

CORPORATE GOVERNANCE

SBS Transit Ltd (“SBS Transit” or the “Company”, and together with its subsidiaries, the “Group”) believes that long-term shareholder value, a fundamental measure of our success, can only be achieved and maintained through good corporate governance.

We will continue to:

- Focus unreservedly on our customers;
- Make sound corporate decisions to generate long-term shareholder value rather than for short-term considerations;
- Maintain our lean culture through cost efficiencies to drive value creation without compromising on our service quality;
- Build a sustainable talent pool to address the evolving and complex demands of the industry in a highly competitive market;
- Commit to sustainability to make a positive impact on society and the environment; and
- Promote a culture of diversity and inclusivity in the workplace.

CORPORATE GOVERNANCE STATEMENT

SBS Transit strongly believes that good corporate governance makes sound business sense. To this end, the Group maintains the highest standards of corporate governance, professionalism and integrity as we build an organisation that our shareholders, employees, business partners, the authorities and other stakeholders, including labour unions, can trust and be proud of.

The Group is committed to ensuring compliance with the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 and amended on 11 January 2023 (the “Code”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**” or “**SGX-ST Listing Rules**”). It has put in place policies, structures and mechanisms to ensure compliance with the relevant legislative and regulatory requirements to establish a high-performing organisation with a culture of strong moral standard and consistent value system. The Group has adopted a Code of Business Conduct, which sets out the principles and policies upon which the Group’s businesses are to be conducted, and has implemented a Whistleblowing Policy which provides a mechanism for employees and external parties to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst maintaining confidentiality of the identity of whistleblowers and protecting them from reprisal within the limits of the law.

This report sets out the corporate governance practices that were in place during the Financial Year ended 31 December 2023 (“**FY2023**”), with specific references to the Code. For FY2023, we are pleased to report that the Group complied in all material aspects with the Code.

1. BOARD MATTERS

The Board of Directors (the “**Board**”) has a duty to protect and enhance the long-term value of the Group and achieve sustainable growth for the Group. It sets the overall strategic direction of the Group and oversees the proper conduct of the business, performance and affairs of the Group. Board members are expected to be aware of their legal responsibilities, act in good faith and exercise independent judgement in the best interests of the Company, which includes the exercise of due care and diligence to avoid any conflict of interest.

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

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

BOARD’S ROLE AND RESPONSIBILITIES

At the helm of the decision-making process of the Company is the Board. The Company has an effective Board led by the Independent Non-Executive Chairman, Mr Bob Tan Beng Hai (the “**Chairman**”). The Board is collectively responsible and works with Management for the long-term success of the Company by:

- (i) Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group (which include appropriate focus on value creation, engagement, innovation and sustainability) and ensuring that adequate financial and human resources are in place to achieve the objectives;
- (ii) Ensuring that appropriate and adequate systems of internal controls, risk management processes and financial authority limits are in place to safeguard shareholders’ interests and the Group’s assets, and to achieve an appropriate balance between exposure to risks and the Group’s performance;
- (iii) Challenging Management constructively and reviewing its performance;

- (iv) Identifying the key stakeholder groups and guiding Management in the Group's strategy and approach in addressing the concerns and needs of these key stakeholder groups, and ensuring transparency and accountability to all stakeholders;
- (v) Instilling an ethical corporate culture and ensuring the Group's values, standards, policies and practices are consistent with the Group's culture; and
- (vi) Considering environmental, social and governance ("ESG") issues as part of its strategy for sustainability.

1.1 CONFLICTS OF INTEREST

All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Group. In the event that a Director has a conflict of interest, or it appears that he/she may have a conflict of interest in relation to any matter, the Director must immediately declare his/her interest at a meeting of the Board or send a written notice to the Board and the Company containing details of his/her interest in the matter and the actual or potential conflict, and recuse himself/herself from participating in any discussion or decision on the matter. In the case of any matter where the Chairman is conflicted, such as his remuneration or re-election as a Director, he will similarly recuse himself from participating in the discussion and decision-making; and the other Directors may elect someone among themselves to preside over the discussion and lead the Directors in decision-making.

1.2 DIRECTORS' COMPETENCIES, INDUCTION, TRAINING AND DEVELOPMENT

Upon appointment, the Director will be issued an official letter of appointment, which clearly sets out his/her role, duties and responsibilities and the Company's expectations of him/her. The new Director will also receive a copy of the Company's Constitution, the Company's current and previous years' annual reports and the corporate structure chart of the Group.

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

If the newly appointed Director has no prior experience as a Director of a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), training in relevant areas such as regulatory, finance and legal as well as industry-related areas will be provided. As required under the SGX-ST Listing Rules, a newly appointed Director who has no prior experience as a Director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training should be completed within one year of appointment. In this respect, all our newly appointed Directors who are required to undergo such training, conscientiously commit their time and effort to complete the training within the first year of appointment.

Directors are encouraged to undergo continual professional development by attending relevant training programmes, seminars and courses organised by the Singapore Institute of Directors ("SID") and other professional bodies to enhance their knowledge and skills and better equip themselves to effectively discharge their duties as Directors of the Company. The fees for the courses are paid for by the Company. The Chairman and the Nominating and Remuneration Committee ("NRC") review each Director's training and professional development needs on a yearly basis.

The Company Secretaries update and brief the Board on corporate governance practices and changes in or updates to the relevant legal and regulatory requirements pertaining to the Group's businesses. External consultants are also engaged to conduct seminars on specific topics as and when necessary. In FY2023, Messrs Rajah and Tann Singapore LLP ("**Rajah and Tann**") conducted several seminars, including seminars on the Workplace Safety and Health ("**WSH**") Approved Code of Practice relating to Chief Executives and Board of Directors and the Strategic Role of Directors of Holding Companies and Subsidiaries. In addition, the Company constantly encourages and sponsors Directors to attend training conducted externally which is relevant to their discharge of their duties, particularly with regards to new developments. One such programme was the SGX-ST training on Climate Reporting Fundamentals held in 2023.

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In FY2023, the Directors attended the courses/seminars listed below:

| DATE | TRAINING PROVIDER | TOPIC | ATTENDED BY: |
|------------|------------------------------------|--|--|
| 9/1/2023 | Rajah and Tann | Briefing on the Workplace Safety and Health Code of Practice: Chief Executives' and Board of Directors' Duties | Cheng Siak Kian Jeffrey Sim Vee Ming Lim Tien Hock Chua Mui Hoong Susan Kong Yim Pui Lee Sok Koon Lim Seh Chun Tan Kim Siew Yu Ching Man |
| 9/5/2023 | Cyber Security Agency of Singapore | Cyber Security Governance Role and Awareness | Cheng Siak Kian Lim Tien Hock Chua Mui Hoong Susan Kong Yim Pui Lee Sok Koon Yu Ching Man |
| 6/7/2023 | Rajah and Tann | Briefing on the Strategic Role of Directors of Holding Companies and Subsidiaries | Bob Tan Beng Hai Cheng Siak Kian Jeffrey Sim Vee Ming Lim Tien Hock Chua Mui Hoong Susan Kong Yim Pui Lee Sok Koon Tan Kim Siew |
| 11/7/2023 | SID | LED 4 – Stakeholder Engagement | Jeffrey Sim Vee Ming |
| 12/7/2023 | SID | LED 9 – Environmental, Social and Governance Essentials (Core) | Jeffrey Sim Vee Ming |
| 14/7/2023 | SID | LED 6 – Board Risk Committee Essentials | Lim Tien Hock |
| 13/9/2023 | SID | CTP 7 – The Board's Role in Leading Successful Transformation | Lim Tien Hock |
| 10/10/2023 | SID | LED 1 – Listed Entity Director Essentials | Jeffrey Sim Vee Ming |
| 11/10/2023 | SID | LED 2 – Board Dynamics | Jeffrey Sim Vee Ming |
| 11/10/2023 | SID | LED 3 – Board Performance | Jeffrey Sim Vee Ming |
| 17/10/2023 | SID | LED 7 – Nominating Committee Essentials | Lim Tien Hock |
| 17/10/2023 | SID | LED 8 – Remuneration Committee Essentials | Lim Tien Hock |
| 01/11/2023 | SGX | Training on Climate Reporting Fundamentals | Christina Lim Yui Hung |

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

help the Directors to be better equipped to make informed decisions relating to the future direction of the Group. The Group also holds strategy meetings at least once every two years for the Board to collaborate with Management in developing and reviewing the Group's future plans and proposals for new business opportunities, with the latest strategy meeting held in March 2022.

1.3 RESERVED MATTERS

SBS Transit has adopted clear, established and documented internal guidelines for matters which require the Board's approval. Under these guidelines, Board approval is required with regard to matters such as acquisition of business, disposal of or change in equity interests in existing subsidiary/associate, investment in financial instruments, tender for business above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the financial authority limits, annual budget and capital expenditure and the release of financial results to the SGX-ST via SGXNET. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments also require the approval of the Board.

The Board periodically reviews the adequacy and effectiveness of internal controls, risk management and financial authority limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor compliance with delegated limits.

1.4 DELEGATION BY THE BOARD

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, five (5) Board Committees have been established, namely, the Audit and Risk Committee ("**ARC**"), the Nominating and Remuneration Committee ("**NRC**"), the Service Quality Committee ("**SQC**"), the Sustainability Committee ("**SC**"), the Tenders and Investments Committee ("**TIC**") (collectively, the "**Board Committees**"). Ad hoc committees are also formed to look at specific issues from time to time.

With effect from 1 January 2024, the Board combined the SQC and the SC and named the combined Board Committee as the "Sustainability and Service Quality Committee" ("**SSQC**"). The Board took the view that the subject of sustainability and service are intrinsically connected and the combined Board Committee will better streamline discussions in order to have a holistic and integrated view on sustainability and service.

