



**CORPORATE  
GOVERNANCE  
REPORT 2023**

# CORPORATE GOVERNANCE REPORT

Haw Par Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to upholding good corporate governance practices to enhance long-term shareholder value and safeguard the interests of its stakeholders. It has adopted a framework of corporate governance policies and practices in line with the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”), and taking into consideration, where applicable, the best practices of the accompanying Practice Guidance issued to the Code. The following sections describe the Group’s corporate governance practices and structures that were in place during the financial year ended 31 December 2023 (“**FY2023**”) and explain deviations from any provision of the Code.

## BOARD MATTERS

### Principle 1: Board’s Conduct of its Affairs

***The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

The principal responsibilities of the Board include:

- approving strategic plans and annual budgets;
- approving major funding, acquisition, investment and divestment proposals;
- ensuring that management establishes and maintains a sound system of internal controls, risk management, financial reporting and statutory compliance in order to safeguard shareholders’ interests and the Group’s assets;
- reviewing the performance of management in attaining agreed goals and objectives;
- approving the announcement of financial results and declaring dividends;
- guiding, reviewing and approving corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- reviewing and approving material interested person transactions (“**IPT**”) and related person transactions;
- ensuring succession planning; and
- establishing and upholding an appropriate culture, values and ethical standards at all levels of the Group.

All Board members bring their judgement and breadth of diversified knowledge and experience to bear on issues of strategy (including sustainability and environmental issues), performance, resources and standards of conduct. Board members understand the Company’s business as well as their directorship duties (including their roles as Executive, Non-Executive and Independent Directors), and exercise due diligence and discharge their duties and responsibilities objectively at all times as fiduciaries, in the best interests of the Company. They set an appropriate tone-from-the-top on the desired organisational culture, and to ensure proper accountability within the Company, they have put in place a Code of Business Conduct and Whistle Blowing Policy, more details of which are set out under the Code of Business Conduct and Whistle Blowing Policy section of this Annual Report.

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The Board meets at least four times a year to review the performance and business strategy of the Group. Meetings are scheduled in advance. Ad-hoc meetings are called when there are important and urgent matters requiring the Board's consideration. Board approval is sometimes obtained between scheduled meetings by circular resolutions in writing.

The Group has adopted internal guidelines which set out specific matters requiring Board approval, which are clearly communicated to management in writing. These written guidelines also include financial and non-financial limits of authority given to management. Under the guidelines, Board approval is required for material transactions including joint ventures, mergers and acquisitions, and for the adoption and amendment of the Group risk management policy. In respect of matters in relation to which a Board member has a conflict of interest, such Board member recuses himself from any discussion or decision involving the issue of conflict.

On sustainability issues, the Sustainability Steering Committee ("**SSC**"), consisting of senior management and led by the President and Chief Executive Officer (the "**CEO**"), evaluates sustainability efforts and priorities within the Group. The SSC also formed the Climate Change Sub-Committee to monitor market and regulatory related developments on climate reporting requirements that are consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**").

The SSC reports to the Board, which has considered sustainability issues as part of its overall strategy formulation, and has determined the Environmental, Social and Governance ("**ESG**") factors identified as material to the business of the Group. The Board oversees the management and monitoring of these ESG factors. The material ESG factors that are the focus in the sustainability reporting of the Group for FY2023 include economic performance, compliance and good governance, occupational health and safety of employees, product quality and safety, labour practices and issues, supply chain, and environmental factors. All members of the Board as at 31 December 2023 have undergone training on sustainability matters as prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The sustainability report of the Company can be found on the Company's website at [www.hawpar.com/sustainability](http://www.hawpar.com/sustainability).

The Board has delegated specific responsibilities to four Board Committees, which are the Audit and Risk, Nominating, Remuneration and Investment Committees. Each of these Committees has its own written charter or terms of reference, setting out the Committee's compositions, authorities and duties, including reporting back to the Board. These are reviewed periodically to ensure their continued relevance. Changes to the Board Committees' composition and appointments to the Board Committees are approved by the Board.

The delegation of authority by the Board to the Board Committees is as set out in the table of authority grid approved by the Board.

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The Board held four meetings during FY2023. Directors attend and actively participate in Board and Board Committee meetings, and can attend Board and Board Committee meetings in person or virtually if they are unable to attend in person. The attendance of Directors at the Annual General Meeting (“AGM”), Board and Board Committee meetings held in FY2023 is as follows:

**Table 1:**

## Number of meetings attended in FY2023

Name	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	Investment Committee	AGM
	4	4	1	1	5	1
	Number of Meetings Attended					
Wee Cho Yaw <sup>(5)</sup> (Non-executive / Non-independent)	3/4 <sup>(1)</sup>	N/A	0/1 <sup>(3)</sup>	0/1 <sup>(3)</sup>	4/5 <sup>(1)</sup>	0/1
Wee Ee Chao (Non-executive / Non-independent)	3/4 <sup>(1)(6)</sup>	N/A	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	N/A	1/1
Wee Ee Lim (Executive / Non-independent)	4/4	4/4 <sup>(2)</sup>	N/A	1/1 <sup>(2)</sup>	5/5	1/1
Gn Hiang Meng (Non-executive / Independent)	4/4	4/4	1/1 <sup>(1)</sup>	1/1 <sup>(1)</sup>	N/A	1/1
Chew Choon Soo (Non-executive / Independent)	4/4	4/4	1/1	1/1	N/A	1/1
Low Weng Keong (Non-executive / Independent)	4/4	4/4 <sup>(1)</sup>	N/A	N/A	N/A	1/1
Ong Sim Ho (Non-executive / Independent)	4/4	N/A	N/A	N/A	N/A	1/1

**Notes:**

- (1) Denotes Chairman of the Board / Board Committee.
- (2) Mr Wee Ee Lim was in attendance to provide management’s perspective at the meetings of the Audit and Risk and Remuneration Committees although he is not a member of either Board Committee.
- (3) Dr Wee Cho Yaw stepped down as a member of the Nominating Committee and the Remuneration Committee on 25 April 2023.
- (4) Mr Wee Ee Chao was appointed as a member of the Nominating Committee and the Remuneration Committee on 25 April 2023. There was no meeting for the Nominating Committee and the Remuneration Committee between 25 April 2023 to 31 December 2023.
- (5) Dr Wee Cho Yaw ceased to be a Director upon his demise on 3 February 2024.
- (6) Mr Wee Ee Chao was appointed Chairman of the Board on 26 February 2024.

