group CEO and his performance evaluated yearly.

In the process of reviewing the remuneration framework, the RC also takes into consideration the Group's Compensation Philosophy and Principles.

## Compensation Philosophy

The Group seeks to incentivise and reward consistent and sustained performance through market competitive, internally equitable, performance-orientated and shareholder-aligned compensation programmes. This compensation philosophy serves as the foundation for the Group's remuneration framework, and guides the Group's remuneration framework and strategies. In addition, the Group's compensation philosophy seeks to align the aspirations and interests of its employees with the interests of the Group and its shareholders, resulting in the sharing of rewards for both employees and shareholders on a sustained basis.

The Group's comprehensive human capital strategy serves to attract, motivate and retain employees. The Group aims to connect employees' desire to develop and fulfil their aspirations with the growth opportunities afforded by the Group's ambitious vision and corporate initiatives.

## Compensation Principles

All compensation programme design, determination and administration are guided by the following principles:

### (a) Pay for Performance

The Group's Pay-for-Performance principle encourages excellence, in a manner consistent with the Group's core values. The Group takes a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

### (b) Shareholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term shareholder wealth creation, thus ensuring a focus on delivering superior shareholder returns.

### (c) Sustainable Performance

The Group believes sustained success depends on the balanced pursuit and consistent achievement of short and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Group.

# CORPORATE GOVERNANCE

## (d) Market Competitiveness

The Group aims to be market competitive by benchmarking its compensation levels with relevant comparators accordingly.

However, the Group embraces a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Group seeks to motivate and develop employees through all the levers available to the Group through its comprehensive human capital platform, including learning and development and career advancement through vertical, lateral and diagonal moves within the Group.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and the Management. Among other things, this helps the Company to stay competitive in its remuneration packages. During FY2017, Hay Group was appointed as the Company's remuneration consultant. The Company does not have any relationship with the remuneration consultant which would affect their independence and objectivity.

## Principle 8: Level and Mix of Remuneration

The Company's remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. The Company links executive remuneration to company and individual performance. Company performance is measured based on pre-set financial and non-financial indicators. Individual performance is measured via employee's annual appraisal based on indicators such as core values, competencies and key result areas. The potential of the employee is also taken into consideration.

### Fixed Component

The fixed component in the Company's remuneration framework is structured to reward employees for their role performed, and is benchmarked against relevant industry market data.

It comprises base salary, fixed allowances and any statutory contribution.

### Variable Component

The variable component in the Company's remuneration framework is structured to incentivise sustained performance in both the short and long term. The variable incentives are measured based on quantitative and qualitative targets and overall performance will be determined at the end of the year and approved by the RC.

#### 1. Short Term Incentive Plans

The short term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short term.

All Key Management Executives are assessed using a balanced scorecard with pre-agreed financial and non-financial Key Performance Indicators ("**KPIs**"). The financial KPIs consist of Group and, where applicable, SBU targets. Each financial KPI has 3 levels of targets, namely threshold, target and stretch. Non-financial KPIs may include measures on People, Corporate Governance, etc. These targets are established prior to each financial year.

At the end of the financial year, the achievements are measured against the pre-agreed targets and the final short term incentives of each Key Management Executive are determined.

The RC has absolute discretion to decide on the final short term incentives that are awarded, taking into consideration any other relevant circumstances.

# CORPORATE GOVERNANCE

## 2. Long Term Incentive Plans

The RC administers the Company's long term incentive plans ("**LTI Plans**"), namely, the RSP and the PSP<sup>(1)</sup>.

Note:

<sup>(1)</sup> The RSP and PSP were approved by the Board and adopted on 25 October 2013.

Through the LTI Plans, the Company seeks to foster a greater ownership culture within the Group by aligning more directly the interests of Group CEO, Key Management Executives and senior executives with the interest of the Shareholders, and for such employees to participate and share in the Group's growth and success.

The RSP is available to a broader base of senior executives compared to the PSP. Its objectives are to increase the Company's flexibility and effectiveness in its continuing efforts to attract, motivate and retain talented senior executives and to reward these executives for the future performance of the Company. The PSP applies to senior Management in key positions who shoulder the responsibility of the Company's future performance and who are able to drive the growth of the Company through superior performance. They serve as further motivation to the participants in striving for excellence and delivering long-term shareholder value.

