

## **CORPORATE GOVERNANCE**

The Board is committed to good corporate governance and has adopted policies pursuant to the principles and guidelines in the Code of Corporate Governance issued on 6 August 2018 (**Code**) and the Practice Guidance issued on 21 July 2021 (**Practice Guidance**), the Insurance (Corporate Governance) Regulations 2013 (**CG Regulations**) issued on 3 April 2013 and the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (**CG Guidelines**) by the Monetary Authority of Singapore (**MAS**) issued on 9 November 2021. The Company has put in place an internal guide to ensure good corporate governance in its business practices and activities. The Company believes that it has complied with the spirit and intent of Code, the Practice Guidance and the CG Guidelines and in areas where the Company's practices have deviated from Code, the Practice Guidance and the CG Guidelines, rationale for the same is provided herein.

The Company aims to preserve and enhance shareholder value by ensuring high standards of corporate performance and accountability.

## **BOARD MATTERS**

### **The Board's Conduct of Affairs**

*Principle 1 of the Code: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board is supported by specialised Board committees to facilitate effective oversight of the Company and supervision of Management and the matters delegated by the Board to such Board committees are listed out in the terms of reference of each Board committee. The Board committees, namely, the Executive Committee (**EXCO**), Audit Committee (**AC**), Nominating Committee (**NC**), Remuneration Committee (**RC**) and Investment Committee (**INV**) meet regularly to consider the audit and risk management processes, investments, remuneration, nomination and other matters. A report on each committee's last meeting is provided at the next Board meeting.

The Board's core responsibilities, apart from statutory and fiduciary duties, include:

- to determine the Group's broad strategic directions, major investment and funding decisions and levels of risk tolerance and risk policies;
- to set the Group's values and standards (including ethical standards), as well as ensure proper accountability within the Company, and obligations to shareholders and other stakeholders are understood and met;
- to approve the financial objectives of the Group and monitor its performance and prospects;
- to ensure the implementation of the Board's overall strategies, including the formulation and proper execution of risk management policies and guidelines set by the Board;
- to approve the nomination of directors to the Board and appointment and removal of senior executives;
- to oversee Management in the design, implementation and monitoring of the risk management and internal control systems;
- to ensure that the knowledge and expertise of senior management and key persons in control job functions are appropriate given the risk profile and nature of the Group's business;
- to ensure that the senior management carries out the day-to-day operations of the Group effectively and in accordance with the Group's code of conduct and ethics, business objectives and strategies, and long-term interests and viability;

- to oversee the establishment of policies to strengthen the organisational culture of the Group and put in place a code of conduct and ethics aimed at promoting and maintaining a high level of professional conduct of the business;
- to review the Group's corporate governance framework, culture and conduct framework, business objectives and strategies on an annual basis, or more frequently as appropriate, to ensure that they remain relevant and effective;
- to review the adequacy and effectiveness of the Group's internal controls including compliance, operational, financial and IT controls and risk management systems; and
- to be responsible for the formulation of and compliance with the Group's sustainability policies and practices.

The Board meets at least quarterly to oversee the conduct of business of the Group.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. In this regard, the Group has adopted internal guidelines which set out specific matters requiring Board approval. These written guidelines also include financial and non-financial limits of authority given to Management to facilitate operational efficiency.

Management provides the Board, EXCO and AC with detailed management accounts of the Group's financial performance, position and prospects on a quarterly basis. Management also provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis to enable the Board to make informed decisions and discharge their duties and responsibilities. Such information includes financial management reports, annual budgets and performance against budget, announcement of results, matters requiring the Board's decision and updates on key outstanding issues.

For matters which require the Board's decision outside the pre-agreed meetings, board papers are circulated to the Board for consideration, with discussions taking place between members of the Board and Management directly, before approval is granted.

In addition, the Board as a whole approves the appointment and removal of the Company Secretary. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The Board does not require the Company Secretary to attend all Board meetings, and the Company Secretary only attends Board meetings as and when requested by the Board, as the Company maintains an internal corporate secretarial function. The internal corporate secretarial function is responsible for preparing the minutes of Board meetings.

The Board also has separate and independent access to the Management, the Company Secretary, and external advisors (where necessary) at the Company's expense. The Company Secretary assists the Management to ensure that Board procedures are observed and the Company complies with the requirements of the Companies Act. A senior manager provides assistance in the Company Secretarial role and attends the Board meetings. Should the directors, whether as a group or individually, need independent professional advice to carry out their duties, the Company will, upon approval of the Chairman, arrange to appoint a professional advisor to render the advice.

## **Executive Committee**

*(Provision 1.4 of the Code – Board Committees with clear written terms of reference)*

The EXCO, on behalf of the Board, supervises the Management in its conduct of the Group's business, and in ensuring the implementation of the Board's broad strategies, including the proper execution of risk management policies and guidelines set by the Board.

The EXCO comprises five non-executive directors. The members of the EXCO are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Dileep Nair	Independent
Ong Eng Yaw	Independent
Ker Sin Tze	Independent

The EXCO holds periodic meetings with Management in charge of daily operations.