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The Board and Board Committees also make decisions by way of circulation of resolutions in writing as needed.

Directors are appointed by way of formal letters of appointment which set out their duties and obligations. The Company has in place a comprehensive orientation programme for newly appointed Directors. The programme is tailored according to the profile and experience of new Directors. It includes training in areas such as industry and operational knowledge or accounting updates, duties as Directors and how to discharge those duties as well as meetings with key personnel for new Directors to understand the Group's businesses, governance practices, strategic plans and objectives. Site visits are conducted as needed. The orientation programmes are conducted by the CEO, Company Secretary and various heads of business units and functions, in order to familiarise new Directors with the Group's operations, practices and Code of Business Conduct.

The Company is a corporate member of the Singapore Institute of Directors. The Company encourages Directors to keep abreast of relevant new laws, regulations, changing commercial risks and industry development from time to time, and arranges and funds the training of Directors to attend external courses and talks by professional organisations to develop and maintain their skills and knowledge, as and when relevant and needed. Directors are continuously updated by the Chief Financial Officer ("CFO"), Company Secretary and auditors on developments in the regulatory and business environment affecting the Group. In FY2023, the Directors were given updates on the changes to the Listing Rules of the SGX-ST, sustainability reporting and changes in the new accounting standards and reporting requirements. None of the Directors has appointed an alternate director.

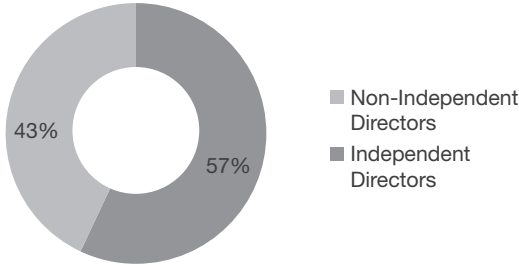
## **Principle 2: Board Composition and Guidance**

***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.***

The Nominating Committee ("NC") implements the Board Diversity Policy which reflects the importance of diversity to the functioning of the Board. Our Diversity Policy seeks to include people with diversity of skills, industry and business experiences, core competencies, gender, seniority in age and experience, qualifications and other relevant attributes which the Board considers useful. The members of the Board in FY2023 reflect a wide range of age and background, and have been drawn from different industries offering a diversity in skills and experience which enable them to serve the needs and plans of the Group. Such skills include core competencies in management, strategic planning and building a customer-focused experience, as well as accounting, finance, legal and knowledge of the Group's businesses. For FY2023, the Board considers the board size of four Non-Executive and Independent Directors out of seven board members to be of appropriate size and diversity mix.

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The Company's board diversity targets, plans and timelines for achieving the targets and progress are as follows:

Diversity Target, Plan and Timeline	Progress								
<p><u>Board Composition</u> Independent Directors make up majority of the Board.</p>	<p>Target achieved – Majority of the Board are Independent Directors.</p>  <table border="1"> <tr> <td>Non-Independent Directors</td> <td>43%</td> </tr> <tr> <td>Independent Directors</td> <td>57%</td> </tr> </table>	Non-Independent Directors	43%	Independent Directors	57%				
Non-Independent Directors	43%								
Independent Directors	57%								
<p><u>Tenure</u> Tenure of Independent Directors fall within at least two of the three tenure groups: - Less than or equal to 3 years; - More than 3 years to 6 years; - More than 6 years to 9 years.</p>	<p>Target achieved – Tenures of Independent Directors fall within at least two of the three tenure groups.</p> <table border="1"> <tr> <td>&gt; 9 years</td> <td>1</td> </tr> <tr> <td>&gt; 6 to &lt;= 9 years</td> <td>0</td> </tr> <tr> <td>&gt; 3 to &lt;= 6 years</td> <td>2</td> </tr> <tr> <td>&lt; 3 years</td> <td>1</td> </tr> </table>	> 9 years	1	> 6 to <= 9 years	0	> 3 to <= 6 years	2	< 3 years	1
> 9 years	1								
> 6 to <= 9 years	0								
> 3 to <= 6 years	2								
< 3 years	1								
<p><u>Age</u> Directors fall within at least two of the three age groups: - 60 years old and below; - Between 61 to 70 years old; - Above 70 years old.</p>	<p>Target achieved – The Directors fall within all three age groups.</p> <table border="1"> <tr> <td>71 and above</td> <td>3</td> </tr> <tr> <td>61 to 70</td> <td>3</td> </tr> <tr> <td>60 and below</td> <td>1</td> </tr> </table>	71 and above	3	61 to 70	3	60 and below	1		
71 and above	3								
61 to 70	3								
60 and below	1								
<p><u>Gender</u> At least one female representation on the Board as and when opportunity arises in the coming years.</p>	<p>Target not achieved in 2023.</p> <table border="1"> <tr> <td>Male</td> <td>7</td> </tr> <tr> <td>Female</td> <td>0</td> </tr> </table>	Male	7	Female	0				
Male	7								
Female	0								
<p><u>Experience and skillsets</u> The Directors as a group possess a variety of skills and experience which would enable them to serve the needs and plans of the Group.</p>	<p>Target achieved – The Board comprises of Directors with a variety of skills and experience in areas including:</p> <ul style="list-style-type: none"> <li>- Business Management</li> <li>- Financial Services</li> <li>- Real Estate</li> <li>- Human Capital Management</li> <li>- Legal</li> <li>- Accounting and Tax</li> </ul>								

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Ms Lee Huey Jee Jenny was appointed to the Board on 27 February 2024 as Non-Executive and Independent Director. Ms Lee has extensive senior management experience and held various leadership roles in financial institutions. She brings valuable business management and finance expertise to the Board. In relation to gender diversity, the Board has made progress and achieved its target for gender diversity in Board composition in 2024. Nonetheless, all Board appointments will always be made based on merit.