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

The terms of reference and summary of the activities of the ARC and NRC are described in further detail in the relevant sections below from pages 58 to 70.

SERVICE QUALITY COMMITTEE

The SQC's terms of reference are to provide strategic directions and review initiatives to enhance the Group's service quality standards, reliability, customer service and safety. The SQC also reviews customers' feedback on service quality. The key roles and responsibilities of the SQC include inter alia:

- (i) Reviewing the service quality standards of the bus and rail operations and customers' feedback on service quality;
- (ii) Providing strategic directions and reviewing initiatives on enhancement in service quality standards, customer service and safety; and
- (iii) Performing other oversight functions relating to service quality matters as requested by the Board.

With effect from 1 January 2024, the roles and responsibilities of the SQC were subsumed under the SSQC.

SUSTAINABILITY COMMITTEE

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

The SC Chairman is Professor Lim Seh Chun. The key terms of reference of the SC include the following:

- (i) Review and monitor the implementation of the Group's sustainability strategy, including materiality assessment, review of compliance with policies, and alignment of sustainable development policies with laws and regulations;
- (ii) Review and monitor Management's commitment and appropriate allocation of resources to achieving the desired outcomes of the Group's sustainability strategy;
- (iii) Establish sustainability policies and practices, set and assess ESG targets, and measure the performance against targets;
- (iv) Ensure the Group's sustainability policies, strategies and priorities are integrated into the Group's strategic plans and business goals, and are adequate for managing its ESG risks and opportunities;

- (v) Monitor and consider emerging key ESG trends and issues that may have strategic, business and reputational implications for the Group, and receive periodic reports from the Management or external parties on the same, and make recommendations to the Board as necessary;
- (vi) Review and endorse the Group's policies, practices and strategies regarding safety and health of its employees, contractors, customers and others affected by its activities, with the objective of improving its performance in relation to safety and health and to ensure compliance with related laws and regulations;
- (vii) Ensure that goals and targets in relation to workplace safety and health are considered, reviewed, communicated and achieved;
- (viii) Receive reports on the Group's performance in respect of workplace safety and health, and to provide oversight, leadership and guidance in respect thereof; and
- (ix) Keep the ARC updated on the identified risks controls and risk mitigating procedures, and coordinate with the ARC in respect of workplace safety and health risk management matters to be submitted to the Board.

The SC oversees the workplace safety and health policy, the details of which are described in page 73.

With effect from 1 January 2024, the roles and responsibilities of the SC were subsumed under the SSQC.

TENDERS AND INVESTMENTS COMMITTEE

The TIC's terms of reference are to oversee the Group's bus and rail tender strategies, provide guidance on bid preparations, and advise the Group on investments in new initiatives which may include securities, financings and assets to enhance the Company's performance.

The key roles and responsibilities of the TIC include the following:

- (i) Provide guidance on tenders and competitive strategies, including the Group's bid preparations;
- (ii) Review and approve the quality and financial proposals for tenders and negotiated contracts;
- (iii) Provide guidance on new investments, including overall strategy for the investments in the prevailing commercial environment, including changes in technology, competition, regulatory framework, financial environment or any other area which may influence the performance of such investments, whether short, intermediate or long-term performance;
- (iv) Review the assessments and recommendations of Management in respect of new investments, including but not limited to the opportunities, size, structure, strategies, potential partners and risk assessment and mitigation of proposed new investments; and
- (v) Perform other oversight functions relating to tender matters and new investments as may be requested by the Board.

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

1.5 DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

At least four (4) scheduled Board Meetings are held every year at regular intervals for the purpose of reviewing the results and ongoing performance of the Group, notwithstanding that the financial results are only announced semi-annually. The Board Meetings to approve the half-year financial results are held within 45 days after the end of the first half of the financial year, and not later than 60 days after the end of the financial year for the full year financial results. A separate Board Meeting is also held in the last quarter of each year after the budget of the Company's subsidiaries has been approved, to review and adopt the Group's annual budget. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises.

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

ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2023

| Name | DIRECTORS' MEETING ATTENDANCE REPORT | | | | | | |
|-------------------------------|--------------------------------------|--------------------|--------------------|--------------------|-----|------|--------------------|
| | No. of meetings held in FY2023 | | | | | | |
| | AGM/EGM | Board | ARC | NRC | SQC | TIC | SC |
| BOB TAN BENG HAI | 1/1 | 5/5 | - | 3/3 | - | 3/3 | 4/4 |
| CHENG SIAK KIAN | 1/1 | 5/5 ⁽¹⁾ | 4/4 | 3/3 | - | 3/3 | - |
| JEFFREY SIM VEE MING | 1/1 | 5/5 ⁽²⁾ | 4/4* | 3/3* | 2/2 | 3/3 | 4/4 |
| LIM TIEN HOCK | 1/1 | 5/5 | 4/4* | - | 2/2 | 1/1* | 1/1 ⁽³⁾ |
| DESMOND CHOO PEY CHING | 1/1 | 5/5 | 4/4 | 2/3 ⁽⁴⁾ | - | - | 3/4 ⁽⁴⁾ |
| CHUA MUI HOONG | 1/1 | 5/5 | 1/1 ⁽⁵⁾ | - | 2/2 | - | 3/3 ⁽⁵⁾ |
| SUSAN KONG YIM PUI | 1/1 | 5/5 | 4/4 | 3/3 | - | 3/3 | - |
| LEE SOK KOON | 1/1 | 5/5 | 4/4 | - | 2/2 | 3/3 | - |
| LIM SEH CHUN | 1/1 | 5/5 | - | 3/3 | - | - | 4/4 |
| CHRISTINA LIM YUI HUNG | - | 1/2 ⁽⁶⁾ | - | - | - | - | 1/1 ⁽⁶⁾ |
| TAN KIM SIEW | 1/1 | 5/5 | 4/4 | 2/3 ⁽⁷⁾ | 2/2 | - | - |
| YU CHING MAN | 1/1 | 5/5 | - | - | 2/2 | 3/3 | 4/4 |

Legend:

- Independent Non-Executive Director
- Non-Independent Non-Executive Director
- Non-Independent Executive Director
- * By Invitation

Notes:

- (1) Mr Cheng Siak Kian stepped down as Group CEO and was re-designated as a Non-Independent Non-Executive Director and Deputy Chairman of the Board of the Company on 1 January 2023. He stepped down from the SQC and the SC and was appointed a member of the ARC and the NRC.
- (2) Mr Jeffrey Sim Vee Ming was appointed as Group CEO and Non-Independent Executive Director and a member of the SQC, the TIC and the SC on 1 January 2023.
- (3) Mr Lim Tien Hock stepped down from the SC at the Company's Annual General Meeting held on 27 April 2023.
- (4) Mr Desmond Choo was absent with apologies, from the NRC meeting held on 4 August 2023 and the SC meeting held on 22 November 2023.
- (5) Ms Chua Mui Hoong was appointed member of the SC and stepped down from the ARC at the Company's Annual General Meeting held on 27 April 2023.
- (6) Dr Christina Lim Yui Hung was appointed as an Independent Non-Executive Director and a member of the SC with effect from 1 October 2023. She was absent with apologies, from the Board meeting held on 10 November 2023.
- (7) Dr Tan Kim Siew was absent with apologies, from the NRC meeting held on 4 August 2023.

1.6 ACCESS TO INFORMATION

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

Directors can request for additional information and have full access to Management. Management provides information requested by Directors for their meetings and decision-making in a timely manner.

1.7 INDEPENDENT PROFESSIONAL ADVICE

Should there be a need to obtain independent professional advice on matters relating to the businesses of the Group or issues affecting the duties of the Directors, the Company will arrange for the appointment of relevant professional advisers at its own cost.

1.8 COMPANY SECRETARIES

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

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PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

BOARD COMPOSITION

The Company has consistently met with or exceeded the minimum requirements of the Code and Rule 210(5)(c) of the SGX-ST Listing Manual by ensuring that at least one-third of the Board is independent and the majority is non-executive. As at 31 December 2023, the Board comprised twelve (12) Directors with two-thirds of the Board being Independent Directors.

With effect from 1 January 2023, Mr Cheng Siak Kian assumed the position of the Managing Director and Group Chief Executive Officer of ComfortDelGro Corporation Limited ("**ComfortDelGro**") and relinquished his position as SBS Transit's Chief Executive Officer ("**CEO**"). Whilst he remains the Deputy Chairman of the Company, he is deemed to be a nominee of the majority shareholder and is therefore, a Non-Independent Director of the Company. Mr Jeffrey Sim Vee Ming was appointed the Group CEO and Non-Independent Executive Director, with effect from 1 January 2023. Ms Susan Kong Yim Pui was appointed a Director of ComfortDelGro on 1 January 2023, and as such, is also deemed to be a nominee of the majority shareholder, and has been re-designated as a Non-Independent Director. Consequently, Ms Kong stepped down as the Chairman of the NRC but remained as a member of the Committee.

Given that Professor Lim, Professor Yu and Ms Chua had indicated their wish to retire as Directors of the Company at the coming Annual General Meeting ("**AGM**") on 25 April 2024 ("**2024 AGM**"), the NRC commenced its search for potential candidates as part of the Board's succession and renewal plans. Dr Christina Lim Yui Hung was identified for her deep knowledge in mechanical engineering with focus on friction, wear and erosion of materials, to fill the competency and skills gap which would be created after both Professor Lim and Professor Yu vacated the Board. After affirming her suitability, the Board appointed her as an Independent Director of the Company in October 2023. The NRC later also identified, Mr Patrick Daniel, a media veteran who would be able to fill the skills gap to be created by Ms Chua. The NRC also noted that it was important to the Company to have a director who has deep knowledge and experience in technology, data systems and cybersecurity to beef up the skills competency of the Board in this evolving technology-driven market. Mr Edwin Yeo Teng Chuan was recommended by an independent source. After a series of rigorous interviews with the NRC, Mr Daniel and Mr Yeo were appointed as Independent Directors of the Company with effect from 1 January 2024.

