

# Governance Report

The board of directors (the “**Board**”) of Procurri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) recognises the importance of corporate governance and is committed to ensuring that a high standard of corporate governance is practised within the Group.

The Group adopts practices based on the Code of Corporate Governance 2018 (the “**Code**”) issued on 6 August 2018. This report shall reference the principles and provisions laid down in the Code and accompanying Practice Guidance issued on 6 August 2018 and updated as of 7 February 2020, which forms part of the continuing obligations of the Mainboard Listing Rules of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Company has complied with the Code, except where otherwise explained. In areas where the Group has not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

## (A) BOARD MATTERS

### THE BOARD’S CONDUCT OF ITS AFFAIRS

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

1.1 The Board’s principal functions are to:

- (a) decide on matters in relation to the Group’s activities which are of a significant nature, including the approval of major investments and divestments;
- (b) oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- (c) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (d) oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- (e) assume responsibility for corporate governance;
- (f) set the Company’s values and standards (including ethical standards); and
- (g) consider sustainability issues as part of its strategic formulation.

1.2 All directors recognise that they have to discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company. Each director is required to promptly disclose any conflict or potential conflict of interests, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. On annual basis, each director is also required to submit details of his associates for the purpose of monitoring interested persons transactions. Where a director has a conflict or potential conflict of interests in relation to any matter, he should immediately declare his interest and abstain when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion or is otherwise in the interest of the Company. Nonetheless, he is to abstain from voting in relation to the conflict-related matters. *<Provision 1.1>*

1.3 To assist the Board in the execution of its responsibilities, the Board has constituted various Board committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee and the Strategy Committee (collectively, the “**Board Committees**”). The role and function of each Board Committee is described in subsequent sections in this report. While these Board Committees are delegated with certain responsibilities, the ultimate responsibility and decision lies with the Board. Please refer to the various Principles in this report for further information on the activities of the respective Board Committees. *<Provision 1.4>*

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- 1.4 The Board conducts regularly scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when circumstances require. The Constitution of the Company (the “Constitution”) permits directors to attend meetings by telephony or video conference. <Provision 1.5>

In addition, the directors are in contact with one another outside the Board and hold informal discussions amongst themselves.

The number of Board and Board Committee meetings, and the record of attendance of each director for FY2021 are set out below:

Name	Board		Remuneration Committee (“RC”)		Nominating Committee (“NC”)		Audit Committee (“AC”)		Strategy Committee (“SC”)		Annual General Meeting (“AGM”)	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Thomas Sean Murphy	5	5	3	2*	2	2*	4	3*	1	1	1	1
Mr Edward John Flachbarth <sup>1</sup>	5	2	3	1*	2	1*	4	1*	-	-	1	1
Mr Ng Loh Ken Peter	5	5	3	2	2	2	4	4	-	-	1	1
Mr Wong Quee Quee, Jeffrey	5	5	3	3	2	2	4	4	-	-	1	1
Mr Loke Wai San	5	5	3	3	2	2	4	4	1	1	1	1
Dr Lim Puay Koon	5	5	3	3	2	2	4	4	1	1	1	1
Mr Lim Swee Yong <sup>2</sup>	5	1	-	-	-	-	4	1	-	-	-	-
Mr Toh Hsiang - Wen Keith <sup>3</sup>	5	3	3	3	2	-	4	2	1	1	1	-

**Notes:**

The number of meetings held as shown above refer to the number of meetings held during the financial year applicable to the respective directors.

\* Attended as invitees.