The NC, having regard to the relevant rules of the Listing Manual of the SGX-ST, the Code's guidance for assessing independence and the relevant Practice Guidance, has determined that the Board comprised a majority of Independent Directors throughout FY2023. The Non-Executive Directors during FY2023 considered as independent by the Board are Mr Gn Hiang Meng, Mr Chew Choon Soo, Mr Low Weng Keong and Mr Ong Sim Ho, as indicated in Table 1 above. The Board is of the view that they maintained their independence throughout FY2023.

Independent Directors are independent in conduct, character and judgement, and have no relationships with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. They are not substantial shareholders and are independent of the substantial shareholders of the Company.

The Independent Directors are not family members of any substantial shareholder of the Company and were not directly associated with any substantial shareholder in FY2023 or the immediate past financial year. They and their immediate family members did not have any financial dealings with the Group whether in FY2023 or the immediate past financial year, nor were they or any of their immediate family members, during FY2023 or the immediate past financial year, a substantial shareholder of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation to which the Group made, or from which the Group received, significant payments or material services (including auditing, banking, consulting and legal services) in FY2023 or the immediate past financial year. Also, neither they nor any of their immediate family members were employed by the Group at any time during FY2023 or during the previous three financial years. In addition, they and their immediate family members did not receive any significant compensation (of more than S\$50,000) from the Company or any of its related corporations for the provision of services during FY2023 or during the immediate past financial year other than as Directors' fees for their services on the Board.

Although Mr Gn Hiang Meng has served as an Independent Director for more than nine years as of 31 December 2023, the NC and the Board are of the view that he had continued to demonstrate independence in conduct, character and judgement in carrying out his duties and that he had continued to exercise his independent business judgement in the best interests of the Company in the Board and Board Committee meetings that he had participated in. Nonetheless, for compliance with Rule 210(5)(d)(iv) of the SGX-ST Listing Manual, Mr Gn Hiang Meng will resign as a Non-Executive Independent Director of the Company after the conclusion of the forthcoming AGM in support of the renewal of the Board.

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## Principle 3: Chairman and Chief Executive Officer

***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

There is a clear division of the roles and responsibilities between the Non-Executive Chairman of the Board and the CEO, who is the son of the Chairman. On 26 February 2024, Mr Wee Ee Chao, who is a Non-Executive Non-Independent Director, was appointed Chairman of the Board. Mr Wee Ee Chao is the brother of the CEO. The Chairman's principal role is to lead and guide the Board. The scope of responsibilities and limits of authority of the CEO are set out in writing. The CEO executes the strategic directions set by the Board and is responsible for the Group's day-to-day operations. A table of authority grid approved by the Board sets out such division of responsibilities between the Chairman and the CEO.

Although the Chairman and CEO are related, the Board is of the opinion that it is not necessary to appoint a lead independent director for the reasons specified in this paragraph. A shareholder can approach any Independent Director for assistance through the Company Secretary, if he or she has any concerns or issues that affect shareholders generally. Where necessary, the Independent Directors also have the discretion to meet without the presence of other Directors and can provide objective feedback to the Chairman following such meetings. The chairmen of the Board Committees have sufficient standing and authority to look into any matter which management or the Executive Director fails to resolve. The Non-Executive Directors and/or the Independent Directors, led by an Independent Director, meet regularly without the presence of management, and the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

## Nominating Committee

### Principle 4: Board Membership

***The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.***

The NC comprised three members, namely Mr Gn Hiang Meng, Dr Wee Cho Yaw and Mr Chew Choon Soo during the period from 1 January 2023 to 25 April 2023. Dr Wee Cho Yaw stepped down as a member of the NC on 25 April 2023 and Mr Wee Ee Chao was appointed a member of the NC with effect from 25 April 2023. The NC currently comprises three members, namely Mr Gn Hiang Meng, Mr Wee Ee Chao and Mr Chew Choon Soo. Throughout FY2023, the NC comprised at least three Directors, the majority of whom, including the Chairman of the NC, are Independent Directors.

The principal responsibilities of the NC are to:

- review appointments / reappointments of Directors and Key Management Personnel<sup>1</sup> (“KMPs”);
- review the composition of the Board and Board Committees;
- review the succession plans for Directors, in particular for the Chairman, and KMPs and make recommendations to the Board on the same;
- assess the independence of Directors;

<sup>1</sup> The term “**Key Management Personnel**” shall mean the Chief Executive Officer and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.



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- evaluate the performance of the Board and Board Committees (including whether a Director is able to and has been adequately carrying out his or her duties as a Director), and review the process and criteria for such evaluation;
- set objectives for achieving board diversity and review the Company's progress towards achieving these objectives; and
- review training and professional development programmes for Directors, and make recommendations to the Board on the same.

The charter of the NC provides that the NC shall comprise not less than three members, all non-executive, of which the majority shall be independent.

Each year, the NC reviews the composition of the Board as part of its succession planning. Suitable candidates are identified through personal and professional networks. The NC reviews each candidate objectively. When assessing potential candidates, the NC takes into account the existing Board composition, and the candidate's background, qualification, experience, time commitment and his/her ability to contribute to the Board's collective skills, knowledge and experience. Where a candidate is assessed to be suitable, the NC makes a recommendation for the Board to approve the formal appointment.

The NC makes annual recommendations to the Board on the re-election of existing Directors having regard to their competencies, commitment, contributions and performance on a qualitative basis. All Directors submit themselves for re-nomination and reappointment at regular intervals and at least once every three years. Each year, one-third of the Board retires from office by rotation. New Directors submit themselves for re-election at the AGM immediately following their appointment by the Board.

In its review of the Directors' ability to commit sufficient time to attend to the Company's affairs, the NC has considered whether it is necessary to impose a limit on the number of boards of other listed companies that Directors can sit on. The NC decided that it was not necessary to prescribe such a limit. Although some Directors sit on multiple boards of listed companies and have other principal commitments, none of them has more than four listed company directorships and the NC is satisfied that each Director is able to and has devoted sufficient time and attention to the Company's affairs to adequately and competently carry out his duties as a Director of the Company. For a full list of each Director's directorships in listed companies and principal commitments, please refer to the "Board of Directors" section of this Annual Report.

## **Principle 5: Board Performance**

***The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of each Board Committee and of the Board as a whole, as well as the contribution by the Chairman and each individual Director to the Board.