With Mr Daniel's and Mr Yeo's appointments, the Board as at present comprises fourteen (14) Directors of whom ten (10) Directors (approximately 71%) are Independent Directors. There is a strong level of independence in the Board as the majority of the Board, including the Chairman, are Independent Directors with no family relations with the Executive Directors and Key Management Personnel ("**KMP**"). No person will be able to exercise undue influence over the

decisions of the Board as Independent Directors continue to be the majority.

2.1 INDEPENDENT JUDGEMENT

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

Pursuant to Regulation 111 of the Company's Constitution, a Director must not vote in respect of any contract or arrangement or any other proposal in which the Director has any personal interest, whether directly or indirectly. Each Director makes it a point to declare to the Board should he/she have any interest in the subject matter before any discussion or decision-making process and recuse himself/herself therefrom to avoid any compromise in the Board's objectivity in its judgement or decision-making.

The Board's practices in relation to conflicts of interest are set out in the section "Conflicts of Interest" on page 49.

2.2 INDEPENDENT DIRECTORS

As mentioned above, as at 31 December 2023, the Board comprised twelve (12) Directors with two-thirds of them being Independent Directors, and as at present, the Board comprises fourteen (14) Directors with 71% of them being Independent Directors. There is a strong level of independence in the Board, and the current Board composition exceeds the requirement under the SGX-ST Listing Rules and the Code that at least one-third of the Board must be Independent Directors.

As the Chairman, Mr Bob Tan Beng Hai, is an Independent Non-Executive Director ("**NED**"), a Lead Independent Director is not required. The Chairman, the Group CEO, and the Deputy Chairman are different persons and are not immediate family members. The Chairman and the Deputy Chairman are also not part of the Management team. No person will be able to exercise undue influence over the decisions of the Board as Independent Directors continue to be the majority.

The NRC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist which is drawn up in accordance with the guidelines provided in the Code and requires each Director to assess his/her own independence. Each Director is required to declare any circumstances in which he/she may be considered non-independent. The NRC will then review the Confirmation of Independence to determine whether a Director is independent. The NRC deems a Director who is associated with a majority shareholder in the current and immediate past financial year as non-independent. Mr Cheng Siak Kian, the Non-Executive Deputy Chairman and Ms Susan Kong Yim Pui, a NED, are deemed as non-independent as both are nominees of ComfortDelGro. Mr Jeffrey Sim Vee Ming

and Mr Lim Tien Hock are deemed non-independent as they are both Executive Directors and respectively Group CEO and CEO, Bus Business.

Professor Lim Seh Chun is the only Independent NED, who has served on the Board for more than nine (9) years. However, Professor Lim was re-elected as an Independent NED of the Company at the AGM in 2021 pursuant to a two-tier shareholder vote prescribed under Rule 210(5)(d)(iii) of the SGX-ST Listing Manual prior to its revocation, and shall continue to be designated as Independent NED until the earlier of Professor Lim's retirement or resignation as Director, or the conclusion of the AGM of the Company in 2024.

The NRC has also reviewed the independence of Dr Tan Kim Siew and recommended to the Board that he continued to be deemed Independent Director of the Company for the reasons set out below, and the Board has concurred with the NRC's views:

- Dr Tan is an Independent Non-Executive Director of VICOM Ltd ("**VICOM**") which is a subsidiary of the Company's majority shareholder, ComfortDelGro. The value of the transactions (excluding those based on published rates) between the Group on the one hand and VICOM and its subsidiaries ("**VICOM Group**") on the other will be in excess of S\$200,000 for FY2023, and is approximately S\$442,000 for the nine months ended 30 September 2023. The transactions are mainly in respect of testing and training services as well as rental of premises for the vehicle inspection business by the VICOM Group. All services were procured in accordance with the Company's procurement policies and entered into on an arm's length basis, and the rent for the rental of premises was based on an independent valuation.
- Notwithstanding the transactions between the VICOM Group and the Group as mentioned above, the NRC was of the view and recommended to the Board that Dr Tan should continue to be considered an Independent Director of the Company for the following reasons:
 - (1) Dr Tan had consistently declared at the meetings his directorship at VICOM Group, where appropriate, and would declare any conflict of interest and recuse himself from deliberating and voting on any transaction that involves the VICOM Group.
 - (2) The value of transactions (excluding those based on published rates) between the VICOM Group and the Group is not substantial in relation to the total revenue of the VICOM Group or the Group, and further, all transactions were entered into on an arm's length basis and/or based on an independent valuation.

(3) Dr Tan's independence is reviewed annually or as and when necessary.

(4) Dr Tan has been acting in the best interests of the Company.

In assessing the independence of a Director, the NRC and the Board take a holistic approach, taking into consideration various factors such as whether the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. Except where SGX-ST Listing Rule 210(5)(d)(iv) (which states that a Director will not be independent if he has been a Director of the issuer for an aggregate period of more than nine years (whether before or after listing)) applies, the length of service is not a critical factor in determining the independence of any Director but it should nevertheless remain one of the factors in considering Directors' independence.

The Board is of the view that all Independent Directors remain independent in the exercise of their judgement on Board matters. SGX-ST Listing Rule 210(5)(d)(iv) does not apply to any of the Directors in office as at 31 December 2023, except for Professor Lim Seh Chun who, as mentioned earlier, has served the Board for more than nine (9) years, and is due to retire at the forthcoming 2024 AGM.

The NRC will continue to review the independence of the Directors of the Company on an annual basis and as and when, material circumstances change.

2.3 NON-EXECUTIVE DIRECTORS

As at 31 December 2023, the Board comprised twelve (12) Directors with 83% of them being NEDs. At present, the Board comprises fourteen (14) Directors with 86% of them being NEDs. The Independent NEDs are led by the Independent Non-Executive Chairman of the Board.

2.4 BOARD SIZE, COMPOSITION, DIVERSITY AND COMPETENCY

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

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The bulk of the Group's businesses are regulated. Having considered the scope and nature of the operations of the Group and the requirements of its businesses, the NRC and the Board are of the view that the size of the Board of eleven (11) Directors, taking into account the planned retirements of Directors at the 2024 AGM as mentioned above, is appropriate.

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

BOARD DIVERSITY POLICY

The Company adopted a Board Diversity Policy in 2019 which focuses on ensuring an appropriate balance and mix of skills, knowledge, experience, age, gender and other aspects of diversity within the Board to avoid groupthink and bias, and instead foster constructive debate and achieve effective decision-making in the best interests of the Group. Under the Board Diversity Policy, the NRC will discuss and agree annually the relevant measurable targets for promoting and achieving diversity in the composition of the Board and Board Committees and make its recommendations for consideration and approval by the Board.

In reviewing the Board composition and succession planning, the NRC considers various aspects of diversity, with all Board appointments and re-appointments based on merit, and due consideration being given to a candidate's suitability in strengthening the diversity of skills, experience, age, gender, knowledge and core competencies of the Board relevant to the Group. In relation to gender diversity, the Board ensures that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board, and in 2023, the Board adopted a guideline that at least one female Director sits on each Board Committee including the NRC.

As at 31 December 2023 and at present, out of twelve (12) Directors and fourteen (14) Directors respectively, four (4) Directors (or respectively, 33% and 29%) were females. As at 31 December 2023, two (2) female Directors sit on the ARC, one (1) female Director sits on the NRC, and two (2) female Directors sit on each of the SQC, TIC and SC. At present, after SC and SQC were combined to form SSQC, two (2) female Directors sit on the ARC, one (1) female Director sits on the NRC, and two (2) female Directors sit on each of the SSQC and TIC. The number of female Directors on the ARC, TIC, and SSQC at present exceeds the Company's Board Diversity Policy guideline while the number of female Directors on the NRC meets the guideline. The Company has also exceeded the target of the Council for Board Diversity to have at least 25% of Board seats held by females by 2025.

The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, legal, engineering, internal security, media, regulatory and business management, which are important to the Group as the Group is in the public transport services business and has to deal with various stakeholders including members of the public (being its customers), trade associations, professional bodies and regulators. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

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

The Board has noted that one (1) of the current Independent NEDs, Professor Lim Seh Chun, who has served on the Board for more than nine (9) years and who was re-elected at the 2021 AGM as an Independent NED pursuant to a two-tier shareholder vote prescribed under the Rule 210(5)(d)(iii) prior to its repeal, would cease to be considered independent by the 2024 AGM and that one (1) other Independent NED will have served on the Board for nine (9) years by 2026. Ms. Chua and Professor Yu had expressed their wish to retire as Directors at the conclusion of the 2024 AGM. Ms Chua had indicated that she would be spending more time outside of Singapore and felt that she would not be able to dedicate enough time to discharging her responsibilities on the Board. Professor Yu, who had been commuting from Hong Kong for Board meetings and had been offered a new appointment in the Middle East in 2024, indicated his regret that commuting for Board meetings would be more challenging for him and, therefore, indicated his desire to also retire from the Board at the 2024 AGM.

Taking into account the planned retirements of Directors as mentioned above, the Board will have seven (7) Independent Directors, two (2) Non-independent Non-Executive Directors and two (2) Non-Independent Executive Directors at the conclusion of the 2024 AGM. This means that approximately 64% of the Directors as at the conclusion of the 2024 AGM will be Independent Directors and thereby meeting the requirement under Rule 210(5)(c) of the SGX-ST Listing Manual.