1 Mr Edward John Flachbarth resigned as director on 1 July 2021.

2 Mr Lim Swee Yong was appointed as director on 9 November 2021.

3 Mr Toh Hsiang-Wen Keith was appointed as alternate director to Mr Loke Wai San on 1 June 2021.

- 1.5 The Board is provided with adequate information prior to Board meetings and on an on-going basis. The Company circulates copies of the minutes of the meetings of all Board Committees and the Board to all members of the Board to keep them informed of on-going developments within the Group. The Board also has separate and independent access to management. <Provision 1.6>
- 1.6 Information provided to the Board include financial management reports, reports on performance of the Group against the budget, papers pertaining to matters requiring the Board’s decision, and updates on key outstanding issues, strategic plans and developments in the Group. <Provision 1.6>
- 1.7 The directors have separate and independent access to the company secretary. The company secretary and/or their representatives attend all scheduled Board and Board Committee meetings. The Company secretary administers and prepares minutes of Board and Board Committee meetings, and assists the Chairman in ensuring that Board procedures are adhered to and in compliance with applicable statutory and regulatory rules and regulations. <Provision 1.7>

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- 1.8 The appointment and removal of the company secretary is subject to approval of the Board. *<Provision 1.7>*
- 1.9 Where decisions to be taken require expert opinion or specialised knowledge, the directors, whether as a group or individually, may seek independent professional advice as and when necessary or otherwise required in furtherance of their duties at the Company's expense. *<Provision 1.7>*
- 1.10 The Board has adopted a set of guidelines on matters that require its approval. Matters which are specifically reserved for the Board's approval include those involving business plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends and other returns to shareholders. *<Provision 1.3>*
- 1.11 An induction program is conducted for all new directors appointed to the Board which aims to familiarise the directors with the Group's businesses, board processes, internal controls and governance practices. The Company also provides the opportunity for the directors to attend seminars and trainings to enable them to keep pace with regulatory changes, particularly where changes to regulations and accounting standards have a material bearing on the Company and to enable them to discharge their duties. The Company is responsible for arranging and funding the training of directors as prescribed by Listing Rule 210(5)(a) of the Mainboard Listing Rules (including a director who has no prior experience as a director of an issuer listed on the SGX-ST). *<Provision 1.2>*
- 1.12 Each Board Committee is constituted with clear terms of reference to assist the Board and Board Committee in discharging their respective functions and responsibilities. The terms of reference are provided to each newly appointed director.

### BOARD COMPOSITION AND GUIDANCE

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

- 2.1 As the Chairman of the Board (the "Chairman") and the Global Chief Executive Officer (the "Global CEO") of the Company are the same person, Mr Thomas Sean Murphy, the Board is required by the Code to have more than half of the Board made up of independent directors. The Board currently comprises six directors, three of whom are independent, non-executive directors and two of whom are non-independent, non-executive directors. The independent directors currently make up half of the Board and non-executive directors make up a majority of the Board. The Board deems the current independent directors competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. As there is strong independent and non-executive element on the Board and given the size of the Board, the Board is of the view that it is not necessary or cost-effective to have non-executive or independent directors to make up a majority of the Board. *<Provision 2.2>*
- 2.2 The Board is able to exercise objective judgment independently from management and no individual or small group of individuals dominate the decisions of the Board. Each independent director is required to complete a confirmation form annually to confirm his independence. *<Provision 2.1>*
- 2.3 The Board currently comprises: *<Provision 2.3>*
- |                            |   |
|----------------------------|---|
| Mr Thomas Sean Murphy      | (Executive Chairman and Global CEO)       |
| Mr Ng Loh Ken Peter        | (Lead Independent Director)               |
| Mr Wong Quee Quee, Jeffrey | (Independent Director)                    |
| Dr Lim Puay Koon           | (Independent Director)                    |
| Mr Loke Wai San            | (Non-Independent, Non-Executive Director) |
| Mr Lim Swee Yong           | (Non-Independent, Non-Executive Director) |
| Mr Toh Hsiang-Wen Keith    | Alternate Director to Mr Loke Wai San     |

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After taking into account the views of the NC and the circumstances described in Rule 210(5)(d) of the Mainboard Listing Rules, the Board is satisfied that each independent director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, the director's judgement. <Provision 2.1>