Under the RSP and the PSP, the Company grants share-based awards ("**Base Awards**") with pre-determined performance targets being set over the relevant performance period. The performance period for the RSP and PSP are two years and three years respectively. For the RSP, the pre-set targets are Attributable Profit Before Fair Value Adjustment and Exceptional Items and Return on Capital Employed. For the PSP, the pre-set targets are Return on Invested Capital, Total Shareholders' Return Relative to FTSE ST Real Estate Index and Absolute Shareholders' Return as a multiple of Cost of Equity.

The RSP and PSP awards represent the right to receive fully paid shares, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of shares to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more shares than the Base Awards can be delivered, subject to a maximum multiplier of the Base Awards.

The maximum number of Company shares which can be released, when aggregated with the number of new shares issued pursuant to the vesting of awards under the RSP and the PSP will not exceed ten percent (10%) in aggregate of the issued share capital of the Company over the life of the RSP and the PSP of ten years respectively.

Participants holding key positions are required to hold a minimum number of the shares released to them under the RSP and PSP to maintain a beneficial ownership stake in the Company for the duration of their employment or tenure with the Company.

The RC has absolute discretion to decide on the Final Awards, taking into consideration any other relevant circumstances.

# CORPORATE GOVERNANCE

## Policy in Respect of Non-Executive Directors' Remuneration

The remuneration of non-executive Directors takes into account their level of contribution and their respective responsibilities, being their attendance at Board meetings and Board Committee meetings. No Director decides his own fees. The Company engages consultants to review Directors' fees for benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director's remuneration comprises a basic fee, attendance fee and, if the Director is required to travel out of his/her country of residence to attend meetings or events or for any other purpose of the Company, travel allowance. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The Chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

The aggregate Directors' fees for non-executive Directors is subject to Shareholders' approval at the AGM. The Chairman and the non-executive Directors will abstain from voting, and will procure their respective associates to abstain from voting in respect of this resolution.

## Remuneration Policy in Respect of Executive Directors and Other Key Management Executives

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, which also takes into account the Company's performance and that of its employees. In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall reward at risk. The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of the Shareholders and promote the long-term success of the Company.

## Performance Indicators for Key Management Executives

As set out above, the Company's variable remuneration comprises short-term and long-term incentives, taking into account both individual and Company's performance. In determining the short-term incentives, both Group and SBU's financial and non-financial performance as per the balanced scorecard are taken into consideration. This is to ensure employees' remuneration are linked to performance.

In relation to long term incentives, the Company has implemented the RSP and the PSP as set out above. The release of long term incentive awards to the Key Management Executives are conditional upon performance targets being met. The performance targets of Attributable Profit Before Fair Value Adjustment and Exceptional Items and Return on Capital Employed (in the case of the RSP) and Return on Invested Capital, Total Shareholders' Return Relative to FTSE ST Real Estate Index and Absolute Shareholders' Return as a multiple of Cost of Equity (in the case of the PSP) align the interests of the Key Management Executives with the long-term growth and performance of the Company. For FY2017, all of the pre-determined target performance levels for the RSP and the PSP grants were met.

Currently, the Company does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Management Executives in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

# CORPORATE GOVERNANCE

## Principle 9: Disclosure on Remuneration

### Remuneration of Directors and Top Five Key Management Executives

Information on the remuneration of Directors of the Company and Key Management Executives of the Group for FY2017 are set out below.

Directors of the Company	Remuneration \$
Mr Charoen Sirivadhanabhakdi	– <sup>(1)</sup>
Khunying Wanna Sirivadhanabhakdi	– <sup>(1)</sup>
Mr Charles Mak Ming Ying	273,500
Mr Chan Heng Wing	151,500
Mr Philip Eng Heng Nee	161,000 <sup>(2)</sup>
Mr Tan Pheng Hock	44,419 <sup>(3)</sup>
Mr Wee Joo Yeow	159,500
Mr Weerawong Chittmittrapap	143,500
Mr Chotiphat Bijananda	187,500
Mr Panote Sirivadhanabhakdi	– <sup>(4)</sup>
Mr Sithichai Chaikriangkrai	184,500

#### Notes:

- <sup>(1)</sup> Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi waived payment of Directors' fees due to them.
- <sup>(2)</sup> Excludes \$119,000 and \$105,217 being payment of directors' fees from FCL's subsidiaries, Frasers Centrepoint Asset Management Ltd and Frasers Property Australia Pty Ltd respectively.
- <sup>(3)</sup> Mr Tan Pheng Hock was appointed as a non-executive and independent Director of the Company on 20 March 2017.
- <sup>(4)</sup> Mr Panote Sirivadhanabhakdi, the Group CEO, who is an executive Director, is not paid Director's fees.

