

## CORPORATE GOVERNANCE REPORT

The Board of Directors of ECICS Limited (the "Company") is committed to maintaining high standards of corporate governance in the Company to protect the interests of its shareholders.

As a Singapore incorporated insurer, the Company's practices are guided by the Insurance (Corporate Governance) Regulations 2013 and the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore.

## BOARD RESPONSIBILITY

The Board oversees the businesses and affairs of the Company, sets the Company's overall strategic direction and long-term objectives, reviews the Company's operational and financial performance, the performance of the management, and provides oversight to ensure a proper framework of internal control and risk management is in place. The Board has also adopted a formal schedule of matters reserved to it for its decision and these include:

- Company's strategic direction and long-term plans;
- Statutory accounts;
- Declaration of dividends;
- Annual Business Plans;
- Budgets and financial planning;
- Establishment of joint ventures, major acquisitions and divestments;
- New businesses;
- Capital expenditure or any expenditure of significant amount;
- Banking Facilities of the Company; and
- All major transactions or events.

## BOARD COMPOSITION & BOARD MEETINGS

The Company's Board of Directors currently comprises 3 directors as follows:

Directors	Board Membership
Lim Hua Min	Non-Executive, Chairman
Lim Wah Tong	Non-Executive
Jonathan Mark Chai	Non-Executive, Independent Director

The Board considers its present Board size to be appropriate for its current operations. The Board holds four scheduled meetings in a year. In addition, special meetings may be convened as and when warranted to deliberate on urgent substantive matters. The Board maintains records of all its meetings, including discussions on key deliberations and decisions taken.

## **PROCESS FOR APPOINTMENT OF NEW DIRECTORS AND PRINCIPAL OFFICERS**

The Company has put in place a formal process for the selection of new directors and principal officer. In assessing a potential candidate, the Board would consider factors such as the candidate's integrity and reputation, attributes, capabilities, qualifications and experience as well as the factors for assessment of the fit and proper criteria under MAS Guidelines on Fit and Proper Criteria. All proposed appointments of potential new directors and principal officer are approved by the Board and subject to final approval from the Regulators

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Chairman and the Chief Executive Officer of the Company are separate persons and are not related to each other. The Chairman is a Non-Executive Director and is primarily responsible for the workings of the Board. As Chairman of the Board, he leads the Board in its discussions and deliberation, facilitates effective contribution by Non-Executive Directors and exercises control over the timeliness of information flow between the Board and management. The Chief Executive Officer manages the business of the Company, implements the Board's decisions and is responsible for the day-to-day operations of the Company.

## **REMUNERATION POLICY**

The Company's remuneration policy is directed towards the attraction, retention and motivation of talent to achieve the Company's business objective. The remuneration framework seeks to reward based on high performance within an appropriate overall risk management framework. Hence, the Company subscribes to linking executive remuneration to corporate and individual performance, hence the remuneration framework ensures that rewards and incentives relate directly to the performance of individuals, the operations and functions in which they work for which they are responsible, and the overall performance of the Company. The remuneration framework is approved by the Board and reviewed annually.

## **RISK MANAGEMENT & INTERNAL CONTROLS**

The Board oversees the internal controls and risk management of the Company and reviews the adequacy and effectiveness of the risk management and internal control system that includes financial, operational, compliance and information technology controls established by management, with the assistance of the internal and external auditors. Any significant internal control weaknesses noted during their audits are highlighted to the Board and the internal auditors assist in monitoring that necessary actions are taken by management. The Company's internal audit function is provided by its holding company's Internal Audit Department ("Group Audit"). The Group Audit performs its internal audit function according to the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Company has put in place an enterprise risk management framework which sets out a holistic and structured approach to dealing enterprise risk management, fraud risk management and other risk issues.

Management is responsible for maintaining a sound system of risk management and internal controls. Risk assessment and evaluation is an ongoing process which forms an integral part of the Company's business cycle. Management is guided by the risk tolerance approved by the Board in managing the risks of the Company. Regular risk reviews and assessments are conducted to constantly update the system of internal controls to effectively mitigate the risks to an acceptable level.

The Company's operating units are aware of their responsibilities for the internal control systems and the role they play in ensuring that the financial results are properly stated in accordance with statutory requirements and the Company's policies. The Company has also conducted control self-assessment workshops or surveys for the various business units, functions or processes as part of the risk management and evaluation process to review the key risks of the Company and the internal controls in place to manage or mitigate those risks.

The Board notes that all internal control systems contain its inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Hence, the system of internal controls can only provide reasonable, but not absolute, assurance against material financial misstatement or loss.