- 2.4 The Board confirms that no independent director has served on the Board beyond nine years from the date of his first appointment. <Provision 2.1>
- 2.5 The Board is of the view that, given the scope and nature of the Group's operations, the current size of the Board is appropriate for effective decision making, taking into account the nature and scope of the Group's operations.
- 2.6 The Board is of the opinion that the current Board comprises persons who, as a group, have core competencies, such as finance, accounting, legal, business and industry knowledge, necessary to lead and govern the Company. The profiles of each of the directors are set out in the Board of Directors section in this Annual Report.
- 2.7 The Company recognises and embraces Board diversity as an essential element in the achievement of business objectives and sustainable development. However, diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity are harnessed when the directors adopt an independent mindset when carrying out their responsibilities. In order to leverage on diverse perspectives, the Board strives to cultivate an inclusive environment where all directors are able to speak and participate in decision making. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business.

In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision for new Board appointments will be based on merit and contribution that the selected candidates are expected to bring to the Board. <Provision 2.4>

- 2.8 The non-executive and/or independent directors, led by the lead independent director, have meetings amongst themselves without the presence of the management. As appropriate, the feedback and views expressed by the non-executive and/or independent directors is communicated by the lead independent director to the Chairman after the meetings. <Provision 2.5>

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

**Principle 3: 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.**

- 3.1 The Chairman and CEO roles in the Company are assumed by Mr Thomas Sean Murphy. The Board is of the view that the accountability and independence of the Board as a whole has not been compromised despite the Chairman and CEO being the same person, taking into consideration that a majority of the Board is comprised of non-executive directors who have demonstrated their commitment in their roles and there is a balance of power and authority within the Board as the Audit, Nominating and Remuneration Committees are chaired by independent directors. Mr. Thomas Sean Murphy is cognisant that the Board functions as a collective body (subject to delegation of relevant matters to the appropriate Board committees and/or individuals) and performs his duties as the Chairman bearing this in mind. All important and major decisions relating to the operations and management of the Group are made jointly and collectively by the Board. The Chairman and CEO have defined responsibilities which, during his tenure so far, have not conflicted with each other. The Board believes there is sufficient element of independence and adequate safeguards against a concentration of power in one single person. <Provision 3.1>

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- 3.2 The Board will continue to evaluate whether separation of the role of the Chairman and the CEO is necessary.
- 3.3 The Chairman is responsible to, among others: *<Provision 3.2>*
- (a) lead the Board to ensure its effectiveness on all aspects of its role;
  - (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
  - (c) promote a culture of openness and debate within the Board;
  - (d) ensure that the directors receive complete, adequate and timely information;
  - (e) ensure effective communication with shareholders;
  - (f) encourage constructive relations within the Board and between the Board and management;
  - (g) facilitate the effective contribution of non-executive directors in particular; and
  - (h) promote high standards of corporate governance.
- 3.4 The Board has appointed Mr Ng Loh Ken Peter as the lead independent director. The lead independent director is available to shareholders where they have concerns for which contact through the normal channels of the Chairman, the CEO or the chief financial officer (the “CFO”) has failed to resolve such concerns or for which such contact is not appropriate. *<Provision 3.3>*

### BOARD MEMBERSHIP

**Principle 4: 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.**

- 4.1 The NC comprises:

Mr Wong Quee Quee, Jeffrey	(Chairman and Independent Director)
Mr Ng Loh Ken Peter	(Member and Lead Independent Director)
Dr Lim Puay Koon	(Member and Independent Director)
Mr Loke Wai San	(Member and Non-Independent, Non-Executive Director)

All members of the NC are non-executive directors, the majority of whom, including the NC Chairman, are independent. The lead independent director is one of the members of the NC. *<Provision 4.2>*