Remuneration of Group CEO for FY2017	Remuneration (\$)	Salary %	Bonus %	Allowances & Benefits %	Long Term Incentives <sup>(1)</sup> %	Total %
Mr Panote Sirivadhanabhakdi	3,178,583	29	35	10	26 <sup>(2)</sup>	100

Remuneration of Key Management Executives for FY2017	Salary %	Bonus %	Allowances & Benefits %	Long Term Incentives <sup>(1)</sup> %	Total %
Between \$3,000,001 and \$3,250,000					
Mr Rodney Fehring	38	42	3	17	100
Between \$1,250,001 and \$1,500,000					
Mr Christopher Tang Kok Kai	44	29	5	22	100
Mr Chia Khong Shoong	42	27	5	26	100
Between \$1,000,001 and \$1,250,000					
Mr Choe Peng Sum	46	21	6	27	100
Mr Uten Lohachitpitaks	41	30	4	25	100
<b>Aggregate Total Remuneration:</b>					<b>\$8,134,459</b>

#### Notes:

- <sup>(1)</sup> The value of Long Term Incentives was calculated based on the closing share price of \$1.55 on 21 December 2016.
- <sup>(2)</sup> The Long Term Incentives for Mr Panote Sirivadhanabhakdi will be paid in the form of cash based on similar performance targets, performance periods and achievement factors to the RSP and the PSP.

# CORPORATE GOVERNANCE

There are no existing or proposed service agreements entered into or to be entered into by the Company or any of its subsidiaries with Directors, the Group CEO or other Key Management Executives which provide for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

The Company has not disclosed exact details of the remuneration of each Key Management Executive due to the highly competitive human resource environment and the confidential nature of staff remuneration matters.

As at 30 September 2017, save for Mr Panote Sirivadhanabhakdi, the Group CEO, there are no employees within the Group who is an immediate family member of a Director or the Group CEO, and whose remuneration exceeds \$50,000 during the year. Mr Panote Sirivadhanabhakdi is an immediate family member of the Chairman of the Board.

## Directors' Fees

The Company's Board fee structure for FY2017 is as set out below.

	Basic Fee (\$)	Attendance Fee (for physical attendance in Singapore or home country of Director) (\$)	Attendance Fee (for physical attendance outside Singapore (excluding home country of Director)) (\$)	Attendance Fee (for attendance via tele / video conference) (\$)
<b>Board</b>				
- Chairman	150,000	3,000	4,500 per trip	1,000
- Lead Independent Director	95,000	1,500	4,500 per trip	1,000
- Member	75,000	1,500	4,500 per trip	1,000
<b>Audit Committee and Board EXCO</b>				
- Chairman	55,000	3,000	4,500 per trip	1,000
- Member	30,000	1,500	4,500 per trip	1,000
<b>Nominating Committee, Remuneration Committee and Risk Management Committee</b>				
- Chairman	35,000	3,000	4,500 per trip	1,000
- Member	20,000	1,500	4,500 per trip	1,000

Shareholders' approval has been obtained at the AGM of the Company on 24 January 2017, for the payment of the Directors' fees for FY2017 amounting up to \$2,000,000.

## C. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

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

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council. The Board provides Shareholders with quarterly and annual financial reports, and releases its quarterly and full year financial results, other price sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, the Company's website and media and analysts' briefings. In communicating and disseminating its results, the Company aims to present a balanced and clear assessment of the Group's performance, position and prospects.

# CORPORATE GOVERNANCE

In order to enable the Board to obtain a timely and informed assessment of the Company's position, the Board has assessed and requested that the Management furnish accounts to it on a quarterly basis, with monthly management accounts to be provided as the Board may request from time to time. Such reports keep the Board members informed of the Company's and the Group's performance, position and prospects.

## Principle 11: Risk Management and Internal Controls

The Board is responsible for governing risks and ensuring that the Management maintains a sound system of risk management and internal controls. The Company maintains a sound system of risk management and internal controls with a view to safeguard its assets and Shareholders' interests.

The AC, with the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Company's system of controls, including financial, operational and compliance controls and information technology, established by the Management. In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The importance and emphasis placed by the Group on internal controls is underpinned by the fact that the key performance indicators for the Management's performance takes into account the findings of the internal auditors and the number of unresolved or outstanding issues raised in the process.

## Risk Management Committee

The Board, through the RMC, reviews the adequacy and effectiveness of the Group's risk management framework and systems to ensure that robust risk management and mitigating controls are in place.