In the search for suitable Directors for Board renewal, the Board will look for candidates with competencies and characteristics of diversity in the areas of gaps identified by the Board pursuant to periodic reviews.

The NRC and the Board shall review the size and composition of the Board annually to determine the optimal Board size and composition, having regards to the business and governance needs of the Group.

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

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

The individual profile of the Directors, their listed company directorships and principal commitments held currently and/or in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 18 to 25 and pages 75 to 79 of this Annual Report.

2.5 NON-EXECUTIVE DIRECTORS' PARTICIPATION

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

As at 31 December 2023 and at present, all the members of the ARC and NRC are NEDs. There is no Executive Director on these Board Committees. However, the Group CEO is invited to attend the ARC and NRC meetings to provide feedback and emphasise the responsibilities placed on Management.

The Chairman, who is not a member of the ARC, meets with the Chairperson of the ARC and the External Auditors annually without the presence of Management. From time to time when required, the NEDs, led by the independent Chairman or other NED as appropriate, meet without the presence of Management before or after Board Meetings. The chairperson of such meetings provides feedback to the Board and/or Chairman as appropriate.

BOARD INDEPENDENCE (As at 31 December 2023)

INDEPENDENT
NON-EXECUTIVE DIRECTOR



67%

NON-INDEPENDENT/
EXECUTIVE DIRECTOR



33%

BOARD GENDER DIVERSITY (As at 31 December 2023)

FEMALE



33%

MALE



67%

DIRECTORS' LENGTH OF SERVICE (As at 31 December 2023)

SERVED LESS THAN 9 YEARS

SERVED MORE THAN 9 YEARS



92%



8%

CORPORATE GOVERNANCE

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

3.1 CHAIRMAN AND THE GROUP CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Group CEO are kept separate and distinct to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. This is a deliberate policy agreed by the Board and one that is strictly adhered to. This ensures Management accountability and Board independence.

3.2 ROLES AND RESPONSIBILITIES OF CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

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

Roles and Responsibilities of the Chairman:

- (i) Leads the Board, facilitates effective contribution of all Directors, sets the agenda and promotes comprehensive, rigorous and open discussions at Board Meetings among the Directors, as well as between the Board and Management;
- (ii) Oversees the translation of the Board's decisions into executive action;
- (iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with shareholders and other stakeholders;
- (iv) Encourages constructive conversations and cordial relations within the Board, between the Board and Management and the Board and the Group CEO; and
- (v) Promotes high standards of corporate governance and transparency.

The Group CEO:

The Group CEO is the highest-ranking executive in the Group. His primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Group, and acting as the main point of communication between the Board and corporate operations. He is responsible for implementing the corporate strategy and is accountable to the Board for the Group's performance and ensuring efficient allocation of capital across the Group. The Group CEO is also responsible for setting the example of leadership and creating a conducive environment towards a sustainable work culture that builds teams to succeed and attract talent. The Group CEO also serves as the public face of the Group, engaging in media and public relations.

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

3.3 LEAD INDEPENDENT DIRECTOR

The appointment of a Lead Independent Director is not required as the Chairman is an Independent Director and the Chairman and the Group CEO are different persons. Moreover, the majority of the Board are Independent Directors and none is part of Management or has a relationship with the Group CEO and his immediate family members. The ARC Chairperson is also readily available to shareholders if they have concerns for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

There are mechanisms for the Board to address any concern with conflict of interests, which are explained in the paragraph "Conflicts of Interest" on page 49.

3.4 INTERNAL AND EXTERNAL STAKEHOLDERS COMMUNICATION

The Chairman and the Group CEO represent the Board at official functions and meetings with shareholders and other stakeholders such as employees, regulators and customers. A detailed description of our engagements with stakeholders can be found in our Sustainability Report, which will be released separately.

PRINCIPLE 4: BOARD MEMBERSHIP

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

4.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE

In 2021, the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") were merged to streamline their respective functions for greater efficiency in reviewing the appointment, performance and remuneration of Directors and KMP. Notwithstanding that the NC and RC were merged into the NRC, the roles and responsibilities of the respective functions were not compromised and the Company continues to adhere to the principles of the Code in relation to the NC and the RC.

The NRC is responsible for (i) regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place for Directors and KMP (the "**NC Role**"); and (ii) setting the Group's remuneration policies for Directors, Group CEO, Executive Directors, KMP and other senior executives (the "**RC Role**"). The details of the RC Role are found on page 62 of this Annual Report.

NC ROLE

The renewal of Board membership is an ongoing process to ensure good governance and to maintain relevance in a changing business environment. All decisions by the NRC are made by a majority of votes of the NRC members who are present and voting. The key terms of reference of the NRC include the following:

- (i) Review the structure, size and composition of the Board;
- (ii) Review the succession plans for the Directors and KMP, in particular the appointment and/or replacement of the Board Chairman, Deputy Chairman, Directors, Group CEO and other KMP, and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;
- (iii) Develop and maintain a formal performance evaluation framework to assess and evaluate the effectiveness of the Board, the Board Committees and individual Director's performance;
- (iv) Assess the effectiveness of the Board and Board Committees and the contributions by each individual Director to the effectiveness of the Board;
- (v) Determine annually, and as and when circumstances require, if a Director continues to be considered independent; and
- (vi) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors.

4.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As at 31 December 2023, the NRC comprised six (6) NEDs, of whom four (4), including the NRC Chairman, are independent. The composition of the NRC therefore complies with the requirement under the Code which specified that the NC comprises at least three (3) directors, the majority of whom, including the NC Chairman, are independent.

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

As part of the Board succession plan, potential candidates may be identified from time to time for appointment to the Board after the NRC evaluates and assesses their suitability in strengthening the diversity of skills, experience, age, gender, knowledge and relevant core competencies of the Board whilst ensuring that there is a balanced tripartism experience from government, labour and business to avoid unproductive groupthink and bias.

The process for selection of new Directors is as follows:

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

In compliance with the Bus Services Industry Act 2015 and the Rapid Transit Systems Act (Cap. 263A), all appointments to the Board are subject to approvals of the Land Transport Authority of Singapore.

The Constitution of the Company provides that one-third of the Directors are subject to retirement and re-election by rotation at every AGM. All Directors are required to retire from office at least once every three (3) years. Re-election is, however, not automatic, and all Directors are assessed by the NRC on their past performance and contributions before being recommended to shareholders for re-election at the AGM. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments.

At the forthcoming AGM, Mr Tan Beng Hai and Ms Lee Sok Koon are due for re-election pursuant to Regulation 100 of the Company's Constitution. Pursuant to Regulation 106 of the Constitution, newly appointed Directors will hold office until next AGM and shall then be eligible for re-election. Accordingly, Dr Christina Lim Yui Hung, who was appointed as Director of the Company on 1 October 2023, and Mr Patrick Daniel and Mr Edwin Yeo Teng Chuan, who were appointed as Directors of the Company on 1 January 2024, will stand for re-election at the coming 2024 AGM.

ALTERNATE DIRECTOR

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

4.4 REVIEW OF INDEPENDENCE

The process undertaken by the NRC to review the independence of the Directors is set out in pages 54 and 55 above.

The NINE-YEAR RULE

In determining the independence of a Director with less than 9 years of service, the NRC's approach has been a holistic one, taking into consideration various factors such as whether the Director has any interest, business, relationship and/or any other material contractual relationship with the CDG Group which could compromise or reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. Except where SGX-ST Listing Rule 210(5)(d)(iv) (which states that a Director will not be independent if he has been a Director of the issuer for an aggregate period of more than nine years (whether before or after listing)) applies, the length of service is not a critical factor in determining the independence of any Director but it should nevertheless remain one of the factors in considering Directors' independence.

SGX-ST Listing Rule 210(5)(d)(iv) does not apply to any of the Directors in office as at 31 December 2023 or at present, except for Professor Lim Seh Chun who is due to retire at the forthcoming 2024 AGM.

The NRC will continue to review the independence of the Directors of the Company on an annual basis and as and when, material circumstances change.

4.5 MULTIPLE DIRECTORSHIPS AND PRINCIPAL COMMITMENTS

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

- A Director who is in full-time employment should not serve as a Director on the Board of more than two (2) listed companies; and
- A Director who is not in full-time employment should not serve as a Director on the Board of more than five (5) listed companies.

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NRC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman for approval. As a policy, the Chairman himself should not hold more than five (5) directorships in listed companies if he is not in full-time employment and not more than two (2) directorships in listed companies if he is in full-time employment.

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

As a policy, the Group CEO, being an executive of the Company, besides adhering to the guidelines set on the maximum number of board representations on listed companies, will also have to seek the approval of the Chairman before accepting any directorships of companies not within the Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the Group CEO and whether the new external directorships will provide strategic fit and networking for the businesses of the Group. The Chairman will also ensure that the Group CEO will not accept appointments to the boards of competitors.

As at 31 December 2023, all Directors complied with the guidelines on multiple board representation.

4.6 BOARD SUCCESSION PLANNING

The NRC makes recommendations to the Board on the review of succession planning for Directors, in particular the Chairman and the Group CEO, as well as KMP, as follows:

- (i) Long-term planning, to identify competencies needed for the Company's strategy and objectives;
- (ii) Medium-term planning, for the orderly replacement of Board members and KMP: and
- (iii) Contingency planning, for preparedness against sudden and unforeseen changes.

In relation to Directors, the NRC aims to maintain an optimal Board composition by considering the trends and factors affecting the long-term success of the Company, reviewing the skills needed, and identifying gaps, which includes considering whether there is an appropriate level of diversity of thought.