The principal functions of the EXCO are:

- to supervise Management in its conduct of the Group's business on behalf of the Board; and
- to ensure the implementation of the Board's overall strategies, including the proper execution of risk management policies and guidelines set by the Board.

As at 31 December 2022, the independent directors make up the majority of the EXCO as the Chairman is a non-independent director. Hence, the Company has complied with Guideline 2.2 of the CG Guidelines.

## **Investment Committee**

*(Provision 1.4 of the Code – Board Committees with clear written terms of reference)*

The INV comprises the following five non-executive directors, the Senior Advisor and two key executives:

Hwang Soo Jin (Chairman)	Senior Advisor
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Ker Sin Tze	Independent
Ong Eng Yaw	Independent
Tan Cheng Khiang	Head of Finance (Appointed in September 2022)

Periodic meetings are held with Management in charge of investments to discuss key investment issues.

The responsibilities of the INV are:

- to monitor the progress and development of the investment decisions taken by the Group.
- to determine the strategic direction and to identify suitable investment opportunities;
- to oversee the day-to-day investment activities conducted by Management;
- to ensure close coordination between the underwriting and the investment arms of Management so that available funds can be invested promptly and efficiently;
- to ensure judicious management of the investment portfolio in line with the risk appetite of and tolerance limits set by the Board in order that there will always be adequate liquidity to support the underwriting activities;

- to ensure reasonable returns to enable servicing of shareholders' dividends at a consistently credible level; and
- to approve investment proposals submitted by Management as required under established procedure.

### **Board Orientation and Continual Training and Development**

*(Provision 1.2 of the Code – Induction, training and development for new and existing directors)*

As part of the induction programme for directors new to the reinsurance industry, a briefing on the fundamental aspects of the esoteric business of reinsurance, the Code and the CG Guidelines would be conducted. The Company did not appoint any first-time directors in 2022.

As part and parcel of a training programme introduced by the NC, a series of orientation sessions would be organized for new directors. During such sessions, the experiences of the old directors would be shared with the newcomers. In the process, the new directors' attention would be drawn to the peculiarity of reinsurance accounting, the key risks involved in the business, the risk management process and the related systems of control in place as well as the directors' extent of responsibility for exercising oversight and for complying with regulatory and other requirements. For continuous development, such dialogue sessions outside normal Board meetings will continue to be held at regular intervals.

Directors are encouraged to continually develop and refresh their knowledge and skills, and keep themselves abreast with relevant developments and updates on key legal, regulatory and financial and accounting changes which affect the Group by attending briefings or seminars conducted by external parties.

Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. In 2022, the briefing for Directors focused on Cyber Security.

### **Board Composition and Independence**

*Principle 2 of the Code: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company*

The Board comprises five non-executive directors and the members are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Dileep Nair	Independent
Ong Eng Yaw	Independent
Ker Sin Tze	Independent

The Board considers its present number of five directors to be sufficient and appropriate for effective decision-making, taking into account the scope and nature of the Group's operations.

The composition of the Board and the independence of each director are reviewed annually by the NC, based on the Code's, the Practice Guidance's, the CG Guidelines' and the CG Regulations' definition of what constitutes an independent director. The NC is satisfied that the Board consists of directors who are professionals of high caliber and as a group, they possess a broad range and appropriate balance of core competencies and experience in insurance, banking, finance, law and business.

The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decision making of the Board.

The Board has also conducted a review of the performance of the directors and considers that each of the directors brings invaluable integrity, wisdom and experience to the Board and that they continue to

contribute positively to the Board. The Board collectively has the critical skills, experience and expertise needed in charting the strategic direction of the Group. The NC is satisfied that each director is a fit and proper person fully qualified for the office.

All directors, on an ongoing basis, are required to declare any interest which they believe could conflict with the Company's interests. If a potential conflict does arise, the director concerned recuses himself from Board discussions and decisions on the matter being considered.

The non-executive independent directors have no relationship with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonably perceived to interfere, in their exercising independent business judgement in the best interests of the Company. They are not substantial shareholders and are independent from the substantial shareholders of the Company.

Two of the five directors may not, pursuant to the CG Regulations, be considered independent, namely, Mr Ramaswamy Athappan and Mr David Chan. As Mr Ramaswamy Athappan is the Chief Executive Officer of MS First Capital Insurance Limited and the Chairman of Fairfax Asia Limited, he may not be considered independent by virtue of the business relationship of MS First Capital Insurance Limited with the Company and Fairfax Asia Limited being a substantial shareholder of the Company. As Mr David Chan is the Managing Director of United Overseas Insurance Limited, he may not be considered independent by virtue of the business relationship of United Overseas Insurance Limited with the Company.

Given that the business relationship between the Company and insurance companies which some of the directors are employees of are conducted at arms' length and in the ordinary course of business, the Board is satisfied that there is a strong and independent element on the Board and the ability to act in the interests of the Company has not been impeded.