The RMC oversees the risk management framework and policies of the Group. It is responsible for, among other things, reviewing the Group's risk management strategy, policies, enterprise-wide risk management framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's businesses and operations. In this regard, key risks and the associated mitigating controls are reported to the Board. Together with the AC, the RMC helps to ensure that the Management maintains a sound system of risk management and internal controls to safeguard the interests of Shareholders and the assets of the Group. Through guidance to and discussions with the Management, it assists the Board in its determination of the nature and extent of significant risks which the Board is willing to take in achieving the Group's strategic objectives. The meetings of the RMC are attended by the senior Management of the Group. The meetings serve as a forum to review and discuss material risks and exposures of the Group's businesses and strategies to mitigate risks.

The RMC comprises the following members:

Mr Chotiphat Bijananda	Chairman
Mr Charles Mak Ming Ying	Member
Mr Chan Heng Wing	Member
Mr Weerawong Chittmittrapap	Member
Mr Panote Sirivadhanabhakdi <sup>(1)</sup>	Member
Mr Sithichai Chaikriangkrai	Member

### Note:

<sup>(1)</sup> As of 1 October 2016, Mr Panote Sirivadhanabhakdi was appointed as the Group CEO, resulting in the composition of the RMC to comprise five non-executive Directors and one executive Director as of 1 October 2016.

As of 30 September 2017, five out of the six members of the RMC are non-executive Directors, and the RMC comprises three Independent Directors.

# CORPORATE GOVERNANCE

## Risk Management, Risk Tolerance and Internal Controls

Assisted by the RMC, the Board determines the risk appetite, assesses the Group's risk profile, material risks, and mitigation plan, and provides valuable advice to the Management in formulating the risk management framework, policies and guidelines, and oversees the Management in the implementation of the risk management and internal control systems.

The Company has adopted an enterprise-wide risk management framework ("**ERM Framework**") to enhance its risk management capabilities. The Board is assisted by the RMC to oversee the Group's ERM Framework. Key risks, mitigating measures and management actions are continually identified, reviewed and monitored as part of the ERM Framework. Where applicable, financial and operational key risk indicators are put in place to track key risk exposures. Apart from the ERM Framework, key business risks are thoroughly assessed by the Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Group's ERM Framework is set out on pages 130 to 132.

Periodic updates are provided to the RMC on the Group's risk profile. These updates include assessments of the Group's key risks by major business units, risk categories, and the risk status and changes in plans undertaken by the Management to manage key risks, as well as risk tolerance status.

The Group's risk tolerance statements have been developed by the Management, and approved by the RMC on behalf of the Board. The risk tolerance statements set out the nature and extent of the significant risks that the Group is willing to take in achieving its strategic objectives. The accompanying risk tolerance thresholds, which set the risk boundaries in various strategic and operational areas, are reviewed and monitored closely by the Management, and reported to the RMC.

To assist the Company to ascertain the adequacy and effectiveness of the Group's internal controls, the Management implements a control self-assessment exercise and maps out key risks with the existing assurance processes in a comfort matrix every year. The Management carries out control self-assessment in key areas of their respective businesses and operations to evaluate their internal controls status. Using a comfort matrix of key risks, the material financial, compliance and operational (including information technology) risks of the Company have been documented by the business and operational units and presented against strategies, policies, people, processes, systems, mechanisms and reporting processes that have been put in place.

The heads of business units are required to provide the Company with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Assurances are also sought from the Company's internal auditors based on their independent assessments.

The Board has received assurance from the Group CEO and the CFO of the Company that as at 30 September 2017, (a) the financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; (b) the system of internal controls in place for the Group is adequate and effective as at 30 September 2017 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and (c) the risk management system in place for the Group is adequate and effective as at 30 September 2017 to address risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by the Management and various Board Committees and assurance from the Group CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 30 September 2017 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

# CORPORATE GOVERNANCE

Based on the risk management framework established and assurance from the Group CEO and the CFO, the Board is of the view that the Group's risk management system was adequate and effective as at 30 September 2017 to address risks which the Group considers relevant and material to its operations.

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

## Principle 12: Audit Committee

### Audit Committee

The AC, on behalf of the Board, undertakes the monitoring and review of the system of internal controls. Its main responsibilities are to assist the Board in the discharge of its oversight responsibilities in the areas of internal controls, financial and accounting practices, operational and compliance controls. Significant findings are reported to the Board.

The AC is guided by written Terms of Reference endorsed by the Board and which set out its duties and responsibilities. It is duly authorised to investigate any matter within such Terms of Reference, and has full access to and the co-operation of the Management, as well as the full discretion to invite any Director or executive officer to attend its meetings. Under the Terms of Reference of the AC, a former partner or director of the Company's existing auditing firm or auditing corporation shall not act as a member of the AC (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for so long as he has any financial interest in the auditing firm or auditing corporation.