In relation to KMP succession, the NRC takes an active interest in the performance and management of key talent within the Group, including identifying strong candidates and developing them to take on senior positions in future.

4.7 KEY INFORMATION ON DIRECTORS

The profiles of the Directors and key information are set out in this Annual Report from pages 18 to 25.

The Notice of AGM sets out the Directors who are proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors are also available on the Company's website.

PRINCIPLE 5: BOARD PERFORMANCE

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

5.1 BOARD PERFORMANCE EVALUATION

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

5.2 ANNUAL BOARD PERFORMANCE EVALUATION PROCESS

As part of the Company's digitalisation efforts and to increase efficiency in the collation of the yearly Board and Board Committees performance evaluation results, the Company has used a digital platform to enable the Directors to complete all the relevant performance evaluation forms electronically.

The following performance evaluation forms ("**PE Forms**") were completed for FY2023:

- (i) Individual Director Self-Assessment Form ("**IDSA Form**");
- (ii) Board Committee Performance Evaluation ("**PE**") Form for the ARC, NRC, SQC, TIC and SC; and
- (iii) Board Performance Evaluation Form ("**Board PE Form**").

The procedures to complete the electronic performance evaluation forms are as follows:

(a) Individual Director Self-Assessment Form

Each Director will complete an IDSA Form. The Company Secretary will generate the report from the system and send it to the Chairman of the NRC and Board to review.

(b) Board Committee Performance Evaluation Forms for ARC, NRC, SQC, TIC and SC

The respective Board Committee members will complete the relevant Board Committee performance evaluation forms. The Company Secretary will generate a summary of the respective Board Committees' performance evaluation results for the relevant Chairperson to review. The final performance evaluation results of all the Board Committees will then be submitted to the NRC through the Company Secretary and subsequently to the Board for final endorsement.

(c) Board Performance Evaluation Form

The NRC members are responsible for completing the Board PE Form. The Company Secretary will generate a summary of the Board performance evaluation results for the NRC Chairman to review, before submitting to the Board for final endorsement.

In evaluating the performance of the Board, the NRC and the Board take into account the results of the performance evaluation of the Board Committees.

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

The Board and Board Committees evaluates the responses of Directors in the PE Forms, and identify and address any area for improvement highlighted by the responses.

2. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The Board has a formal and transparent process for developing policies on Directors and Executive remuneration, and for fixing the remuneration packages of individual directors and KMP. No Director is involved in deciding his or her own remuneration.

6.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE

RC ROLE

In relation to the RC Role, the NRC plays an important role in setting the Group's remuneration policies for Directors, Group CEO, Executive Directors, KMP and other senior executives. Besides providing the Board with an independent review and assessment of the remuneration packages of the Directors, it also reviews the remuneration framework and strategy for executive compensation, with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success and the enhancement of shareholder value.

6.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As mentioned above, as at 31 December 2023 and at present, all members of the NRC are NEDs, the majority of whom, including the Chairman of the NRC, are independent of Management and are also free from any business or other relationships which may materially interfere with their exercise of independent judgement.

The composition of the NRC therefore complies with the requirement under the Code that the RC comprises at least three (3) directors, all of whom are non-executive and the majority, including the RC Chairman, are independent.

6.3 REMUNERATION MATTERS

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

All decisions by the NRC are made by a majority of votes of the NRC members who are present and voting. Any member of the NRC with a conflict of interest in relation to the subject matter under consideration will abstain from voting, approving or making recommendations that would affect the decisions of the NRC. The Group CEO is not present at and does not participate in any NRC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of other KMP is discussed. No Director is involved in deciding his or her own remuneration.

The key terms of reference of the NRC, in relation to remuneration matters, include the following:

- (i) Establishes a formal and transparent procedure for developing the Group's remuneration policies and fixing the remuneration packages for individual Directors and KMP, and reviews the remuneration framework and strategy for executive compensation, with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success;

- (ii) Reviews and recommends to the Board the remuneration framework and the specific remuneration packages for the Directors, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Reviews and approves the remuneration framework, and the specific remuneration packages of KMP to ensure that they are aligned with the long-term interests of the Group and appropriate to attract, retain and motivate KMP to provide good stewardship of the Group and to successfully manage the Group for the long term;
- (iv) Reviews the Group's obligations arising in the event of termination of Directors' and KMPs' services to ensure that they are fair, reasonable and equitable, including the cessation of financial incentives that have been earned but not yet disbursed, due to exceptional circumstances of misstatement or misconduct; and
- (v) Oversees the administration of the SBS Executive Share Scheme ("**Share Scheme**") which shall include but not be limited to the offer and grant of ordinary shares of the Company ("**Shares**") to KMP within the provisions of the Share Scheme and to delegate any part of the administration of the Share Scheme to any person or a corporate function to give effect to such provisions.

6.4 ACCESS TO GROUP CHIEF HUMAN RESOURCE OFFICER AND EXTERNAL REMUNERATION CONSULTANTS

The NRC has unrestricted access to the Group Chief Human Resource Officer, who attends all NRC meetings and provides the relevant market remuneration data and practices to the Committee. The NRC may also seek external independent expert advice on such matters where needed. Where such advice is sought, the NRC will ensure that there is no existing relationship between the Group and its appointed consultants that will affect the independence and objectivity of the consultants.

The Group continued to engage the services of an external consulting firm, Willis Towers Watson in FY2023, to conduct an executive compensation benchmarking exercise for an independent review of the compensation packages of its senior executives.

The NRC is of the view that there is no existing relationship between Willis Towers Watson and the Group that would affect their independence and objectivity.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

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

7.1 PERFORMANCE-RELATED REMUNERATION

The Group is committed to creating and enhancing shareholder value through growth that is sustainable and profitable. The remuneration packages of the Group CEO and KMP comprise fixed and variable components, and are appropriate and proportionate to the sustained performance and value creation of the Group. The variable component in the form of year end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group's guidelines on fixed to variable component ratios in respect of remuneration packages are 70:30 for rank and file employees, 60:40 for middle management employees and 50:50 for senior management employees. Notwithstanding the guidelines, the actual remuneration packages for employees are ultimately determined on a case-by-case basis with the aim of maximising employee engagement and retention. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the employees with those of shareholders and contributes to sustainable performance and value creation in the long-term.

Total Shares granted to the Directors of the Company in FY2023 in relation to their contributions as Executive Directors in FY2022 are as follows:

| NAME OF PARTICIPANT | SHARE AWARDS GRANTED DURING FY2023 (SHARES AWARDED TO BE VESTED OVER 4-YEAR PERIOD) | AGGREGATE SHARE AWARDS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2023 | AGGREGATE SHARE AWARDS VESTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2023 | AGGREGATE SHARE AWARDS OUTSTANDING AS AT END OF FY2023 (UNVESTED SHARES) |
|-----------------------------|---|--|---|--|
| CHENG SIAK KIAN | 80,000 | 110,000 | 7,500 | 102,500 |
| JEFFREY SIM VEE MING | 50,000 | 75,000 | 6,250 | 68,750 |
| LIM TIEN HOCK | 35,000 | 35,000 | – | 35,000 |

None of the abovementioned Directors participated in any discussion or decision on the matter of his own Share awards.

(1) Details of SBS Executive Share Scheme are found in the Directors' Statement on page 88 of this Annual Report.

SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES – SBS EXECUTIVE SHARE SCHEME⁽¹⁾

The Company obtained shareholders' approval at its AGM held on 29 April 2022 to implement the Share Scheme for Executive Directors and Key Executives as part of the long-term incentive programme to attract talent, retain them and reward those who make significant contributions to the Group.

The NRC may attach such relevant conditions to the awards under the Share Scheme as it may determine at its absolute discretion, including but not limited to, the satisfaction of performance targets and applicable performance periods, vesting schedule pursuant to which awards shall vest, and/or lapsing of awards in the event of misconduct or breach of the terms of employment.

The aggregate number of Shares which may be granted under the Scheme shall be subject to the applicable limits prescribed under the Listing Manual.

The Board and the NRC, which administers the Share Scheme, believe that the Share Scheme will help ensure that the Group continues to have a strong leadership team, credible talent pipeline and reinforce the delivery of long-term shareholder value.

In FY2023, a total of 567,000 (FY2022: 411,000) Share awards were granted to selected Senior Employees of the Group under the Share Scheme. This included a grant of 80,000 Share awards to the Deputy Chairman, Mr Cheng Siak Kian, for his contributions as an Executive Director in FY2022, 50,000 Share awards to the Group CEO, Mr Jeffrey Sim Vee Ming, and 35,000 Share awards to the Chief Executive Officer of Bus Business, Mr Lim Tien Hock. These are time-based awards to be vested over a four-year period.

CORPORATE GOVERNANCE

7.2 REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

The Directors' fee structure for FY2023 and FY2024 is set out below:

| BOARD | BASIC FEE (PER ANNUM) | | | |
|-----------------|-----------------------|--|--|--|
| CHAIRMAN | S\$73,000 | | | |
| DEPUTY CHAIRMAN | S\$54,750 | | | |
| MEMBER | S\$36,500 | | | |

| BOARD COMMITTEE | ADDITIONAL FEES (PER ANNUM) AS | | | |
|---|--------------------------------|-----------|-----------|-----------|
| | CHAIRMAN | | MEMBER | |
| | FY2023 | FY2024 | FY2023 | FY2024 |
| AUDIT AND RISK COMMITTEE | S\$24,333 | S\$24,333 | S\$17,033 | S\$17,033 |
| NOMINATING AND REMUNERATION COMMITTEE | S\$14,600 | S\$14,600 | S\$10,220 | S\$10,220 |
| SERVICE QUALITY COMMITTEE* | S\$12,167 | – | S\$8,517 | – |
| TENDERS AND INVESTMENTS COMMITTEE | S\$12,167 | S\$12,167 | S\$8,517 | S\$8,517 |
| SUSTAINABILITY COMMITTEE* | S\$12,167 | – | S\$8,517 | – |
| SUSTAINABILITY AND SERVICE QUALITY COMMITTEE* | – | S\$18,250 | – | S\$12,167 |

* The SQC and the SC were combined to form the SSQC with effect from 1 January 2024. As the roles and responsibilities of the SSQC included those of the SQC and the SC, the SSQC fee is set at the amount equivalent 1.5 times the fee for SQC or SC, or a 50% increase from the fee for SQC or SC.