Pursuant to the CG Regulations as well as Provision 2.1 of the Code and Practice Guidance 2, Mr Ramaswamy Athappan is not independent by virtue of Fairfax Asia Limited's substantial shareholding in the Company and Mr David Chan is not independent by virtue of United Overseas Insurance Limited's business relationship with the Company.

In compliance with the CG Regulations, the Code and the Practice Guidance, the NC determined after rigorous review that, except for Mr Athappan and Mr Chan, all Board members are considered independent. Mr Dileep Nair is a director of MS First Capital Insurance Limited (MSFCI) and is not operationally involved in the day-to-day executive duties of both MSFCI and the Company. Also, given that the business relationship between the Company and MSFCI is conducted at arms' length and in the ordinary course of business, the NC is satisfied that Mr Dileep Nair's independent business judgment and ability to act in the interests of the Company would not be impeded or would not give rise to any potential conflict of interest or hamper him from his statutory duties. Accordingly, the NC determined that Mr Dileep Nair would still be considered an independent director of the Company. As at 31 December 2022, the independent directors make up the majority of the Board as the Chairman is a non-independent director and the Board consists only of non-executive directors. Hence, the Company has complied with the CG Regulations, Provisions 2.2 and 2.3 of the Code and Practice Guidance 2.

The non-executive directors meet at least once a year and as and when required without the presence of Management.

## Board Diversity Policy

Given the all-embracing nature of general insurance in its wide-ranging scope of services catering to practically every aspect and activity of human endeavours, it is of importance that the leadership of an insurance company collectively is knowledgeable and experienced from diverse backgrounds so as to be able to exercise effective guidance to and oversight on Management in its conduct of business. The Board, being the highest level of authority, must therefore comprise of persons with different expertise and experience. As such, diversity in terms of business experience, skills, age, gender, ethnicity and culture, amongst other desirable qualities, are essential in the selection of candidates for Board appointments.

Given the relatively small size of the company and consequently the need to limit the number of Board seats, Board diversity in the context of the Company takes into account the talents already available amongst the Company's senior executives. They participate actively at all Board discussions. Their combined wisdom complements that of the directors in ensuring all decisions taken at the Board level are circumspectively considered.

The NC is constituted by the Board to assist in the implementation of this policy. In carrying out its duty, it undertakes an annual review of the efficacy of the composition of the Board and that it remains relevant to the changing circumstances. As and when necessary, suitable suggestions to change the policy will be recommended to the Board.

The NC is of the view that the relevance of a potential candidate's skills, experience and ability, among other desirable attributes, are more important factors than age or gender in the consideration for appointment to the Board. However, equal opportunity will continue to be accorded to all potential candidates irrespective of age or gender as and when the occasion arises in the future.

The directors' profiles are provided in in the Annexure.

The committee members' attendance at the Board and Board Committee meetings and general meetings of the Company for the financial year ended 31 December 2022 are as shown below:

<b>Committees</b>	<b>BOARD</b>	<b>EXCO</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>	<b>INV</b>	<b>GM</b>
Number of Meetings Held	4	2	4	1	1	2	1
<b>Members</b>							
Ramaswamy Athappan	4	2	4	1	1	2	1
David Chan Mun Wai	4	2	4	1	1	2	1
Dileep Nair	4	2	4	1	1	2	1
Ong Eng Yaw	4	2	4	1	1	2	1
Ker Sin Tze	4	2	4	1	1	2	1

### Notes:

BOARD - Board of Directors

NC - Nominating Committee

GM - General Meeting

EXCO - Executive Committee

RC - Remuneration Committee

AC - Audit Committee

INV- Investment Committee

## **Chairman and Chief Executive**

*Principle 3 of the Code: Clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making*

There is a clear division of responsibilities between the non-executive Chairman and the Chief Executive (CE). The CE will bear the executive responsibility for the day-to-day operations of the Company while the responsibilities of the Chairman, among other things, are to:

- provide leadership to the Board in the formulation and review of Board policies and to guide Management in striving towards the desired strategic directions set by the Board;
- schedule meetings of the Board to enable it to perform its duties responsibly;
- prepare meeting agenda in consultation with the CE;
- review key proposals before they are presented to the Board for decision;
- exercise control over the quality, quantity and timeliness of the information submitted to the Board;
- encourage constructive relations between the Board and Management;
- facilitate the effective contribution of non-executive directors;
- ensure effective communication with the regulators and shareholders;
- ensure compliance with the Code, CG Guidelines, CG Regulations and Board policies as well as promote high standards of corporate governance; and
- ensure information the Board receives is comprehensive, accurate and timely to enable effective decision making.