The AC comprises the following members:

Mr Charles Mak Ming Ying	Chairman
Mr Philip Eng Heng Nee	Member
Mr Wee Joo Yeow	Member
Mr Sithichai Chaikriangkrai	Member

The AC is made up of non-executive Directors, the majority of whom, including the Chairman, are Independent Directors. The members of the AC are appropriately qualified. Mr Philip Eng Heng Nee and Mr Sithichai Chaikriangkrai have recent and relevant accounting and related financial management expertise, and Mr Wee Joo Yeow has in-depth knowledge of the responsibilities of the AC and practical experience and knowledge of the issues and considerations affecting the AC. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently. The Company also has committed reasonable resources to enable the AC to discharge its functions effectively.

During the year, the key activities of the AC included the following:

- reviewing the quarterly and full-year financial results and related SGX-ST announcements, including the independent auditors' report, significant financial reporting issues and assessments, to safeguard the integrity in financial reporting, and to ensure compliance with the requirements of the Singapore Financial Reporting Standards;
- recommending, for the approval of the Board, the quarterly and annual financial results and related SGX-ST announcements;
- reviewing and evaluating with internal and external auditors, the adequacy and effectiveness of internal control systems, including financial, operational, information technology and compliance controls;
- reviewing and approving the internal and external audit plans to ensure the adequacy of the audit scope;

# CORPORATE GOVERNANCE

- reviewing with internal and external auditors, the audit reports and their recommendations, and monitoring the timely and proper implementation of any required corrective or improvement measures;
- reviewing the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group; and
- reviewing whistle-blowing investigations within the Group and ensuring appropriate follow-up actions, if required.

The AC also meets with internal and external auditors without the presence of the Management at least once a year to obtain feedback on the competency and adequacy of the finance function and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems, and at least one of these meetings was conducted without the presence of the Management. In addition, periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the AC so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

In the review of the financial statements for FY2017, the AC have discussed the following key audit matters identified by the external auditors with Management:

Key audit matter	Review by the AC
Valuation of development properties for sale	<p>The AC considered the methodology applied to the valuation of development properties held for sale, focusing on development projects in markets faced with challenging conditions or, with slower than expected sales. Where appropriate, the AC had inquired of the Management on its basis and its strategy to sell the unsold units.</p> <p>The AC has also considered the findings of the external auditors on the Management's assessment of the net realisable value of these development projects.</p> <p>The AC was satisfied with the approach and assessment adopted by the Management in arriving at the net realisable value of the development projects as at 30 September 2017.</p>
Valuation of investment properties	<p>The AC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties.</p> <p>The AC reviewed the outputs from the year-end valuation process of the Group's investment properties and discussed the details of the valuation with the Management, focusing on significant changes in fair value measurements and key drivers of the changes.</p> <p>The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 30 September 2017.</p>

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Key audit matter	Review by the AC
Recoverability of intangible assets	<p>The AC considered the methodologies and key assumptions applied by the Management for its annual impairment tests of the Group's intangible assets.</p> <p>The AC also considered the external auditors' findings on the Management's estimates of the recoverable amounts supporting the intangible assets, the methodologies applied and key assumptions used. Where applicable, the AC was briefed on the sensitivity of the key assumptions on the available headroom.</p> <p>The AC was satisfied with the methodologies and key assumptions used in supporting the Management's assessment of the carrying value of the intangible assets as at 30 September 2017.</p>
Significant business acquisitions	<p>The AC considered the Management's use of independent valuation specialists to assist the Management in arriving at its purchase price allocation ("PPA") assessments. The PPA assessments involved the use of valuation methodologies and certain assumptions to derive the fair value estimates of identified assets and liabilities and the resulting goodwill, if any.</p> <p>The AC also considered the findings of the external auditors on the PPA assessments performed by the Management.</p> <p>The AC was satisfied that the PPA exercise was conducted appropriately and the methodologies used and the amounts adopted in the financial statements were appropriate.</p>

## External Auditors

The AC makes recommendations to the Board for approval by Shareholders, the appointment and re-appointment and removal of the Company's external auditors. The external auditors hold office until their removal or resignation. The AC assesses the external auditors based on factors such as the performance and quality of its audit and the independence of the auditors, and recommends its appointment to the Board. In the AGM held on 24 January 2017, KPMG LLP was reappointed by Shareholders as the external auditors of the Company for FY2017. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. KPMG LLP has met this requirement, and the current KPMG LLP audit partner for the Group has been appointed since the AGM held on 29 January 2016.