The attendance fees payable to NEDs for attendance at each Board and Board Committee Meeting and the AGM have reverted to pre-COVID-19 rates as indicated in the table below:

| MEETING | ATTENDANCE FEE (PER MEETING)# | |
|---|-------------------------------|-----------------------|
| | 2022 | 2023 to 2024 |
| | IN-PERSON/DIAL-IN | IN-PERSON/DIAL-IN |
| BOARD / BOARD COMMITTEE MEETING HELD LOCALLY | S\$2,000 | S\$2,000 / S\$1,000 |
| BOARD / BOARD COMMITTEE MEETING HELD OVERSEAS | US\$2,000 | US\$2,000 / US\$1,000 |

For 2023, Directors were only paid one attendance fee per day irrespective of the number of meetings held on the same day. However, with effect from 1 January 2024, following market practice, Directors will be paid for each Board, Board Committee and other ad-hoc Directors' meeting as well as the AGM.

7.3 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

8.1 REMUNERATION OF DIRECTORS AND EXECUTIVES

REMUNERATION OF GROUP CEO FOR FY2023 IS AS FOLLOWS:

| REMUNERATION | THE GROUP | | | | |
|----------------------|-----------|---------|------------------------|--------|--------------------|
| | SALARY | BONUS | SHARE AWARDS | OTHERS | TOTAL COMPENSATION |
| | \$ | \$ | \$ | \$ | \$ |
| FY2023 | | | | | |
| JEFFREY SIM VEE MING | 366,000 | 289,750 | 156,800 ⁽¹⁾ | 35,960 | 848,510 |

Note

(1) This value includes the total value of the Share award granted to Mr Sim under the Share Scheme and the award of ordinary shares of ComfortDelGro under the ComfortDelGro Executive Share Award Scheme, in respect of his performance in FY2022. The vesting of these awards will be subject to the achievement of performance targets over a 4-year performance period.

DIRECTORS' FEES

Directors' fees are for services rendered by the Non-Executive Directors on the Board as well as the various Board Committees. The amount includes Directors' attendance fees for scheduled Board and Board Committee meetings held throughout the year.

The Directors' Fees of the Non-Executive Directors in FY2023 are as follows:

| | DIRECTORS' FEES |
|--|------------------------|
| | FY2023 |
| | S\$ |
| BOB TAN BENG HAI ⁽¹⁾ | 159,283.33 |
| CHENG SIAK KIAN ⁽²⁾ | 137,220.00 |
| JEFFREY SIM VEE MING ⁽³⁾ | N.A. |
| LIM TIEN HOCK ⁽⁴⁾ | N.A. |
| DESMOND CHOO PEY CHING | 93,270.00 |
| CHUA MUI HOONG ⁽⁵⁾ | 74,286.67 |
| SUSAN KONG YIM PUI | 102,270.00 |
| LEE SOK KOON | 107,866.67 |
| LIM SEH CHUN ⁽⁶⁾ | 98,586.67 |
| CHRISTINA LIM YUI HUNG ⁽⁷⁾ | 17,000.64 |
| TAN KIM SIEW | 100,270.00 |
| YU CHING MAN | 90,700.00 |

Notes

- (1) Mr Bob Tan Beng Hai's Directors' Fees include Directors' Fees from SBS Transit Rail Pte. Ltd., a wholly-owned subsidiary of the Company, where he is Chairman of the Board.
- (2) Mr Cheng Siak Kian's Directors' Fees are paid to ComfortDelGro, and include Directors' Fees from SBS Transit Rail Pte. Ltd., where he is a member of the Board.
- (3) Mr Jeffrey Sim Vee Ming is a Non-Independent Executive Director of the Company. No Directors' Fees will be paid to him for FY2023.
- (4) Mr Lim Tien Hock is a Non-Independent Executive Director of the Company. No Directors' Fees will be paid to him for FY2023.
- (5) Ms Chua Mui Hoong was appointed a member of the SC and stepped down as a member of the ARC on 27 April 2023.
- (6) Professor Lim Seh Chun's Directors' Fees include Directors' Fees from SBS Transit Rail Pte. Ltd., where he is a member of the Board.
- (7) Dr Christina Lim Yui Hung was appointed as an Independent Non-Executive Director and a member of the SC on 1 October 2023. Her Directors' Fees include Directors' Fees from SBS Transit Rail Pte. Ltd., where she was appointed a Director on 1 December 2023.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the KMP in the five (5) key portfolios having regard to the performance of the individuals and the Group, are as follows:

| REMUNERATION FY2023 REMUNERATION BAND | THE GROUP | | | | TOTAL |
|--|-----------|-------|---------------------|--------|--------------|
| | SALARY | BONUS | SHARE AWARDS | OTHERS | COMPENSATION |
| | % | % | % | % | % |
| \$500,000 to \$749,999 | | | | | |
| MOK PENG FAI, ANTHONY | 51.6 | 30.1 | 12.9 ⁽¹⁾ | 5.4 | 100.0 |
| LEE YAM LIM | 51.2 | 29.9 | 12.3 ⁽¹⁾ | 6.6 | 100.0 |
| LIM TIEN HOCK | 45.4 | 30.2 | 20.1 ⁽¹⁾ | 4.3 | 100.0 |
| \$250,000 to \$499,999 | | | | | |
| IVAN TAN ENG KOK | 53.3 | 30.2 | 11.4 ⁽¹⁾ | 5.1 | 100.0 |
| CHEW KUM EE | 52.4 | 26.2 | 14.6 ⁽¹⁾ | 6.8 | 100.0 |

The total remuneration paid to these five (5) KMP holding the key portfolios amounted to S\$2,659,430 in FY2023.

Note

- (1) This value includes the total value of the Share award granted to the KMP under the Share Scheme and the award of ordinary shares of ComfortDelGro under the ComfortDelGro Executive Share Award Scheme, in respect of the KMP's performance in FY2022. The vesting of these awards will be subject to the achievement of performance targets over a 4-year performance period.

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8.2 REMUNERATION OF CERTAIN RELATED EMPLOYEES

During the FY2023, no employee whose remuneration exceeded \$100,000 was a substantial shareholder of the Company, or an immediate family member of a Director or the Group CEO. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

8.3 REMUNERATION AND OTHER PAYMENTS AND BENEFITS FROM THE GROUP TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

During FY2023, no other forms of remuneration and other payments and benefits, were paid by the Company and its subsidiaries to the Directors and the KMP of the Company, except as disclosed above in Sections 8.1 and 8.2.

3. ACCOUNTABILITY AND AUDIT

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

DEALINGS IN SECURITIES

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

All Directors and executives of the Group are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and VICOM on short-term considerations and/or while in possession of unpublished material, price-sensitive or trade sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material, price-sensitive or trade sensitive information relating to those securities.

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

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

9.1 DETERMINATION OF THE NATURE AND EXTENT OF SIGNIFICANT RISKS

Risk management is cardinal and integral part of the Group's strategic planning and decision-making process. Key risks are identified and presented to the ARC and Board half-yearly. Ownership of the risk management process is clearly defined and assigned to the executive and functional level, with stewardship retained at Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy and effectiveness of the risk governance, risk policy and internal controls in place are also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group. A detailed description of the Group's approach to internal controls and risk management can be found from pages 81 to 83 of this Annual Report.

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

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

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

For FY2023, the Board has received assurance from the Group CEO and the Chief Financial Officer ("CFO") that (i) the financial records have been properly maintained and the financial statements are prepared in compliance

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

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

As at 31 December 2023, the ARC comprised three (3) Independent NEDs, including the Chairperson of the ARC, and two (2) Non-Independent NEDs. At present, the ARC comprises three (3) Independent NEDs, including the Chairperson of the ARC, and one (1) Non-Independent NED. None of the ARC members are previous partners or directors of the External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the External Auditors. The Chairman and members of the ARC are rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

10.1 ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

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

- (i) Review the half-year and full-year financial statements, including the significant accounting and financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as any formal announcements relating to the Group's financial performance and recommends to the Board the acceptance of such financial statements;
- (ii) Review and reports to the Board at least annually, the adequacy and effectiveness of the Group's internal control system (including financial, operational, compliance and information technology controls) and risk management systems;
- (iii) Review the assurance from the Group CEO and the CFO on the financial records and financial statements;
- (iv) Review the effectiveness, adequacy, independence, scope and results of the Group's external audit and internal audit function;
- (v) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
- (vi) Review Interested Person Transactions;

- (vii) Make recommendations to the Board on:
 - (a) the proposal to the shareholders on the appointment and removal of the External Auditors; and
 - (b) the remuneration and terms of engagement of the External Auditors;
- (viii) Review and approve the annual audit plans of the External Auditors;
- (ix) Review and approve the Internal Auditors' annual and three-year rolling work plans; and
- (x) Review the policy and arrangements for concerns about possible improprieties in financial reporting or matters to be safely raised, independently investigated and appropriately followed up on, including the Group's Whistleblowing Policy. The Whistleblowing Policy is described on pages 70 and 83 of this Annual Report.