Notwithstanding Provision 3.3 of the Code, the Board is of the view that it is not necessary for the Company to appoint a lead independent director given that the number of directors on the Board is relatively small and the members are well experienced. There is regular and active participation at Board and Board Committee meetings. Non-accessibility by shareholders to the directors has also never been an issue and the Board is available to shareholders when they have concerns. Where contact through normal channels of communication with the Chairman or Management are inappropriate or inadequate, the independent directors are available to meet with shareholders. Furthermore, each of the independent directors, Mr Dileep Nair, Mr Ong Eng Yaw and Dr Ker Sin Tze provide independent leadership on the Board by virtue of their appointment as Chairman of the AC, NC and RC, respectively.

The independent directors meet as and when required without the presence of the other directors and the Management and feedback, if warranted, is given to the Chairman after such meetings.

## **BOARD MEMBERSHIP**

### **Board Membership**

*Principle 4 of the Code : Formal and transparent process for the appointment and re-appointment of directors to the Board*

The NC in consultation with the Chairman of the Board considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

New directors are appointed to the Board following recommendation of the NC and approval of the MAS. Regulation 101 of the Company's Constitution requires all new directors to submit themselves for re-election at the next Annual General Meeting (AGM) of the Company.

The NC also makes recommendations to the Board in respect of the directors who are eligible to be re-appointed at the AGM of the Company at regular intervals.

Pursuant to Regulation 96 of the Company's Constitution, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, retire by at every AGM. Under the Company's Constitution, there is no maximum fixed term or retirement age for non-executive directors.

Pursuant to Regulation 96 of the Company's Constitution, Mr Ramaswamy Athappan and Mr David Chan Mun Wai are due to retire at the forthcoming AGM.

In that regard, the NC considered and recommended the re-nomination of Mr Ramaswamy Athappan and Mr David Chan Mun Wai for re-appointment as directors at the forthcoming AGM.

The NC is also of the view that it is not necessary to impose a limit on the number of board representations which directors may hold, as directors have different capabilities and companies have different complexities. The NC is satisfied that each of the directors has been devoting sufficient time and attention to the Company's affairs. The NC is of the view that, notwithstanding the number of directorships and commitments of each director, the duties of all directors have been fully discharged based on the time and commitment by each director to the affairs of the Company. To address the competing time commitments of directors who sit on multiple boards and committees, meeting dates are scheduled in advance before the beginning of every calendar year. The Company has no internal guidelines on time commitments for directors as thus far, all Directors have attended Board and Board Committee meetings diligently and have devoted sufficient time and attention to the Company's affairs.

The Board does not have any alternate directors. All directors have dedicated adequate time to the affairs of the Company.

#### Appointment of New Directors

The search and nomination process for new directors is through contacts and recommendations. When recommending new directors to sit on the Board, the NC strives to ensure that the Board has sufficient number of independent directors with the right expertise, attributes and ability.

The NC will assess potential candidates taking into consideration the individual's background, skills and abilities, such as experience or expertise in some of the following areas: the insurance industry, corporate affairs, government affairs, experience as director, chief executive officer, chief operating officer or chief financial officer of a large company. The NC would also strive to determine whether the candidate is a fit and proper person and able to devote time in carrying out his duties as a director of the Company.

When a candidate meets the assessment criteria set by the NC, the Committee will thereafter make a recommendation to the Board for consideration of the appointment. Upon the Board's endorsement, the Company will then seek MAS's approval accordingly.

Newly appointed directors will be provided with formal letters of appointment (setting out the directors' roles, duties, obligations and responsibilities).



## **Nominating Committee**

*Principle 4 of the Code: Formal and transparent process for the appointment and re-appointment of directors to the Board*

The NC comprises the following five non-executive directors, the majority of whom, including the NC Chairman, are independent as defined in the Code:

Ong Eng Yaw (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Ker Sin Tze	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the NC as and when so requested, at the invitation of the NC.

The NC holds its meetings annually or as frequently as may be necessary. The NC's primary functions are:

- to review and make recommendations to the Board concerning the size, structure, composition and diversity of the Board and the Board committees;
- to identify potential candidates to fill Board vacancies, if any, as well as put in place plans for succession for directors and the Chairman;
- to review and make recommendations, for the Board's approval, on the appointment of the Group's senior executives and review the succession plans for the CE and key management personnel;
- to review and make recommendations to the Board on the re-appointment of directors taking into consideration the directors' ability to exercise sound judgment, independence, demonstrated leadership, skills and work experience.;
- to ensure compliance with the CG Regulations and adhere to the Code and CG Guidelines on the composition of the Board;
- to decide how the Board's and Board committees' performance may be evaluated and propose objective performance criteria for the Board's approval;
- to assess the effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board;
- to review the ability of directors with multiple board representations to carry out their duties and other principal commitments adequately;
- to review the training and professional development programmes for the Board and the directors;
- to provide its views on the independence of the Board and determine annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in the CG Regulations, Provision 2.1 of the Code and Guideline 2.4 of the CG Guidelines;
- to develop a framework to identify the skills that the Board collectively needs in order to discharge the Board's responsibilities effectively, taking into account the complexity of the Company's risk profile, business operations and future business strategy;
- to assess, on an annual basis, if the Board and the Board committees lack any skills to perform their roles effectively and identify steps to improve the effectiveness of the Board and the Board committees.