- 4.2 The NC is responsible for the following under its terms of reference: *<Provision 4.1>*
- (a) reviewing and recommending the nomination or re-nomination of the directors, having regard to the director’s contribution and performance;
  - (b) reviewing the composition of the Board, having regard to the future requirements of the Group, as well as the need for directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group;
  - (c) developing a process for evaluation of the performance of the Board, its committees and the directors;

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- (d) determining on an annual basis whether or not a director is independent;
- (e) in respect of a director who has multiple board representations on various companies, to review and decide whether or not such director is able to and has been adequately carrying out his duties as director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his duties towards other principal commitments;
- (f) deciding whether or not a director is able to and has been adequately carrying out his duties as a director;
- (g) reviewing and approving any new employment of key management personnel and the proposed terms of their employment; and
- (h) reviewing board succession plans, as well as training and professional development programs for the Board.

The evaluation of appointment and re-appointment of a director takes into consideration, among others, the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance. <Provision 4.3>

All directors shall submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years in accordance with Rule 720(5) of the Mainboard Listing Rules. Pursuant to Regulation 117 of the Constitution, at each annual general meeting ("AGM"), one-third of the directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third with a minimum of one, shall retire from office and a director at an AGM shall retain office until the close of the meeting, whether adjourned or not. In addition, Regulation 122 of the Constitution also provides that a person appointed by the directors to be a director either to fill a casual vacancy or as an additional director shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

At the forthcoming AGM, Mr Ng Loh Ken Peter and Dr Lim Puay Koon will retire pursuant to Regulation 117 while Mr Lim Swee Yong will retire pursuant to Regulation 122.

Mr Ng Loh Ken Peter, Dr Lim Puay Koon and Mr Lim Swee Yong, all being eligible, have offered themselves for re-election/election. The information of Mr Ng Loh Ken Peter, Dr Lim Puay Koon and Mr Lim Swee Yong are set out in the Board of Directors section of this Annual Report and in Appendix 7.4.1 as per Listing Rule 720(6) of the Mainboard Listing Rules found at paragraph 4.8 of this section.

- 4.3 The NC's assessment of the independence of a director is guided by the Code and takes into account factors such as relationship which the director, his immediate family, or an organisation which the director, or his immediate family member is a substantial shareholder, partner, executive officer or director in has with the Company or any of, its related corporations, and the director's direct association with a substantial shareholders of the Company, and whether these relationships may affect his independence. <Provision 4.4>
- 4.4 The NC ensures that the new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote appropriate time and attention to the Company. Based on the directors' annual confirmation and their contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY2021. <Provision 4.5>

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- 4.5 Mr Toh Hsiang-Wen Keith has been appointed as the alternate director to Mr Loke Wai San. The Board is of the view that Mr Toh Hsiang-Wen Keith has the requisite experience and capabilities to assume the duties and responsibilities as alternate director to Mr Loke Wai San. An alternate director bears all the similar responsibilities of a director.
- 4.6 In its search and selection process for new directors, among others, the NC taps on the resources of the directors' contacts and recommendations of potential candidates and appraises the candidates to ensure that they possess relevant experience and have the calibre to contribute to the Group, having regard to the attributes of the existing Board and the requirements of the Group.
- 4.7 The following sets forth the respective dates of appointment and the dates of last re-election, as well as membership in the Board Committees, of each director:

Name of Directors and Board Membership	Date of First Appointment	Date of Last Election/ Re-Election	Audit Committee	Remuneration Committee	Nominating Committee	Strategy Committee
Thomas Sean Murphy <i>Chairman and Global CEO</i>	2 January 2014	17 June 2020	-	-	-	Chairman
Ng Loh Ken Peter <i>Lead Independent Director</i>	27 June 2016	29 April 2019	Chairman	-	Member	-
Wong Quee Quee, Jeffrey <i>Independent Director</i>	27 June 2016	29 April 2021	Member	Member	Chairman	-
Lim Puay Koon <i>Independent Director</i>	1 April 2020	17 June 2020	Member	Chairman	Member	Member
Loke Wai San <i>Non-Independent Non-Executive Director</i>	29 April 2019	29 April 2021	Member	Member	Member	Member
Lim Swee Yong <i>Non-Independent Non-Executive Director</i>	9 November 2021	-	Member	-	-	-
Toh Hsiang-Wen Keith <i>Alternate Director to Mr Loke Wai San</i>	1 June 2021	Not Applicable	-	-	-	-

Please refer to the Board of Directors section in this Annual Report for the profile of each director's professional qualifications, principal commitments, and directorships and chairmanships both present and those held over the preceding three years in other listed companies.