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

10.2 COMPOSITION OF THE AUDIT AND RISK COMMITTEE

As mentioned above, as at 31 December 2023, the ARC comprised three (3) Independent NEDs, including the Chairperson of the ARC, and two (2) Non-Independent NEDs, and at present, the ARC comprises three (3) Independent NEDs, including the Chairperson of the ARC, and one (1) Non-Independent NED.

The ARC members as at 31 December 2023, who collectively bring with them recent and relevant managerial and professional expertise in accounting and related financial management domains, are as follows:

- (i) Ms Lee Sok Koon, Chairperson of the ARC, is an Independent Non-Executive Director of the Company. She is also a member of the TIC. She is also an Independent Non-Executive Director of Japan Foods Holding Ltd, Lum Chang Holdings Ltd and Mooreast Holdings Ltd, all public listed companies on the SGX-ST, and an honorary member of the Fundraising Committee of Singapore Arts School Ltd, Singapore's first pre-tertiary specialised arts school. Ms Lee is an Independent Director of NUS America Foundation, Inc., a tax exempt public charity in the United States of America, and a member of the Finance and Investment Committee of the Singapore Island Country Club from 5 October 2021 to 29 September 2023. Ms Lee was the Director of Operations in the Development Office of the National University of Singapore from May 2012 to August 2017. Prior to this appointment, Ms Lee was the Finance Director of Lum Chang Holdings Ltd and L.C. Development Ltd (now known as AF Global

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Limited), both public companies which are listed on the Singapore Exchange. She was responsible for the finance and corporate affairs of the two listed companies covering all financial matters, corporate governance, tax, legal, corporate communications and internal audit for more than 20 years. Ms Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore in 1975. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Directors in Singapore.

- (ii) Mr Cheng Siak Kian is the Deputy Chairman of the Company as well as a Non-Independent Non-Executive Director of the Company. He is a member of the NRC and the TIC. He first joined the Company in September 2015 and served as Senior Vice President in the bus operations division where he was an integral member of the tender team that was successful in its bid for the Seletar Bus Package. In December 2016, he was posted to Australia to helm the New South Wales operations of ComfortDelGro. He returned to the Company in July 2019 to assume the appointment of Chief Operating Officer and was promoted to Acting Chief Executive Officer on 1 March 2020. Subsequently, he was appointed the Chief Executive Officer of the Company from 1 March 2021 to 31 December 2022 with a concurrent appointment as Group Deputy Chief Executive Officer of ComfortDelGro from 16 March 2022 until 31 December 2022. Mr Cheng stepped down as Chief Executive Officer of the Company on 1 January 2023 to assume the position of Managing Director/Group Chief Executive Officer of the ComfortDelGro Group. He obtained a Bachelor of Electrical and Electronic Engineering (First Class) from the University of Manchester, United Kingdom and a Master of Business Administration from the Massachusetts Institute of Technology, USA.
- (iii) Mr Desmond Choo Pey Ching is an Independent Non-Executive Director of the Company. He is also a member of the NRC. Mr Choo is currently the Assistant Secretary-General and Director of Policy Division at National Trades Union Congress (NTUC), overseeing the economic and social policies, strategic communications and international affairs teams. He is also the Executive Secretary of the Union of Telecoms Employees of Singapore and Adviser to Young NTUC. Mr Choo is an elected Member of Parliament for Tampines Group Representative Constituency and the Adviser to Tampines Changkat Grassroots Organisations since 2015. He is also the Mayor of the North East District, overseeing social and community development for 20 constituencies. He also serves as Chairman of the Government Parliamentary Committee (GPC) for Manpower. Mr Choo also sits on the Board of Directors for Surbana Jurong Pte Ltd since June 2018. Prior to NTUC, he had served in various roles in the Singapore Police Force (SPF), Ministry of Manpower as well as in the private sector. Prior to his NTUC appointment, he was Senior Vice President, Investments, of Kestrel Capital Pte Ltd. Mr Choo was awarded the SPF Overseas Merit Scholarship in 1997 to read Economics and Social Sciences at the University of Chicago.
- (iv) Ms Susan Kong Yim Pui is a Non-Independent Non-Executive Director of the Company. She is a member of the ARC, the NRC, and the TIC. Ms Kong was appointed an Independent Non-Executive Director of ComfortDelGro, the Company's parent company, with effect from 1 January 2023, when she was re-designated a Non-Independent Non-Executive Director of the Company and also stepped down as Chairperson of the NRC but remained a member. She has an LLB (Hons) from the National University of Singapore and has been a practising lawyer for more than thirty (30) years and is recognised as a leading practitioner in the areas of Banking and Finance, Real Estate, Mergers and Acquisitions and Capital Markets. Ms Kong is the founder of Q.E.D. Law Corporation. In her practice, she has advised listed companies and financial institutions on corporate governance and compliance issues. Ms Kong is a Non-Independent Non-Executive Director of SBS Transit, the Chairperson of Singapore Tyler Print Institute and a Director of HealthServe Limited. Ms Kong has also been a Director of Surbana Corporation Private Limited and UOB Radanasin Bank Public Company Limited in Thailand for more than nine (9) years.
- (v) Dr Tan Kim Siew is an Independent Non-Executive Director of the Company. He is a member of both the ARC and the NRC. He is also the Chairman and an Independent Non-Executive Director of VICOM. Dr Tan is presently a Senior Consultant in the Ministry of Finance. From 2012 to 2014, Dr Tan served as the Commissioner of Inland Revenue. Prior to this appointment, Dr Tan was the Permanent Secretary (Defence Development) of the Ministry of Defence from 2003 to 2012. He had also held other appointments in the public service, including Chief Executive Officer of the Urban Redevelopment Authority, Deputy Secretary in the Ministry of Finance and in the Ministry of National Development, Chairman of the Defence Science and Technology Agency, and Chairman of the DSO National Laboratories. Dr Tan was awarded the Public Administration Medal (Silver) (Military) in 1990, the Public Administration Medal (Silver) in 1996, the Public Administration Medal (Gold) in 2001 and the Long Service Medal in 2003 by the President of the Republic of Singapore. Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and Doctor of Philosophy (Engineering) from the University of Cambridge, United Kingdom.

The details of the ARC members' credentials are found on pages 19 to 24 of this Annual Report.

10.3 CONFIRMATION OF NO FORMER PARTNERS OR FINANCIAL INTEREST

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

10.4 INTERNAL AUDIT

The Internal Audit function of the Group is performed by ComfortDelGro's Group Internal Audit Division (the "**IA Division**") comprising suitably qualified and experienced Internal Audit staff including the Group Chief Internal Audit Officer ("**GCIAO**"). The ComfortDelGro Group Internal Audit staff have professional qualifications and are either members of the Institute of Singapore Chartered Accountants, CPA Australia, the Information Systems Audit and the Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairperson of the ARC and administratively to the Managing Director/Group CEO of ComfortDelGro. The ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his performance with the Managing Director/Group CEO of ComfortDelGro.

The IA Division adopts a risk-based approach in its continuous audit work with focus on material internal control systems including financial, operational, information technology and compliance controls. It provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group. The annual audit plan is developed by the GCIAO in consultation with, but independent of, Management and are subject to the ARC's approval before the start of each financial year. Quarterly internal audit reports are also prepared and submitted to the ARC. Any material non-compliance or lapses in internal controls are reported to the ARC and the Group CEO for improvements to be made. The ARC conducts review of the adequacy, effectiveness, independence, scope and results of the internal audit function. The ARC has full access to the GCIAO, and meets with the GCIAO at least once a year without the presence of Management. The IA Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC and has appropriate standing within the Group.

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

successfully completed its external Quality Assurance Review in 2023 by Protiviti and continues to meet or exceed the IIA Standards in all key aspects. The Quality Assurance Review is conducted every 5 years.

The ARC finds the IA Division independent, effective and adequately resourced.

10.5 AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC held four (4) meetings during FY2023. The Group CEO, CFO, and GCIAO were present at these meetings. The External Auditors attended the meetings that discussed the half year and full year results. The ARC reviewed and considered the following:

- (i) Overall scope of both internal and external audits and results of their respective audits;
- (ii) Significant internal and external audit observations and Management's responses;
- (iii) Group Internal Audit Goals in response to Internal Audit Quality Assurance Review;
- (iv) Half-year and full-year results announcements and the financial statements and recommendation to the Board;
- (v) Adoption of the Singapore Financial Reporting Standards (International);
- (vi) Interested Person Transactions;
- (vii) Corporate service charges;
- (viii) Risk management and adequacy and effectiveness of internal controls;
- (ix) Independence of the External Auditors;
- (x) Recommendation to the Board of the appointment or re-appointment of External Auditors and its remuneration; and
- (xi) Significant matters (if any) raised through the Whistleblowing channel.

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

The ARC meets with the Internal and External Auditors annually without the presence of the Management. During these meetings, the Internal and External Auditors may raise issues encountered in the course of their work directly to the ARC.

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10.6 SIGNIFICANT FINANCIAL REPORTING MATTERS

In the review of the financial statements of the Group for FY2023, the ARC considered the following key audit matters:

| SIGNIFICANT MATTERS | REVIEW OF SIGNIFICANT MATTERS BY THE ARC |
|--|---|
| Provision for rail contract and recoverability of debt and equity investments in a subsidiary | The ARC has considered the areas of significant judgement used by Management in projecting the future financial performance of the Downtown Line (DTL) Mass Rapid Transit (MRT) system, North East Line (NEL) MRT system and Sengkang-Punggol Light Rapid Transit system (SPLRT) under the terms of the Consolidated Rail Licence. Following the review and discussions with Management and the External Auditors, the ARC is satisfied with the areas of significant judgement used in projecting the future financial performance of the DTL, NEL and SPLRT under the terms of the Consolidated Rail Licence. |
| Recognition and measurement of provision for accident claims | The ARC considered the approach and methodology applied to the valuation and completeness of the provision for settlement of accident claims. Following the review and discussions with Management and External Auditors, the ARC is satisfied with the estimates used in determining the probability and amounts of expected settlement claims. |

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for FY2023.