None of the members of the AC were previous partners or directors of the Company's auditors KPMG LLP and none of the members of the AC hold any financial interest in the Company's auditors, KPMG LLP.

During the year, the AC conducted a review of the scope and results of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the auditors. It also reviewed all non-audit services provided by the external auditors, and the aggregate amount of audit fees paid to them. For details of fees payable to the external auditors in respect of audit and non-audit services for FY2017, please refer to Note 4 of the Notes to the Financial Statements on page 215. The AC is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. It is also satisfied with the aggregate amount of audit fees paid to the external auditors.

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The Company has complied with Rule 712 of the Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by the Company having regard to these factors. The Company has also complied with Rule 715 of the Listing Manual which requires that the same auditing firm of the Company based in Singapore audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

## Whistle-Blowing Policy

In line with the Company's commitment to high standards of integrity, transparency and accountability to safeguard shareholders' interests and the Company's assets and reputation, the Company has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. The improprieties that are reportable under the Whistle-Blowing Policy include:

- (a) financial or professional misconduct;
- (b) improper conduct, dishonest or unethical behaviour, or violence at the workplace;
- (c) any irregularity or non-compliance with laws/regulations, and/or internal control;
- (d) conflicts of interest;
- (e) health/ safety of any individual; and
- (f) any other improprieties or matters that may adversely affect Shareholders' interest in, and assets of, the Company and its reputation.

The Whistle-Blowing Policy is covered during staff training and periodic communication. All whistle-blowing complaints which are raised are independently investigated and appropriate actions taken by an independent investigation committee as appropriate, and the outcome of each investigation is reported to the AC. The AC reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.

## Principle 13: Internal Audit

The FCL Group Internal Audit ("IA") Department is responsible for conducting objective and independent assessments on the adequacy and quality of the Group's system of internal controls, risk management and governance practices. For FY2017, the Head of the FCL Group IA reports directly to the Chairman of the AC and administratively, to the Group CEO.

For FY2017, in performing IA services, the FCL Group IA adopted and complied with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, Inc. FCL Group IA comprises 20 professional staff. The Head of the FCL Group IA and the Singapore-based FCL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, the FCL Group IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. All staff members of the FCL Group IA also received relevant technical training and attended seminars organised by The Institute of Internal Auditors, Singapore or other professional bodies.

The FCL Group IA operates within the framework stated in a set of terms of reference as contained in the Internal Audit Charter approved by the AC. The AC is responsible for the hiring, removal, evaluation and compensation of the head of the IA function. The IA function adopted a risk-based audit methodology to develop its audit plans, and its activities were aligned to key risks of the Group. The results of the risk assessments determined the level of focus and the review intervals for the various activities audited.

# CORPORATE GOVERNANCE

During FY2017, the FCL Group IA conducted its audit reviews based on internal audit plans approved by the AC. The FCL Group IA has unfettered access to all the Group companies' documents, records, properties and personnel, including the AC members. All audit reports detailing audit findings and recommendations are provided to the Management who would respond on the actions to be taken.

Each quarter, the FCL Group IA would submit quarterly reports to the AC on the status of the audit plans and on audit findings and actions taken by the Management on such findings. Key findings are highlighted at AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of the appropriate follow-up measures to be undertaken by the Management.

The AC is satisfied that the FCL Group IA has adequate resources and appropriate standing within the Group to perform its functions effectively.

## D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

FCL believes in treating all Shareholders fairly and equitably. It is committed to keeping all Shareholders and other stakeholders and analysts in Singapore and beyond, informed of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares, in a timely and consistent manner.

Shareholders of FCL will be given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) will be clearly communicated.

### Principle 15: Communication with Shareholders

The Company prides itself on its high standards of disclosure and corporate transparency. At the Singapore Corporate Awards held on 18 July 2017, FCL was presented a bronze award for Best Investor Relations in the category for listed companies with market capitalisation of \$1 billion and above. FCL aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance and progress to Shareholders and the investment community to enable them to make informed investment decisions. The Group's dedicated Investor Relations ("IR") team is tasked with and focuses on facilitating communications between the Company and its Shareholders, as well as with the investment community.

