

REPORT ON CORPORATE GOVERNANCE

The ARC has reviewed and is satisfied that the independence and objectivity of the external auditor have not been compromised by the provision of non-audit services. Accordingly, it has recommended to the Board the nomination of the external auditor, Ernst & Young LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 27 April 2018. In FY2017, the ARC met once with the external auditor without the presence of the Management.

The details of the remuneration paid to the external auditor for FY2017 are as follows:

	S\$'000
Audit fees paid/payable to:	
– Auditor of the Company	416
– Overseas affiliates of the auditor of the Company	319
Non-audit fees paid/payable to:	
– Auditor of the Company	109
– Overseas affiliates of the auditor of the Company	53

The ARC, having reviewed the nature and quantum of the non-audit fees, was satisfied that the independence of the external auditor had not been compromised by the provision of the non-audit services.

In appointing the audit firms for the Group, the ARC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

KEY AUDIT MATTERS

The external auditor have set out the key audit matters in respect of FY2017 in the Independent Auditor's Report on pages 45 to 50 of the Annual Report. The ARC concurs with the basis and conclusions included in the Independent Auditor's Report with respect to the key audit matters.

WHISTLEBLOWER POLICY

In line with Guideline 12.7 of the Code, the Company has a whistle-blowing procedure in place for employees to raise, in confidence, possible improprieties in matters of financial reporting or other matters. The policy, available on the Company's intranet and employee handbook, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the ARC on a quarterly basis. Under certain circumstances, the ARC will be informed of any complaint, as soon as practicable.

RISK MANAGEMENT AND INTERNAL CONTROLS (*Principle 11*)

The Board recognises that it is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Board appreciates that risk management is an on-going process in which the Management continuously participate to evaluate, monitor and report to the Board and ARC on significant risks.

The ARC under its Terms of Reference as delegated by the Board, has the responsibility to oversee the Group's risk management framework and policies.

The Group has engaged KPMG Services Pte. Ltd. to develop and implement a Board Assurance Framework which includes an enterprise risk management framework to identify the significant risks facing each major business segment, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and Management in risk monitoring, escalation, mitigation and reporting.