The process of assessing the Board, the Board Committees and each Director involves each Director completing board evaluation forms to provide his view on the composition, practices and conduct of the Board and the Board Committees, and how the Board and each Board Committee adds value to the Company. The responses to the board evaluation forms are compiled by the Company Secretary and thereafter presented to the NC. No external facilitator has been used.

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For FY2023, the NC evaluated and assessed the effectiveness of the Board's performance as a whole, taking into consideration, amongst other matters, the Board's discharge of its principal responsibilities, and the earnings of the Group, return on equity and the share price performance of the Company over a five-year period. These performance criteria also include the performance of the Company as compared to industry peers and are linked to long term shareholder value. The NC is of the opinion that the Board as a whole has performed well during FY2023 and that the Chairman and each Director has contributed to the overall effectiveness of the Board.

For FY2023, the NC evaluated and reviewed the performance of the Board Committees (except the NC itself). It is satisfied with the matters dealt with by the Board and Board Committees and the depth and frequency of such deliberations. All Board members have access to the evaluation performed by the NC.

The Chairman of the Board and the Chairman of the NC evaluated the collective performance, commitment and contribution of all Directors based on each Director's attendance and contribution at Board meetings. They also reviewed the contribution of the Executive Director and are of the view that his performance has been satisfactory.

## Access to Information

Management provides Directors with complete and adequate information on the Group's financials and operations in a timely manner, both on an on-going basis and prior to meetings. Comprehensive information including information on strategic, financial, key operational and compliance matters is provided to Directors on a monthly and quarterly basis to enable them to make informed decisions and discharge their duties and responsibilities. Matters requiring the Board's decision are generally sent to Directors at least five working days prior to Board meetings. The Company uses an electronic portal to which electronic board papers are uploaded for Board and Board Committee meetings. This has increased the Board's control over confidential and price sensitive information and has helped to create a secure environment, while contributing to the Company's sustainability efforts by reducing paper usage. The electronic portal also contains a library of resources, including constitutional documents, documents relating to past Board meetings and annual reports as well as communication tools which enable Directors to easily access relevant information and have it at their fingertips throughout the year.

Regular Board meetings are scheduled in November each year for the following year while urgent Board meetings, if needed, are normally scheduled at least five working days in advance. The Board is also provided with opportunities to meet with managers and heads of divisions on at least a half-yearly basis to understand the businesses of the Group. In the event a new business project or matter requires the Board's input, the relevant head of division and/or subject expert will be present in person at the relevant Board meeting to facilitate the Board's decision-making. Non-Executive Directors constructively challenge management's proposals on strategy and review the performance of management in meeting short and long-term business goals.

Directors have separate, independent and unrestricted access to management, the Company Secretary and external advisors (where necessary) at the Company's expense. The Company Secretary is required to attend and attends all Board meetings as well as the Audit and Risk Committee meetings. The CFO attends all Board and Board Committee meetings. They ensure that Board procedures are followed and the rules and regulations applicable to the Board are complied with. The Company Secretary and CFO are responsible for ensuring adequate information flows within the Board and Board Committees and between senior management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. Under the Constitution of the Company ("**Constitution**"), the decision to appoint or remove the Company Secretary rests with the Board as a whole. Directors may take independent professional advice, if necessary.

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## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

***The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and KMPs. No director is involved in deciding his or her own remuneration.***

### Procedures for Developing Remuneration Policies

The Remuneration Committee (“RC”) comprised three members, namely Mr Gn Hiang Meng, Dr Wee Cho Yaw and Mr Chew Choon Soo during the period from 1 January 2023 to 25 April 2023. Dr Wee Cho Yaw stepped down as a member of the RC on 25 April 2023 and Mr Wee Ee Chao was appointed a member of the RC with effect from 25 April 2023. The RC currently comprises three members, namely Mr Gn Hiang Meng, Mr Wee Ee Chao and Mr Chew Choon Soo.

Under the RC Charter, the majority of the RC, including the Chairman of the RC, shall be Independent Directors. All the members of the RC are Non-Executive Directors. The RC is supported by the Human Resource Director and/or external consultants if needed. In 2023, the RC engaged Willis Towers Watson Consulting to conduct a study to evaluate the market competitiveness of the total remuneration of the CEO. The Company and members of the RC have no relationship with the consultants which would affect their independence and objectivity.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. The principal responsibilities of the RC include:

- a) in consultation with the Chairman of the Board, reviewing and recommending to the Board for its endorsement, a framework of remuneration for the Board and the KMPs of the Company;
- b) reviewing and recommending to the Board for its endorsement the remuneration packages/fees of each Director;
- c) reviewing the remuneration packages for KMPs; and
- d) administering the Company’s long term incentive plan.

During FY2023, the RC reviewed the amount of Directors’ fees payable to the Non-Executive Directors to be recommended for shareholders’ approval. It also assessed the performance of and determined all aspects of remuneration of the Executive Director, and reviewed the remuneration packages for KMPs.

The RC has reviewed the Group’s obligations arising in the event of termination of the service contracts of the Executive Director and KMPs, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous. The RC considered whether contractual provisions are necessary to allow the Company to reclaim incentive components of remuneration from the Executive Director and KMPs. Based on the terms and conditions of the variable components of the remuneration of the Executive Director and KMPs, the RC is of the view that there is no need for express contractual provisions in the service contracts of the Executive Director and KMPs to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Director owes a fiduciary duty to the Company, and the Company should be able to avail itself of appropriate remedies should there be any breach of fiduciary duties on the part of the Executive Director.

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## Principle 7: Level and Mix of Remuneration and Disclosure on Remuneration

*The level and structure of remuneration for the Directors and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

## Principle 8: Disclosure of Remuneration

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

The RC takes into consideration current industry norms on compensation and adopts a remuneration policy in line with industry practices.

None of the Non-Executive Directors has any service contract or consultancy agreement with the Company. Non-Executive Directors, including the Chairman of the Board, are paid Directors' fees which comprise a basic fee and additional fees for serving on Board Committees. None of the Board members or RC members is involved in deliberations relating to any remuneration, fees, options and/or benefits to be granted to him individually. The RC recommends Directors' fees to the Board for endorsement prior to submission to shareholders for approval at each AGM. In the process, the RC takes into consideration the complexity of the Group, the workload of each Board Committee member, the effort, time spent and responsibilities of each Non-Executive Director, as well as market trends before recommending the fee structure to the Board, so as to ensure that the remuneration of Non-Executive Directors is appropriate to the level of contribution.