- to oversee the implementation of the Guidelines on Individual Accountability and Conduct; and
- to ensure the clear identification of senior managers who have responsibility for functions that are core to the management of the Company's affairs, including but not limited to the core management functions.

## **BOARD PERFORMANCE**

*Principle 5 of the Code: Formal annual assessment of the effectiveness of the Board as a whole and the contribution by each director*

The NC conducts a formal annual assessment of the performance of the Board as a whole and each Board committee in view of the complementary and collective nature of directors' contributions. The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board committee, as well as the contribution by the Chairman and each individual director to the Board.

The evaluation parameters for the Board's and Board committees' performance are based on quantitative and qualitative criteria, which include the level of return on equity, regularity of attendance at meetings, the success of the strategic and long term objectives set by the Board and Board committees, and the effectiveness of the Board and the Board committees in monitoring Management's performance against the goals set by the Board.

The assessment of the contribution of directors is made with reference to a set of common key performance indicators and the skills and experience which the Board is expected to possess. Non-executive directors of the Company constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives, as well as monitor the performance.

The Board is of the opinion that all directors collectively and individually have contributed positively to the growth of the Company during the year and in discharging their duties have conducted themselves diligently in safeguarding the interests of shareholders.

The NC did not engage any external facilitator for the assessment of the Board, the Board committees and each director.

The EXCO, on behalf of the Board, supervises the Management in its conduct of the Group's business, and in ensuring the implementation of the Board's broad strategies, including the proper execution of risk management policies and guidelines set by the Board.

In addition, it has been the Group's practice for the Board Chairman's performance to be appraised annually by the Board without his participation. When the NC is deliberating on the performance of a particular member of the NC, that member recuses himself from the discussion to avoid conflict of interests.

## REMUNERATION MATTERS

### Remuneration Committee

*Principle 6 of the Code: Formal and transparent procedure for fixing the remuneration packages of individual directors and key management staff*

The RC comprises the following five non-executive directors, the majority of whom, including the RC Chairman, are independent as defined in the Code:

Dr Ker Sin Tze (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Ong Eng Yaw	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the RC as and when so requested, at the invitation of the RC.

The RC holds periodic meetings with Management in charge of human resource functions and also has access to the information when clarification and advice is needed.

The principal functions of the RC are:

- to review and recommend to the Board for its endorsement a framework of remuneration for the Board and key management personnel to ensure that it is sufficiently equitable to attract, retain and motivate them to provide good stewardship;
- The Board to ensure that the remuneration policies are in line with the strategic objectives, as well as the corporate values, code of conduct and ethics of the Company, and do not give rise to conflicts between the objectives of the Financial Institution and the interests of employees;
- to review and recommend to the Board the specific remuneration packages for each director and all personnel, in an effort to motivate, retain and create a sense of belonging to facilitate the achievement of strategic objectives and corporate values;
- To ensure that remuneration policies do not create incentives for excessive risk taking behaviour, control job functions are involved in the design of remuneration policies, and provide inputs on performance evaluation and remuneration decisions;
- to exercise oversight of personnel administration executed by Management and monitor the implementation and effectiveness of remuneration policies and to ensure that there is sufficient equitable staff welfare in terms of training, health and safety to attract, retain and motivate personnel; and
- to review all aspects of remuneration, including the Company's obligation in the event of termination of executive directors, if any, and key management personnel's contract of service to ensure that the contract of service contain fair and reasonable clauses.

## **Level and Mix of Remuneration**

*Principle 7 of the Code : Level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company*

*Principle 8 of the Code : Clear disclosure on remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.*

The Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities, function and market conditions. The remuneration for employees of the Group comprises a fixed component and a performance-related variable component in an effort to link rewards to corporate and individual performance, align their interests with those of shareholders and promote the long-term success of the Company.

The RC sets out the remuneration guidelines and reviews all aspects of the remuneration framework of the Group, including without limitation, directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.

The RC did not engage any external consultant on the remuneration of the directors and key management personnel.

The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a bonus that is linked to the Group's and the individual's performance. A budget for salary increment and bonus is submitted by the CE to the Board annually. During the course of the year, the salary and bonus proposal would be put forth to the RC for consideration and approval.

The RC reviews the level and mix of remuneration and approves the framework for salary reviews, performance bonus and incentives for the CE and key management personnel of the Group. In setting the remuneration packages, the RC takes into consideration the Company's and the individual's performance, as well as the contribution to revenue and profitability. The Group uses indicators such as key financial metrics (such as, Combined ratio, Operating Profit ratio) and performance rating of the employees to link remuneration to corporate and individual performance. Salaries are benchmarked against comparable roles in the insurance industry, while bonuses are granted based on the performance of the Company and the individual.

To motivate the non-executive directors and key management personnel to work in alignment with the goals of stakeholders, the Company has viewed leadership, people development, commitment and teamwork as important performance criteria.

The remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not conflict with the Company's objectives and directions. The remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour. The remuneration policies are also appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The remuneration of the directors is appropriate to their level of contribution and respective responsibilities. Directors are paid an attendance fee for their involvement in the Board and Board committee meetings. Directors who participate in the Board committees receive fees for the additional responsibilities. No director decides his own remuneration. The fees are reviewed by the RC and thereafter submitted to the Board for endorsement. The directors' fees proposed by the Board are subject to shareholders' approval at the Company's AGM.

The Company believes that it is not in its best interest to disclose the precise remuneration of the directors and key management personnel due to the highly competitive market for talent. Accordingly, the Company continues its practice of disclosing the remuneration of directors in bands of S\$250,000.

The remuneration of directors and the CE for the financial year ended 31 December 2022 is set out below:

<b>Directors</b>	<b>Directors' Fees %</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Other Fees, Allowances &amp; Benefits %</b>	<b>Total %</b>
Ramaswamy Athappan	100	-	-	-	100
David Chan Mun Wai	100	-	-	-	100
Dileep Nair	100	-	-	-	100
Ong Eng Yaw	100	-	-	-	100
Ker Sin Tze	100	-	-	-	100

The following information relates to Directors' remuneration:

#### Number of Directors in Remuneration Bands

<u>Remuneration Bands</u>	<b>2022</b>	2021 <sup>a</sup>
Above S\$250,000 - below S\$500,000	<b>0</b>	0
S\$250,000 and below	<b>5</b>	6
Total	<b>5</b>	6

<sup>a</sup> 2021 – number of directors was 6 due to Mr Peter Sim who resigned as director and the appointment of Dr Ker Sin Tze on 1 September 21. There has been no other change in the number of Directors since, thus 5 Directors in 2022.

The aggregate amount of remuneration paid/acrued to Directors is S\$ 550,000.

#### **Remuneration of Key Senior Management Executives in 2022**

The Board considered this disclosure carefully and decided that it will not disclose the individual remuneration of the Company's Chief Executive and its top five key senior management executives as well as their aggregate remuneration. This is because such disclosure of remuneration of key management staff would not only lead to poaching attempts by competitors but would also be detrimental to the morale of the staff as they would be able to compare their own remuneration with those in other companies, and those with lower pay may become dissatisfied and demotivated.

Having reviewed and considered the variable components of the key management personnel, which are moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of the key management personnel's remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss.

There are no termination, retirement and post-employment benefits granted to directors, the CE and the key management personnel.

Currently, no long-term share based incentive scheme has been adopted by the Company. Nevertheless, the RC reviews from time to time the appropriateness of adopting a long-term incentive scheme and whether executive directors, if any, and key management personnel should be eligible for long-term incentive schemes, taking into account the costs and benefits of adopting such proposed long-term incentive scheme.

The Company did not and does not employ any immediate family member of any director or the CE whose remuneration for the financial year ended 31 December 2022 exceeds S\$50,000.

## ACCOUNTABILITY AND AUDIT

### Audit Committee

*Principle 10 of the Code: Establishment of Audit Committee which discharges its duties objectively*

The AC comprises five non-executive directors, the majority of whom, including the AC Chairman, are independent directors as defined in the Code.

The Board is of view that the members of the AC have the financial management expertise and experience to discharge the AC's responsibilities. The members of the AC are:

Dileep Nair (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Ong Eng Yaw	Independent
Ker Sin Tze	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the AC as and when so requested, at the invitation of the AC.

The AC holds quarterly meetings each year and discharges the following responsibilities:

- to evaluate the adequacy and effectiveness of internal controls, including compliance, financial, operational and IT controls of the Company (carried out internally or with the assistance of competent third parties) and provide their assessment to the Board annually on the effectiveness and adequacy of the controls;

[Note: The Board retains the responsibility for the review of the effectiveness of the system of internal controls and must form its own opinion despite aspects of the review being delegated to the AC.]

- to review the adequacy and effectiveness of the Group's risk management systems as delegated by the Board;
- to ensure that appropriate standards and processes are in place to identify Material Risk Personnel ("MRP"), including establishing the relevant criteria for identifying such employees and assessing the fitness and propriety of MRP, prior to their appointment and on an on-going basis thereafter, taking into account the specific nature and risk implications of their roles;
- to ensure compliance with legal and regulatory requirements and review reports received from regulators;
- to review the financial accounts of the Company and Group each quarter in conjunction with the external auditors' comments thereon prior to their submission to the Board for adoption;
- to review the assurance from the CE and Head of Finance on the financial records and financial statements;
- to review, guide and ensure compliance with the Group's sustainability policies and practices;
- to review the adequacy, effectiveness and independence of the external audit and the Company's internal audit function;
- to review and approve the audit scope/plans of the external and internal auditors, the results of the auditors' examinations and evaluation of the Company's system of internal accounting controls, and the Management's response to their recommendations;
- to make recommendations to the Board on the appointment/re-appointment and removal of external auditors, the external audit fees and the terms of engagement of external auditors;