The IR team communicates regularly with Shareholders, as well as with the investment community, through timely disclosures of material and other pertinent information to the SGX-ST, and quarterly results briefings and conference calls. The IR team also conducts roadshows (together with senior Management), and participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. During the year, the IR team, together with senior Management, engaged with Singapore and foreign investors at conferences, briefings and calls, non-deal roadshows as well as one-on-one and group meetings. The aim of such engagements is to provide Shareholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of the Company's businesses and performance. The Company makes available all its briefing materials to analysts and the media, webcasts of its half-year and full-year results briefings, its financial information, its annual reports, and all announcements to the SGX-ST on its website at [www.fraserscentrepoint.com](http://www.fraserscentrepoint.com), with contact details of the IR team for investors to channel their comments and queries.

Further details on IR's activities and responsibilities during the year can be found in the Investor Relations section of the Annual Report on pages 76 to 77.

# CORPORATE GOVERNANCE

As previously disclosed in the Introductory Document, the Company intends to recommend dividends of up to 75% of its net profit after tax after considering factors such as its level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends and other factors relevant to the Board (including the expected financial performance of FCL).

## **Principle 16: Conduct of Shareholder Meetings**

The Board supports and encourages active shareholder participation at AGMs as it believes that general meetings serve as an opportune forum for Shareholders to meet the Board and senior Management, and to interact with them.

The Company's Constitution allows (a) each Shareholder who is not a relevant intermediary (as defined in the Companies Act, Chapter 50) the right to appoint up to two proxies and (b) each Shareholder who is a relevant intermediary to appoint more than two proxies to attend and vote on their behalf in Shareholders' meetings. A copy of each of the Annual Report and Notice of AGM are sent to all Shareholders. At general meetings, the Company sets out separate resolutions on each substantially separate issue and Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Board members and senior Management are present at each Shareholders' meeting to respond to any questions from Shareholders. The Company's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

For greater transparency, FCL has implemented electronic poll voting at AGMs. This entails Shareholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution is then screened at the meeting and announced to the SGX-ST after the meeting. FCL will continue to use the electronic poll voting system at the forthcoming AGM.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. The minutes of Shareholders' meetings which captures the matters approved by shareholders and voting results are prepared by the Company.

## **Listing Rule 1207 sub-Rule (19) on Dealings in Securities**

The Company has established a procedure for dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. In compliance with Listing Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations. Directors and CEOs are also required to report their dealings in the Company's securities within two business days.

# CORPORATE GOVERNANCE

## GUIDELINES FOR DISCLOSURE

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>(a) Frasers Centrepoint Limited (“FCL” or the “Company”) has complied in all material respects with the principles and guidelines set out in the Code.</p> <p>(b) See above.</p>

## Board Responsibility

Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Company has a Manual of Authority (“MOA”) which contains a schedule of matters specifically reserved to the Board for approval. In addition to matters such as annual budgets, financial plans and business strategies, Board approval is required for material transactions, such as major acquisitions, divestments, funding and investment proposals. The MOA authorises the Board Executive Committee to approve certain transactions up to specified limits beyond which the approval of the Board needs to be obtained.
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## Members of the Board

Guideline 2.6	<p>(a) What is the Board’s policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity of each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>(a) The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among Directors. This is reflected in the diversity of backgrounds and competencies of its Directors.</p> <p>(b) The current competencies of the Board range from banking, finance, accounting and legal to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. Please refer to pages 12 to 17 (write-up on Directors) and pages 136 to 137 of this Annual Report.</p>
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# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The Board has delegated the Nominating Committee (the "NC") to annually review the size and composition of the Board with a view to maintaining an appropriate balance of expertise, skills and attributes taking into account the needs of FCL and its subsidiaries (the "Group"). Please also refer to Guideline 4.6 below on the process for Board succession planning. Please refer to page 138 of this Annual Report.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors	<p>(i) The NC takes the lead in identifying, evaluating and selecting suitable candidates, factoring in the ability of the prospective candidate to contribute to the Board, as well as taking into account the existing mix of expertise, skills and attributes of the Directors to identify needed and/or desired competencies.</p> <p>(ii) The NC will assess whether Directors are properly qualified for re-appointment by virtue of their skills, experience and contributions. Please also refer to pages 139 to 140 of this Annual Report.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>(a) Yes. Please also refer to page 135 of this Annual Report.</p> <p>(b) (i) New Directors are given a letter of appointment setting out, among other things, a Director's duties and obligations including their responsibilities as fiduciaries and, how to deal with conflicts of interest that may arise. A comprehensive orientation programme is also conducted to familiarise new appointees with the business activities, strategic directions, policies, key business risks, the regulatory environment in which the Group operates, corporate governance practices of the Group, as well as their statutory and other duties and responsibilities as Directors. Please also refer to page 135 of this Annual Report.</p>