The Directors' fee structure<sup>(1)</sup> for Non-Executive Directors for FY2023 is as follows:

<b>Board</b>	<b>S\$</b>
- Chairman	110,000
- Deputy Chairman	71,500
- Member	55,000
<b>Audit and Risk Committee</b>	
- Chairman	38,500
- Member	22,000
<b>Nominating and Remuneration Committee</b>	
- Chairman	22,000
- Member	16,500

(1) The fee structure of the Non-Executive Directors is based solely on a retainer fee basis, with additional fees for membership of Board Committees which are commensurate with the effort and time required for the performance of their additional duties.

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The Group generally remunerates its employees at market competitive levels, commensurate with their performance and contribution to the long-term interests and success of the Group. The Group's remuneration policies take into account the risk policies of the Group, including risk outcomes and the time horizon of risks. The remuneration package normally comprises fixed and variable components. The fixed component comprises basic salary, allowances and central provident fund contributions. The variable component comprises a variable bonus based on the Group's and each individual's performance and grants under the Haw Par Long Term Cash Award Plan ("**HPLTI Plan**"). A variable bonus scheme is in place for each business unit. This economic value-added based bonus scheme takes into consideration working capital efficiency, productivity and current year earnings in order to derive a pool for distribution in accordance with the individual's performance and his/her contributions towards meeting the respective work plans for the year. In determining the pool, investment income which comprises dividend income from the Group's strategic investments and interest income/expense from the Group's central treasury function are excluded. Eligible employees are also entitled to receive grants under the HPLTI Plan, which places emphasis on rewarding individual employees based on their performance (as explained in greater detail below).

In the annual review of the remuneration of the CEO and KMPs (who are not Directors or the CEO), the RC takes into consideration the performance of the individual as an important factor in its review and the comparative remuneration of similarly placed persons in the market. The performance criteria for the CEO includes achievement of financial objectives using financial indicators such as overall profitability and return on assets over a period of time, which criteria were chosen in order to incentivise the CEO and align his interests with that of the Group. These criteria were satisfactorily met during FY2023. The remuneration of the CEO and KMPs (who are not Directors or the CEO) is reviewed annually by the RC and includes a variable bonus component which is performance-based as described above. The level and structure of remuneration for the CEO is aligned with the long term interests of the Group.

The HPLTI Plan was put in place and was approved by the Board in FY2017 to take effect from 1 January 2018. The objective of the HPLTI Plan is to incentivise KMPs to drive long term business priorities and shareholder value creation. Under the HPLTI Plan, targets are set in advance over a two-year performance period. Participants will receive cash awards based on the level of achievement of the targets at the end of the performance period and with the RC's approval. Appropriate weightage is given to revenue and operating profit growth, and total shareholder returns, with defined superior, target and threshold performance metrics based on two-year rolling budgets approved by the Board. The RC reviews the definition of superior, target and threshold performance metrics before annual grants are awarded and will continue to review annually the relevance of the above key performance metrics.

As a whole, a significant and appropriate portion of the CEO's and KMPs' (who are not Directors or the CEO) remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. Further, remuneration is appropriate to attract, retain and motivate the Director(s) to provide effective stewardship of the Company, the CEO and KMPs (who are not Directors or the CEO) to successfully manage the Company for the long term.

# CORPORATE GOVERNANCE REPORT

The details of the remuneration of each Director for FY2023 are as follows:

**Table 2:**

Name	Directors' fees <sup>1</sup>	Base or fixed salary	Variable bonus	Benefits-in-kind and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Wee Ee Lim	–	1,268	1,942	130	3,340
Wee Cho Yaw	120	–	–	–	120
Wee Ee Chao	94	–	–	–	94
Gn Hiang Meng	121	–	–	–	121
Chew Choon Soo	110	–	–	–	110
Low Weng Keong	94	–	–	–	94
Ong Sim Ho	55	–	–	–	55

**Note:**

- Directors' fees are subject to shareholders' approval at the forthcoming AGM on 23 April 2024.

The remuneration of, each of, the top five KMPs (who are not Directors or the CEO) for FY2023, in no order of quantum sum, is as follows:

**Table 3:**

Name / Position	Base or fixed salary	Variable bonus	Benefits-in-kind and others	Total
	%	%	%	%
<b>S\$500,001 - S\$750,000</b>				
Loo Liat Khiang Brian, Group General Manager	56	38	6	100
Chow Say Suan, CFO	51	46	3	100
Jasmin Hong, GM – Marketing	51	44	5	100
Keeth Chua, GM – Marketing	52	43	5	100
<b>S\$250,000 - S\$500,000</b>				
Goh Bee Leong, GM – Manufacturing	52	41	7	100

The total remuneration paid/accrued to the top five KMPs (who are not Directors or CEO) is S\$2,804,333.

The aggregate amount of termination, retirement and post-employment benefits that may be granted to the CEO, and the KMPs (who are not Directors or the CEO) is about S\$640,000.

Save as disclosed below, there is no employee (other than the CEO) who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder and whose remuneration exceeds S\$100,000 in FY2023. A relative of the CEO, Mr Kelvin Whang, who is the General Manager of Underwater World Pattaya, received annual remuneration (including benefits-in-kind) of between S\$200,000 and S\$300,000. As at 4 March 2024, there is one employee who is a substantial shareholder of the Company, namely the CEO and Executive Director, Mr Wee Ee Lim.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects through announcements of its periodic and full-year results as well as timely announcements of any price-sensitive information through disclosure via SGXNET and various other forms of media, including press releases posted on the Company's website. Internal guidelines are in place to comply with legislative and regulatory requirements. Management provides the Board with management reports of the Group on a monthly basis and additional details as the Board may require from time to time. The management reports, containing sufficient details and comparisons to planned budgets, provide the Directors with a means to monitor and make balanced and informed assessment of the Group's performance, position and prospects.