10.7 REVIEW OF INDEPENDENCE OF EXTERNAL AUDITORS

The ARC assesses the independence of the External Auditors based on the guidelines set by the Accounting and Corporate Regulatory Authority and the Accountants Act 2004 of Singapore. The ARC is satisfied that the independence of the External Auditors, Ernst & Young LLP (“EY”), is not impaired by their provision of non-audit services to the Group and that Rules 712, 715 and 716 of the SGX-ST Listing Manual have been complied with. The ARC has recommended to the Board that EY be nominated for re-appointment as the Company’s External Auditors at the next AGM. The partner in-charge of auditing the Company is changed every five (5) years as a further safeguard of EY’s independence.

10.8 WHISTLEBLOWING POLICY

The Group’s Whistleblowing Policy provides a mechanism for employees and external parties to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst maintaining confidentiality of the identity of whistleblowers and protecting them from reprisal within

the limits of the law. Employees are given a Group Handbook detailing how they can go about raising their concerns. Incidents can also be reported via a direct Intranet link to the GCIAO or the Chairperson of the ARC.

The contact information is as follows:

- i. GCIAO at DID: +65 6383 7010 or by email to gciao@comfortdelgro.com or via the intranet.
- ii. Chairperson of the ARC via this email: arc_chairman@sbstransit.com.sg

All cases are investigated and overseen by the IA Division, and dealt with promptly and thoroughly. The identities of whistleblowers are kept confidential, and the Group is committed to ensure protection of whistleblowers against detrimental or unfair treatment. The ARC is responsible for oversight and monitoring of whistleblowing.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

11.1 DISCLOSURE OF INFORMATION TO SHAREHOLDERS

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

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

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act 1967, the Company has also taken various additional measures to enhance corporate governance and improve transparency, including:

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

11.2 RESOLUTIONS AND VOTING AT GENERAL MEETINGS

Each issue or matter requiring shareholders' approval is tabled as a separate and distinct resolution. All the resolutions at the shareholders' meetings are single item resolutions. The Company does not practise bundling of resolutions. The Company will consider implementing absentia voting methods such as voting via mail, e-mail or fax when security, integrity and other pertinent issues are satisfactorily resolved.

The Constitution of the Company provides for voting in-person and by proxy at the AGM of the Company. Each shareholder is allowed to appoint up to two (2) proxies to vote on his/her behalf at shareholders' meetings through proxy forms sent in advance. Relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend, speak and vote at shareholders' meetings. Shareholders who hold shares through these relevant intermediaries will be allowed to attend, speak and vote at the AGM subject to being appointed a proxy by their respective relevant intermediaries.

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

11.3 CONDUCT OF SHAREHOLDER MEETINGS INCLUDING DIRECTORS' ATTENDANCE

The Company encourages and supports shareholder participation at general meetings, and views the AGM as a good opportunity for shareholders to meet the Board and Senior Management. The top criterion for selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of shareholders' meetings through notices published in the newspapers and circulars sent to all shareholders. All registered shareholders are invited to attend and participate actively at the AGM and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed resolutions.

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

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11.4 VOTING AT GENERAL MEETING OF SHAREHOLDERS

Similar to the Company's AGM for FY2022 held on 27 April 2023, the Company's AGM for FY2023 to be held on 25 April 2024 will also be held both (i) physically ("**Physical Meeting**") and (ii) by way of electronic means ("**Virtual Meeting**"). This is to facilitate high levels of shareholder engagement, with real-time communication and real-time live voting during the AGM for shareholders and proxies attending the Physical Meeting and Virtual Meeting. Shareholders who are not able to attend the AGM in-person or those who prefer to attend the live webcast may do so by audio or audio-visual means. The Company will adhere to the SGX-ST's guiding principle to provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the Thirty-First AGM of the Company for more information.

11.5 MINUTES OF GENERAL MEETING

The Company prepares minutes of General Meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. The minutes are available to shareholders on the Company's website and SGXNET within one (1) month after the date of the AGM.

11.6 DIVIDEND POLICY

The Company's dividend policy is to pay out at least 50% of profit attributable to shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected capital expenditure and growth opportunities. The Company declares dividend semi-annually and informs its shareholders of the dividend payments via announcements to SGXNET. Dividends are paid to shareholders in an equitable and timely manner.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

12.1 REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to ensuring that accurate and pertinent information is disseminated to the market in a timely and transparent manner as part of good corporate governance. We have put in place an IR programme to promote regular, effective and fair communications with shareholders and the investment community.

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

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

12.2 INVESTOR RELATIONS POLICY

The Company's IR Policy sets out the process and mechanism to promote regular, effective and fair communications with shareholders and the investment community. The dedicated Group IR Team works with senior management to proactively carry out the IR engagement programme, which is described in more detail on page 80 of this Annual Report. The Company's IR Policy is available on the Company's website (www.sbstransit.com.sg/uploads/investor_relations/SBST_Investor_Relations_Policy.pdf).

12.3 AVENUES FOR COMMUNICATION

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

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

5. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company adopts an inclusive approach by balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Group are served.

13.1 IDENTIFICATION OF AND ENGAGEMENT WITH MATERIAL STAKEHOLDERS

The Company has arrangements in place to enable it to engage stakeholders so as to better understand and take action to address their needs and interests. Since the COVID-19 pandemic, the Company has been taking every opportunity to make use of digital means to communicate with shareholders. We were one of the first companies in Singapore to hold hybrid meetings for its shareholders, with real-time communication and real-time live voting.

13.2 MANAGEMENT OF STAKEHOLDER RELATIONSHIPS

The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found in the Group's Sustainability Report. Our Sustainability Report highlights the economic, environmental and social aspects of our developments and operations in accordance with the Global Reporting Initiative Guidelines (G4 Core) and complies with the relevant requirements under the SGX-ST Listing Manual, including Rules 711A and 711B. As part of the Company's sustainability efforts and to ensure more efficient engagement, the Company encourages all shareholders to give their express consent to receive communications to shareholders, including statutory notices for general meetings and other circulars, via email and digital platforms.

13.3 CORPORATE WEBSITE

The Company maintains a corporate website to communicate and engage with stakeholders (www.sbstransit.com.sg).

6. ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

The Company has also undertaken various additional measures to enhance corporate governance as follows:

CORPORATE GIFTS / ENTERTAINMENT POLICY

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

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

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

Business gifts presented and entertainment on the Group's behalf are consistent with generally accepted corporate governance, business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country that the Group operates in or any company with which the Group has dealings.

ANTI-CORRUPTION POLICY

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

BLOCK LEAVE POLICY

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

HEALTH AND SAFETY POLICY

Given the nature of the Group's businesses, the health and safety of the employees and customers are of paramount importance. Safety is, therefore, a perpetual top priority for the Group's operations. The Group complies with applicable statutory requirements and regulations in respect of health and safety, and has put in place procedures to guide proper safe work practices for the well-being of all employees and customers.

Following the issuance of the Workplace Safety and Health ("WSH") Approved Code of Practice relating to Chief Executives and Board of Directors and the Strategic Role of Directors of Holding Companies and Subsidiaries ("COP"), the Group reviewed its work procedures and processes to ensure that its safety policies, standards and practices comply with the Workplace Safety and Health Act 2006 and the COP. The Group's safety policies, standards and practices adhere to the core principles and measures set out in the COP.

Employees are sent for training to enhance their understanding and familiarity with effective WSH practices. They are required to adhere to safety regulations and implement safe work practices that apply to their jobs to ensure a safe work environment for everyone. They are also strongly encouraged to report any safety concerns to improve safety standards at the workplace.

CORPORATE GOVERNANCE

INFORMATION PROTECTION POLICY

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

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

DATA PROTECTION POLICY

All business units are required to comply with applicable laws pertaining to data protection. In particular, the business units in Singapore have implemented data protection policies and practices to ensure compliance with the obligations under the Personal Data Protection Act 2012, including the Do Not Call provisions that came into force in 2014.

CYBERSECURITY POLICY

The Group has adopted the international Information Security Standard ISO 27001 in assessing and formulating the Group's cybersecurity framework. The Group regularly reviews its cybersecurity measures to ensure effective protection of our information technology systems and databases. The Group has implemented multi-layered defences, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. The Group keeps abreast of the evolving threats and the latest techniques, and actively collaborates with cybersecurity authorities and regulators to develop appropriate countermeasures.

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

SUPPLIER ETHICS POLICY

The Group procures a wide range of goods and services from various businesses, companies, persons and entities and requires its suppliers to be in full compliance with all applicable laws and regulations and practises fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and the Group does not condone any corrupt and fraudulent practice.

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

CREDITORS' PAYMENT POLICY

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

7. INTERESTED PERSON TRANSACTIONS

LISTING MANUAL – RULE 907

| NAME OF INTERESTED PERSON | NATURE OF RELATIONSHIP | AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN \$100,000 AND TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920) | AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN \$100,000) |
|-----------------------------------|--|---|---|
| | | | |
| ComfortDelGro Corporation Limited | ComfortDelGro is the majority shareholder of the Company | \$11,652,000 | Nil |
| VICOM Ltd | VICOM is an associate of the Company | \$883,000 | Nil |

The aggregate value of the above transactions does not include the aggregate value of \$3.0 million from the renewal of Licence Agreement disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro for use of the premises.

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