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>(b) (ii) Directors are regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and to receive journal updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements. Please also refer to page 135 of this Annual Report.</p> <p>(a) The Company has not prescribed a maximum number of listed company board representations that a Director may hold. Please also refer to page 139 of this Annual Report.</p> <p>(b) The NC is tasked with determining whether each Director is able to adequately devote sufficient time to discharging their responsibilities to the Company. The NC has taken cognizance of the recommendations of the Code requirement but is of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties should not entail a restriction on the number of other board commitments or their other principal commitments. Please also refer to page 139 of this Annual Report.</p> <p>(c) The contributions by Directors to and during meetings of the Board and relevant Board Committees as well as their attendance at such meetings are holistically assessed and taken into account by the NC. Please also refer to page 139 of this Annual Report.</p>

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Board Evaluation</b>		
Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>(a) All Directors will be required to assess the performance of the Board and the Board Committees. The assessment cover areas such as Board processes, managing the Company's performance, effectiveness of the Board and Board Committees, and Director development. Please also refer to page 141 of this Annual Report.</p> <p>(b) Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.</p>
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	As of 1 October 2016, Mr Panote Sirivadhanabhakdi was appointed as the Group CEO. Mr Panote Sirivadhanabhakdi is an immediate family member of the Chairman of the Board. The Company notes that it is in compliance with Guideline 2.2 of the Code, as its Independent Directors make up half of the Board when the Chairman and the Group CEO are immediate family members. Please also refer to page 137 of this Annual Report.
Guideline 2.3	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>(a) No. Please also refer to page 137 of this Annual Report.</p> <p>(b) Not applicable.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Disclosure on Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Please refer to pages 147 to 148 of this Annual Report.
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top key management personnel (who are not directors or the CEO).</p>	<p>(a) Yes. Please refer to pages 147 to 148 of this Annual Report.</p> <p>(b) The Company has disclosed the aggregate remuneration paid to the top five key management personnel. Please refer to page 147 of this Annual Report.</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	As at 30 September 2017, save for Mr Panote Sirivadhanabhakdi, the Group CEO, there is no employee within the Group who is an immediate family member of a Director or Group CEO, and whose remuneration exceeds S\$50,000 during the year. Mr Panote Sirivadhanabhakdi is an immediate family member of the Chairman of the Board.
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>(a) Please refer to pages 144 to 146 of this Annual Report.</p> <p>(b) Please refer to pages 144 to 146 of this Annual Report.</p> <p>(c) Please refer to pages 144 to 146 of this Annual Report.</p>

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial forecasts, risk analyses and assessments, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are circulated to the Board periodically. A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched to the Directors about a week before scheduled meetings as far as possible. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive. Please refer to pages 141 to 142 of this Annual Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to pages 154 to 155 of this Annual Report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to pages 150 to 151 of this Annual Report.

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
	<p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>The Board has received assurance from the Group CEO and the CFO of the Company that as at 30 September 2017, (a) the financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; (b) the system of internal controls in place for the Group is adequate and effective as at 30 September 2017 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and (c) the risk management system in place for the Group is adequate and effective as at 30 September 2017 to address risks which the Group considers relevant and material to its operations.</p> <p>Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by the Management and various Board Committees and assurance from the Group CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 30 September 2017 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.</p> <p>Based on the risk management framework established and assurance from the Group CEO and the CFO, the Board is of the view that the Group's risk management system was adequate and effective as at 30 September 2017 to address risks which the Group considers relevant and material to its operations. Please also refer to pages 154 to 155 of this Annual Report.</p>

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>(a) Please refer to Note 4 of the Notes to the Financial Statements on page 215 of this Annual Report.</p> <p>(b) During the year, the Audit Committee (the "AC") conducted a review of the scope and results of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the auditors. It also reviewed all non-audit services provided by the external auditors, and the aggregate amount of audit fees paid to them. For details of fees payable to the external auditors in respect of audit and non-audit services for the year ended 30 September 2017, please refer to Note 4 of the Notes to the Financial Statements on page 215. The AC is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. It is also satisfied with the aggregate amount of audit fees paid to the external auditors.</p>
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>(a) The Company, through its Investor Relations (the "IR") team communicates regularly with shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST. Please refer to page 155 of this Annual Report.</p> <p>(b) Yes. Please refer to page 155 of this Annual Report.</p> <p>(c) The IR team together with senior management participates in investor seminars, conferences, and one-on-one and group meetings. Please refer to page 155 of this Annual Report.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.