### Audit and Risk Committee ("ARC")

#### Principle 10: Audit Committee

***The Board has an Audit Committee ("AC") which discharges its duties objectively.***

For FY2023, the ARC comprised three members, namely, Mr Low Weng Keong, Mr Gn Hiang Meng and Mr Chew Choon Soo, all of whom were Non-Executive Independent Directors. The Chairman of the ARC, Mr Low Weng Keong, was formerly the country managing partner of a Big Four accounting firm in Singapore, and a past global chairman and president of CPA Australia. Mr Gn Hiang Meng was a senior banker with more than 30 years' experience in investment banking and the hospitality industry. Mr Chew Choon Soo has more than 23 years of senior executive search and assessment experience and served in various regional and global management and committee roles.

The charter of the ARC provides that the ARC shall comprise not less than three members, all non-executive, and the majority of whom shall be independent. At least two members of the ARC, including the Chairman, shall have recent and relevant accounting or financial management expertise or experience. None of the current and former ARC members were partners or directors of the Company's existing auditors in the last 24 months, or had or has had any financial interest in the Company's existing auditors, PricewaterhouseCoopers LLP.

The principal responsibilities of the ARC include:

- reviewing the audit plans with the internal and external auditors;
- reviewing the audit report of the external auditors and the results of the internal audit procedures;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of external auditors, and the compensation and terms of engagement of the external auditors;
- reviewing annually the adequacy, effectiveness, independence, scope, results and objectivity of the external auditors, the cost effectiveness of the audit, and the nature and extent of non-audit services;
- approving the hiring, removal and compensation of the Group Internal Audit Manager and evaluating the performance of the Group Internal Audit Manager;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group;

# CORPORATE GOVERNANCE REPORT

- reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function annually;
- reviewing the Group's periodic and full year results and annual financial statements prior to approval by the Board, and the appropriateness and consistency of accounting principles and policies adopted across the Group, including significant financial reporting issues and judgements;
- reviewing any announcements relating to the Company's performance;
- reviewing annually the adequacy and effectiveness of the Company's system of internal controls, including accounting controls, and addressing financial, operational, compliance and information technology ("IT") risks and risk management processes;
- reviewing the assurance from the CEO and the CFO as to the proper maintenance of financial records and that the financial statements give a true and fair view of the Group's operations;
- reviewing IPTs and related party transactions;
- oversight and reviewing whistle-blowing reports; and
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The ARC has full authority to investigate any matter, including, but not restricted to, issues of internal controls, suspected fraud or irregularity. It has access to and full co-operation of the management and may invite any Director or executive officer to attend its meetings.

During FY2023, the ARC held four meetings during which it performed its responsibilities as set out above. The Group's internal and external auditors were also present at the regular quarterly meetings. The ARC met the external and internal auditors separately without the presence of management to discuss the competency and adequacy of the Company's finance function and the level of co-operation provided by management and inquired into material weaknesses or control deficiencies noted during the course of their work. There was no adverse feedback from these meetings.

In its review of the financial statements, the ARC discussed with management the key accounting policies applied and areas where judgement and critical estimates were involved. After extensive discussions, the ARC was satisfied with the measurement and disclosure of the related financial instruments in the Group's financial statements in all material aspects. The ARC also discussed with the external auditors all significant matters noted during their audit which were contained in their report to the ARC. The valuation of financial assets was a key audit matter highlighted by the auditors in their audit report and the ARC was satisfied with the extent of work performed by the auditors. Following the review and discussions, the ARC recommended to the Board to approve the full year financial statements.

In reviewing non-audit services, the ARC was satisfied that the amount of non-audit services provided by the external auditors was not material and would not impair the independence of the external auditors. The ARC has confirmed that the Company has complied with Rule 712 and Rule 715 / 716 of the Listing Manual of SGX-ST which set out the requirements on the appointment of the auditors. The ARC has recommended to the Board the re-appointment of PricewaterhouseCoopers LLP as the Group's auditors for the ensuing year. The aggregate amount of fees paid/payable to PricewaterhouseCoopers LLP for FY2023 is approximately S\$330,000. The breakdown of fees paid/payable for audit and non-audit services is approximately S\$326,000 and S\$4,000 respectively. The ARC has reviewed and is satisfied with the independence and objectivity of the external auditors.



# CORPORATE GOVERNANCE REPORT

The ARC and the Board have reviewed the suitability of the external auditors, PricewaterhouseCoopers LLP for their role by assessing a wide range of factors including the quality of their work, their expertise and resources for a job involving the size and complexity of the Company's operations, and whether their own quality control procedures are dedicated to upholding the Code. The ARC has reviewed and is satisfied with the independence and objectivity of the external auditors.

The ARC members are regularly updated by management and the auditors (both internal and external) on changes to accounting standards and issues which have a direct impact on financial statements, compliance with legislation and accounting-related matters.

## **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.***

The Group has established a formal risk management framework across the entire organisation to provide a structured approach for managing risks. The framework enables management to have a formal structure for risk management and assessment. The framework is designed to ensure that risks are identified, assessed, monitored and effectively managed. It is in line with the best practices as contained in the Risk Governance Guidance for Listed Boards, issued by the Corporate Governance Council in May 2012.

The Board has overall responsibility for the governance of risk and determination of risk policies. The Board, assisted by the ARC, is responsible for determining the Company's level of risk tolerance (including the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives and value creation) and oversees the management in implementing the risk management and internal controls system.

The Risk Management Committee is chaired by the CEO and comprises the CEO, the CFO, the Group General Manager ("GGM"), and the Group Internal Audit Manager.

It performs the following roles:

- oversees the development of risk management policies;
- provides overall leadership, vision, framework and direction for risk management;
- promotes a risk management culture through human resources, use of technology and organisation structure;
- monitors the effectiveness of risk management and makes refinements as and when necessary;
- ensures that risks are properly addressed; and
- reports to the ARC and the Board twice a year on risk management activities and attestation undertaken.