- to evaluate external auditors' objectivity and independence including the provision of non-audit services;
- to review legal and regulatory matters that may have material impact on the financial statements and reports received from regulators;
- to review and consider if interested person transactions are on normal commercial terms and not prejudicial to the Company's interests;
- to report to the Board regularly on the exercise of its duties, identifying matters which it considers require action or improvement, and making recommendations as to the steps to be taken;
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors;
- to have authority to investigate any matter within its terms of reference, full access to and co-operation by Management and reasonable resources (including obtaining professional advice) to enable it to discharge its functions properly;
- to oversee and guide Management in:
  - (a) establishment of adequate risk management practices for material the financial and non-financial risks which the Financial Institution is or may be exposed to, such as including but not limited to credit, market, underwriting, liquidity, country and transfer risk, interest rate risk, operational, technology, conduct, money laundering and terrorist financing, legal, compliance, fraud, reputational, regulatory, reputational, and operational strategic risks, on a regular basis; and
  - (b) the adequacy of the risk management function, ensuring that it is sufficiently resourced to monitor risk and that it has appropriate independent reporting lines;
- to assist the Board in determining the Company's overall risk tolerance and risk policies;
- to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company relating to the Company's financial performance; and
- to review the Company's whistle-blowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Company publicly discloses, and clearly communicates to employees, the existence of the Company's whistle-blowing policy and the procedures for raising such concerns.

None of the members of the AC is a former partner or director of the Company's existing auditing firm or auditing corporation.

The AC conducts a review on the adequacy and effectiveness of the internal audit function annually, to ensure that the Company maintains an effective internal audit function that is adequately staffed and independent of the activities it audits. The AC is satisfied that the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group.

The internal audit function is overseen by the Company's internal auditor, whose qualifications are Bachelor of Business (Accountancy), Certificate in Risk Management Assurance and Diploma (Banking & Finance). The internal auditor has unfettered access to the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The internal auditor is accountable to the AC and provides reports to the AC regularly.

Internal audit activities are conducted in relation to nationally or internationally recognized standards such as the Institute of Internal Auditors Professional Practice of Internal Auditing.

The AC meets with the external and internal auditors, without the presence of Management, at least once annually. It has explicit authority to investigate any matter, full access to and co-operation by Management and other employees, and full discretion to invite any director to attend the meetings.

The Committee has reviewed the non-audit services provided by the external auditors in the financial year ended 31 December 2022 and is satisfied that such services would not affect the independence of the external auditors. The external auditors, on an annual basis, have also provided a written confirmation of their independence to the AC. The aggregate amount of fees paid in to the external auditors in the financial year ended 31 December 2022 is \$309,977, being 99% for audit services and 1% for non-audit services respectively.

The AC has reviewed the financial statements, the internal and external audit plans and reports, the external auditor's evaluation of the system of internal accounting controls, the scope and result of internal and external audit procedures, the significant findings of audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the FC, CE and other management staff, as appropriate.

The AC aims to continually develop and refresh their knowledge and skills, and keep themselves abreast with relevant developments and updates on key legal, regulatory and financial and accounting changes which affect the Group by attending briefings or seminars conducted by external parties. In addition, the External Auditors provide briefings to the AC on new accounting standards from time to time.

## **INTERNAL CONTROLS**

*Principle 9 of the Code: Sound system of risk management and internal controls*

The Board determines the Company's risk tolerance and policies and oversees Management in the design, implementation and monitoring of the internal controls. The Board exercises oversight on Management through the AC on the adequacy and effectiveness of the Company's systems of internal controls in compliance, operational, financial, IT and risk management. The AC reviews regularly with Management and auditors, both internal and external, the continued development in the measures taken by Management to further strengthen internal controls. In particular, the AC satisfies itself of the adequacy in the documentation of operating procedures and their compliance and amendments made to meet changing circumstances. The AC undertakes a review of the effectiveness of the internal control systems and reports its findings to the Board for endorsement annually.

The Board believes that the recognition of the importance of internal controls is a matter of corporate culture that calls for common commitment at all levels of the Company from Board to Management and staff. The Board recognises that the system of internal controls can only provide reasonable assurance but cannot totally eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. In order to minimise such occurrence, continued strengthening of internal controls to meet the challenges of a rapidly changing operating environment should be part and parcel of daily business process to be pursued relentlessly.

The AC has reviewed, and the Board has received, the assurance given by the CE and the Head of Finance on the following:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) that the Company's risk management and systems of internal controls are adequate and effective.

During the year under review, the Board, based on reports from both internal and external auditors as well as the AC, is of the opinion, with the concurrence of the AC, that the internal controls, including financial, operational, compliance and IT controls, and risk management systems in all aspects of the Company's operations are adequate and effective to safeguard shareholders' interest.