Risks are analysed and assessed in terms of risk impact and risk likelihood. Risk impact includes financial, operational (business interruption), regulatory/legal and reputational impact. Risk likelihood includes both quantitative and qualitative appraisals and classified as 'Low', 'Moderate', 'High' and 'Critical'. Management evaluates the options and controls needed to deal with identified risks, depending on the risk impact, likelihood and related costs and benefits. These risks are reviewed both against the entity level parameters and from the Group's perspective. The ARC monitors the Risk Management Committee's activities on behalf of the Board to ensure that identified risks are effectively managed.

# CORPORATE GOVERNANCE REPORT

Risks are broadly categorised as follows:

## Strategic risks

These include most of the inherent risks of each operating unit and the relevant macro-environment such as brand protection, competition and epidemic outbreak risks. All such risks are reported to the ARC and the Board. Measures taken to manage risks include diversifying either geographically or in product offerings, putting in place business continuity plans and ensuring sufficient insurance coverage for various types of risks.

## Operational risks

These relate to day-to-day operations and include security threats, product quality, employee attrition, capacity management, and supply disruption and concentration risk of key suppliers. The general manager of each operating unit implements policies and procedures to monitor such risks.

## Compliance risks

Each operating unit is subject to various degrees of regulatory controls, particularly the Healthcare division. Compliance with local laws and regulations in various geographical locations is monitored by the operating unit and the functional departments in Singapore.

## Financial risks

Financial risks are mitigated by using appropriate hedging instruments when necessary and actively managing foreign exchange and credit exposures. Financial risks are monitored by the Investment Committee. Generally, the Group is conservative in its financial dealings and does not engage in speculative instruments that would expose the Group to unnecessary financial risks.

## Information Technology risks

In pursuit of an IT environment that is robust, resilient and secure, improving the Group's IT infrastructure continues to be the focus of IT operations. Adequate measures including proper authorisation access, back-up systems and equipment are in place to safeguard against prolonged disruptions to businesses due to IT failures and loss of confidential data. The Group, in consultation with cyber security vendors, progressively enhances its IT infrastructure to deal with the evolving cyber risks that are presenting themselves in various forms to enhance the Group's cyber resilience. While management is cognisant of these risks, the way forward is to deal with these risks while harnessing the benefits of IT.

## Emerging risk trends

While the Group's current risk management process already takes into account overall business risks, the Risk Management Committee also keeps abreast of specific emerging risk trends such as climate-related risks. The Climate Change Sub-Committee monitors market and regulatory related developments on climate reporting requirements that are consistent with the recommendations of the TCFD. The Risk Management Committee continues to assess the materiality of ESG and related risks to the Group as the ESG landscape continues to evolve.

The Board (assisted by the ARC) reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and IT controls twice a year.

# CORPORATE GOVERNANCE REPORT

For FY2023, the Board has received assurances from:

- (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and the Risk Management Committee that the Group's risk management and internal control systems are adequate and effective in all material respects as at 31 December 2023.

Based on work performed by the internal and external auditors and reviews undertaken by the Risk Management Committee and the ARC, the Board, with the concurrence of the ARC, is of the opinion that the internal controls addressing financial, operational, compliance and IT risks and risk management systems and processes were adequate and effective for the Group as at 31 December 2023.

The Group's internal controls and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any reasonably foreseeable event. The Board recognises that no system of internal controls and risk management can provide absolute assurance.

## **Code of Business Conduct and Whistle Blowing Policy**

The Group has in place a Code of Business Conduct that sets out the business practices, procedures and ethical conduct expected of all employees in their course of employment and in dealings with customers, suppliers and consultants. The Code of Business Conduct is sent to all employees and newly hired employees have a separate briefing on the Policy.

In line with the Code of Business Conduct, the Group has in place a Whistle Blowing Policy and process under which employees and external parties may report to the ARC any improprieties or suspected wrong-doing by management or other staff without fear of reprisal. The ARC is responsible for oversight and monitoring of whistleblowing. Whistleblowing reports marked "Private and Confidential" may be sent to the Group Internal Audit Manager at Haw Par Corporation Limited, 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, or via the email address or hotlines specified in the Whistle Blowing Policy. The Group is committed to ensure protection of whistleblowers who have acted in good faith against detrimental or unfair treatment. All reports received are accorded confidentiality and independently investigated by the whistleblowing unit, comprising the Human Resource Director and Group Internal Audit Manager. Details of the Whistle Blowing Policy are posted on the Company's intranet. New employees are briefed on the policy during their orientation. Existing employees are reminded of the policy from time to time in order to raise awareness of the availability of the channel of reporting. The Code of Business Conduct is effectively communicated and integrated into the Company's strategy and operations, including risk management systems and remuneration structures.

## Internal Audit

The Company has an internal audit ("IA") department, which is staffed with professionally qualified personnel. The Group Internal Audit Manager reports directly to the Chairman of the ARC. The majority of the staff in the IA department are members of the Institute of Internal Auditors. The appointment, removal, evaluation of performance and compensation of the Group Internal Audit Manager rests with the ARC.

The IA function follows the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA function adopts an Internal Audit Charter that is reviewed annually and has strict procedures in reporting its audit findings to the management and the ARC.

# CORPORATE GOVERNANCE REPORT

The role of the IA function is to render support to the ARC in ensuring that the Group maintains a sound system of internal controls by performing regular monitoring and testing of key controls and procedures, reviewing operational and financial activities and undertaking investigations as requested by the ARC.

The IA department submits its internal audit plan to the ARC for approval at the beginning of each year. Audit reviews are carried out on all significant business units in the Group and a summary of findings and recommendations is discussed during each ARC meeting. The IA function has unfettered access to the ARC and to all documents, records, properties and personnel for the purposes of its audit. The ARC is of the view that the IA function is adequately resourced, independent, effective and staffed with persons with the relevant qualifications and experience and has appropriate standing within the Group.

## Shareholder Rights and Engagement with Shareholders

### Principle 11: Shareholder Rights and Conduct of General Meetings

***The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

### Principle 12: Engagement with Shareholders

***The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.***

The Group is guided by an investor relations policy which allows for an ongoing exchange of views and that aims to promote regular, effective and fair communication with shareholders. Communication of relevant announcements of the Group is generally made through annual reports, SGXNET announcements, press releases and the Group's corporate website at [www.hawpar.com](http://www.hawpar.com). In line with its sustainability efforts, the Company's Annual Report and the Notice of AGM are available through the Group's website and SGXNET and may be accessed by entering the URL set out in the Company's letter to shareholders. The URL at which the Annual Report may be accessed is also set out in the Notice of AGM. By filling in a copy of the Request Form, shareholders may request for a physical copy of the Annual Report. Physical copies of the Company's letter to shareholders, containing information on how shareholders may access electronic copies of the Annual Report, the Request Form and the Notice of AGM are circulated to all shareholders.

To allow the Company's shareholders to communicate their views on various matters affecting the Company and contact the Company with questions, and in order to solicit and understand the views of shareholders, the Company has a dedicated communications channel with the Investor Relations Department which is available to shareholders and can be reached via email at [investorrelations@hawpar.com](mailto:investorrelations@hawpar.com). The Investor Relations Department is required to respond to shareholders' queries in a timely and effective manner. When matters requiring shareholders' meetings are to be held, notices and reports/circulars are communicated in a timely manner to all shareholders. Shareholders are informed of the rules, including voting procedures, which govern the shareholders' meetings. The Constitution does not allow for absentia voting at general meetings, except through the appointment of a proxy or in the case of a corporation, a corporate representative, to cast the registered shareholder's vote in their stead. The results of the votes for all resolutions tabled at AGMs and other general meetings of shareholders are validated by independent scrutineers and are broadcast at the said meetings. The results are also announced on SGXNET after the meetings. The minutes of general meetings of shareholders are published on the Company's website and on SGXNET as soon as practicable after such meetings. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

# CORPORATE GOVERNANCE REPORT

The Company's dividend policy seeks to provide shareholders with a stable and efficient form of capital distribution relative to earnings. For more than 30 years, the Company has maintained sustainable dividend payments.

The Company holds regular meetings (outside of black-out periods) with research analysts, fund managers and institutional investors to understand the views of shareholders, review the Company's performance and provide investors with a better understanding of the Group's businesses, as needed.

## Conduct of Shareholder Meetings

The Company gives shareholders the opportunity to participate effectively in and vote at general meetings and encourages the attendance of shareholders at general meetings. The notices of general meetings setting out the agenda, and if necessary, letters to shareholders on the items of special business, are communicated to shareholders at least 14 clear days before general meetings called to pass ordinary resolutions or 21 clear days before general meetings called to pass special resolutions. Each item of special business included in the notice of the meeting will be accompanied by a full explanation regarding the effect of the proposed resolution in respect of such business. Separate resolutions are proposed for each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Generally, all Directors (in particular, the chairmen of the ARC, NC and RC) as well as the external auditors and KMPs are present at general meetings, at which matters affecting the Group, the conduct of external audit and the preparation and content of the auditors' report, are addressed. In light of the COVID-19 wave in April 2023, Dr Wee Cho Yaw did not attend the 2023 AGM as he had been advised as a precautionary measure to avoid public events. The Company Secretary ensures that the applicable procedures such as those under the Constitution and the Listing Manual of the SGX-ST are followed.

A registered shareholder who is unable to attend a general meeting can appoint up to two proxies to attend, participate and vote at the general meeting on his/her behalf. In addition, a member which is a relevant intermediary, which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies so that shareholders who hold shares through such members can attend, participate and vote at general meetings as proxies, in accordance with the provisions of the Constitution. Investors whose shares are held through relevant intermediaries can submit their requests to attend, participate and vote at each general meeting within the stipulated time period as required by such relevant intermediaries, who will then communicate such requests to the Company not less than 72 hours before the general meeting is held.

## Forthcoming 2024 AGM to be convened and held by physical means

The forthcoming 2024 AGM will be held in a wholly physical format and there will be no option for shareholders to participate virtually. Arrangements relating to attendance at the 2024 AGM are set out in the notes to Notice of AGM.

## Engagement with Stakeholders

### Principle 13: Managing Stakeholders Relationships

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

Haw Par's management approach hinges on the commitments to our key stakeholders who are identified based on the significance of their respective impacts on the Company. We believe communication with relevant stakeholders is vital to the long term success of our businesses.

# CORPORATE GOVERNANCE REPORT

The basis for determining who is considered a key stakeholder begins with understanding our value chain and thereafter determining which stakeholders Haw Par has an impact on, and conversely which stakeholders have an impact on our businesses.

For more information on our approach, please refer to our sustainability website at: [www.hawpar.com/sustainability/our-approach.html](http://www.hawpar.com/sustainability/our-approach.html).

The sustainability report of the Company can be found on the Company's website at [www.hawpar.com/sustainability](http://www.hawpar.com/sustainability).

We welcome feedback from our stakeholders on our sustainability reports at [sustainability@hawpar.com](mailto:sustainability@hawpar.com).

## OTHER GOVERNANCE PRACTICES

### Investment Committee

The Investment Committee ("IC") is headed by the Chairman of the Board and comprises, the Board Chairman, the Executive Director, the CFO and the GGM. The IC meets quarterly to review the performance of the Group's investments, potential acquisitions and disposals, funding requirements, key financial risks and strategic issues of each operating unit. The IC is vested with various levels of authority by the Board to carry out its duties.

The terms of reference of the IC provides authority for the IC to make decisions for transactions relating to long-term and short-term investments, unbudgeted capital expenditure, and disposal/divestment of businesses of operating entities, within the stipulated limits.

### Interested Person Transactions

The Group does not have any general mandate from shareholders pursuant to Rule 920 of the Listing Manual of the SGX-ST with regard to IPTs. There were no IPTs entered into by the Group and any interested persons that require disclosure under the SGX-ST Listing Rules in FY2023.

### Material Contracts

Except as disclosed in the financial statements, there were no other material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholder of the Company.

### Dealings in Securities

The Group adopts best practices with respect to dealings in securities set out in Rule 1207(19) of the Listing Manual of the SGX-ST. It has a policy which prohibits its officers from dealing in the securities of the Company during the period commencing one month before the announcement of the half-year and full year results. The Company Secretary issues guidelines periodically to Directors and employees to remind them of the prohibitions in dealing with the Company's securities on short-term considerations or while in possession of material unpublished price-sensitive information, and to comply with insider trading laws at all times. There are also internal policies and guidelines on confidentiality and safeguards for the handling of confidential information.