### Whistle-blowing policy

In addition, the Company has a whistle-blowing protection policy that sets out the business practice and ethical conduct expected of all employees. The purpose of the policy is to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence to the AC. All employees and other persons making such reports will be treated fairly and protected from reprisal. All reports received are accorded confidentiality and independently investigated by the Internal Audit Head and reported to the AC. The whistle-blowing policy and procedures are incorporated in the Employee Handbook. New employees are briefed on the policy during their orientation.

### **RISK MANAGEMENT**

*Principle 9 of the Code: Sound system of risk management and internal controls*

Given the special nature of reinsurance business, the Board is firmly of the conviction that risk management is synonymous with the process of underwriting. Consequently, it believes that the thrust for the continued development in the measures taken to strengthen risk management should be left with Management. The Board however, exercises oversight on the adequacy and effectiveness of the Group's risk management system and ultimately determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. To facilitate closer monitoring, the Board has delegated the review of the adequacy and effectiveness of the risk management system to the AC. In carrying out its duty, the Company has established a Risk Management Review Committee (**RMRC**) at the management level with the General Manager (Operations) designated as Risk Management Officer and the RMRC reporting to the AC. The RMRC meets regularly and its responsibilities are:

- to identify, assess and monitor all reasonably foreseeable and material risks that the Company is or may be exposed to;
- to review and recommend risk management measures to address the key risks; and
- to support the AC in the review of the adequacy and effectiveness of the risk management measures implemented.

The AC in turn meets with Management and the auditors to review the reports submitted by the RMRC in order to satisfy itself of the continued adequacy of the risk management system. Once a year, based upon predetermined criteria, the AC assesses the effectiveness of the system and submits its findings to the Board for endorsement if appropriate.

As the Board, through the AC, continues to oversee the Company's risk management framework and policies, the Board has not established a separate board risk committee. For the year under review, based on reports from both internal and external auditors as well as the AC, the Board is satisfied that the risk management system maintained by the Management is adequate and effective to meet the needs of the Company in its current business environment.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

*Principle 11 of the Code : Shareholder Rights and Conduct of General Meetings*

*Principle 12 of the Code : Engagement with Shareholders*

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company is made available to shareholders of the Company. This is done through the Company's half yearly and annual financial reports which are also posted on the Company's website at <https://www.singre.com.sg> (**Corporate Website**). The Company has in place an Investor Relations Policy which allows for an ongoing exchange of views to actively engage and promote regular, effective and fair communication with shareholders and sets out the mechanism through which information is conveyed to shareholders and through which shareholders may initiate ad hoc communication with the Company from time to time.

Shareholders are given opportunities to participate in and vote at the Company's general meetings and are kept informed of the rules governing the Company's general meetings. The Board, including the Chairman and Management, are present at these meetings to address queries that shareholders may have. A representative of the external auditors is also present to assist the Board in addressing relevant queries by shareholders. The Constitution allows a member of the Company to appoint one or two proxies to attend and vote at general meetings. Separate resolutions on each distinct issue are tabled at general meetings.

### Dividend Policy

The Company intends to pay dividends annually in two instalments, with a target aggregate dividend pay-out ratio of at least 50% of the Company's profit after income tax. The interim dividends will be declared and paid following the publication of our financial results for the first half of each year while the final dividend will be paid after the approval by shareholders at the Annual General Meeting. There can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board may deem relevant, as well as other legal and regulatory requirements.

In the event that the Board decides not to declare or recommend a dividend, the Company will expressly disclose the reason(s) for the decision together with the announcement of the relevant financial statements.

## ENGAGEMENT WITH STAKEHOLDERS

*Principle 13 of the Code : Inclusive approach by considering and balancing the needs and interests of material stakeholders*

The Company engages regularly with its key stakeholders, namely the Board, Regulators, Intermediaries, Shareholders, Investors, Employees, Cedants and Rating Agencies. Interactions with stakeholders would be in the form of :-

- regular feedback and consultation with regulatory bodies;
- industry gatherings and market visits with intermediaries, cedants and retrocessionaires;
- meetings with rating agencies; and
- orientation programme, performance reviews and bonding activities with employees.

The Company maintains a Corporate Website to update and communicate with stakeholders.

## **MATERIAL RELATED PARTY TRANSACTIONS**

*[Principle 14 of the CG Guidelines 2021 in general and Guideline 14.4 which requires the following: “The AC should review all material related party transactions and keep the Board informed of such transactions, and the findings and conclusions from its review. Material related party transactions should be disclosed in the Annual Reports of the Financial Institution”*

	<b>Group and Company</b>	
	<b>*2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Transactions with related companies</i></b>		
<i>Income/(expense):</i>		
<i>Gross written premiums</i>	139,430	74,325
<i>Reinsurance premiums</i>	(119,613)	(57,255)
<i>Claims paid</i>	(36,127)	(32,208)
<i>Claims recoveries</i>	38,305	18,168
<i>Commission expense</i>	(11,629)	(7,260)
<i>Commission income</i>	25,612	15,391

*(\*2022 Results are subject to be audited and finalised)*