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## Additional Information on Directors Seeking Re-Election and Appointment

4.8 Pursuant to Rule 720(6) of the Mainboard Listing Rules, the information relating to the directors who are seeking re-election and appointment at the forthcoming AGM of the Company, as required under Appendix 7.4.1 to the Mainboard Listing Rules, is set out below:

	Re-election	Re-election
	Ng Loh Ken Peter	Lim Puay Koon
Date of Appointment	27 June 2016	1 April 2020
Date of last re-appointment (if applicable)	29 April 2019	-
Age	68	61
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee, and assessed Mr Ng's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as a Lead Independent Director of the Company.	The Board, having considered the recommendation of the Nominating Committee, and assessed Dr Lim's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Lead Independent Director	Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Audit Committee and Member of the Nominating Committee	Independent Director, Chairman of Remuneration Committee, Member of Audit and Nominating Committees
Working experience and occupation(s) during the past 10 years	2014 - Present: Director of iFast Corporation Ltd  2000 - Present: Managing Director of Peterson Asset Management Pte Ltd	2022 - Present: Independent Non-Executive Director of Nova Tellus Alpha Acquisition Limited  2021 - Present: Independent Non-Executive Director of Nera Telecommunications Limited  2019 - Present: Director of Hercules Private Limited  2014 - 2019: CEO (North Asia) Dimension Data Asia Pacific Private Limited  2008 - 2014: Managing Director (ASEAN) Dimension Data Asia Pacific Private Limited
Shareholding interest in Procurri Corporation Limited and its subsidiaries	Yes	Yes



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		Re-election	Re-election
		Ng Loh Ken Peter	Lim Puay Koon
Any relationship (including immediate family relationships) with any existing director, existing executive officer, Procurri Corporation Limited and/or substantial shareholder of Procurri Corporation Limited or of any of its principal subsidiaries		No	No
Conflict of interest (including any competing business)		No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to Procurri Corporation Limited		Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)		OWW Investments III Ltd	HupSteel Limited Hennfa Private Limited Dimension Data Korea Dimension Data Hong Kong Limited Dimension Data China Hong Kong Limited Dimension Data Macau Limited Dimension Data Taiwan Limited
Present		Procurri Corporation Limited iFast Corporation Ltd iFast Financial Pte. Ltd. Peterson Asset Management Pte Ltd	Procurri Corporation Limited Nera Telecommunications Limited Hercules Private Limited Novo Tellus Alpha Acquisition
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

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		Re-election	Re-election
		Ng Loh Ken Peter	Lim Puay Koon
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

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		Re-election	Re-election
		Ng Loh Ken Peter	Lim Puay Koon
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

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		Re-election	Re-election
		Ng Loh Ken Peter	Lim Puay Koon
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,		
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

*Disclosure applicable to the appointment of Director only.*

Any prior experience as a director of a listed company?	N/A	N/A
If yes, please provide details of prior experience.	N/A	N/A
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N/A	N/A
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A

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### Additional Information on Director Seeking Election and Appointment

- 4.8 Pursuant to Rule 720(6) of the Mainboard Listing Rules, the information relating to the director who is seeking election and appointment at the forthcoming AGM of the Company, as required under Appendix 7.4.1 to the Mainboard Listing Rules, is set out below:

	Election
	Lim Swee Yong
Date of Appointment	9 November 2021
Date of last re-appointment (if applicable)	N/A
Age	42
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC, and assessed Mr Lim's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as a Non-Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Independent and Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director and Member of the Audit Committee
Working experience and occupation(s) during the past 10 years	January 2021 – Present: CEO of DeClout Ventures Pte. Ltd.  August 2015 – January 2021: Head of Corporate Development and M&A of DeClout Pte. Ltd.  January 2015 – July 2015: Vice President, Legal of Fullerton Fund Management Company Ltd.  2011 – 2014: Director of Stamford Law Corporation
Shareholding interest in Procurri Corporation Limited and its subsidiaries	Yes
Any relationship (including immediate family relationships) with any existing director, existing executive officer, Procurri Corporation Limited and/or substantial shareholder of Procurri Corporation Limited or of any of its principal subsidiaries	Mr Lim is the CEO of DeClout Ventures Pte. Ltd. DeClout Ventures Pte. Ltd. is a subsidiary of DeClout Pte. Ltd. DeClout Pte. Ltd. is a substantial shareholder of Procurri Corporation Limited.
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to Procurri Corporation Limited	Yes

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		Election
		Lim Swee Yong
Other Principal Commitments including Directorships		
Past (for the last 5 years)		Asia Wiring Systems Pte Ltd FundTier Pte. Ltd. FundTier Holdings Pte. Ltd. Procurri Corporation Limited VCargo Cloud Pte. Ltd. 68 Systems & Project Engineering Pte Ltd
Present		Procurri Corporation Limited DeClout Ventures Pte. Ltd. Hexa Charge Pte. Ltd.
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

## Governance Report

		Election
		Lim Swee Yong
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

# Governance Report

## Disclosure applicable to the appointment of Director only.

Any prior experience as a director of a listed company?	Yes
If yes, please provide details of prior experience.	Previously served as Non-Independent Non-Executive Director of Procurri Corporation Limited.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N/A
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A

## BOARD PERFORMANCE

**Principle 5: 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 The NC conducts an annual assessment of the performance of the Board as a whole and the board committees in view of the complementary and collective nature of the directors' contributions. This process is conducted using a questionnaire designed to assess the performance of the Board and the board committees. The Board's and board committees' performance will be evaluated by each director and the findings are collated for the final review by the NC and the Board. Following the review in FY2021, the Board is of the view that the Board and its board committees operate effectively, and each director is contributing to the overall effectiveness of the Board. <Provision 5.1>
- 5.2 The NC has established objective performance criteria, such as frequency of meetings and participation in strategic planning, risk management and internal controls to evaluate the Board's performance as a whole. <Provision 5.1>
- 5.3 The Board reviews the assessment conducted by the NC, and where necessary, makes changes to further improve the effectiveness of the Board. Following the review, the Board is of the view that the Board and the board committees operate effectively. <Provision 5.2>
- 5.4 Each member of the NC abstains from voting on any resolutions in respect of the assessment of his performance or re-nomination as a director. <Provision 5.2>
- 5.5 There was no external consultant involved in the Board evaluation process in FY2021. <Provision 5.2>

## (B) REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6: 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 key management personnel. No director is involved in deciding his or her own remuneration.**

- 6.1 The RC comprises:

Dr Lim Puay Koon	(Chairman and Independent Director)
Mr Wong Quee Quee, Jeffrey	(Member and Independent Director)
Mr Loke Wai San	(Member and Non-Independent, Non-Executive Director)

The majority of the RC, including the RC Chairman, are independent. <Provision 6.2>



## Governance Report

6.2 The key roles of the RC include:

- (a) recommending to the Board a framework of remuneration for the directors and the key management personnel, and determining specific remuneration packages for each of them, with the recommendations of the RC submitted to the entire Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, share-based incentives and rewards, and benefits in kind shall be covered by the RC; <Provision 6.1>
- (b) conducting an annual review of the remuneration of employees related to the directors and substantial shareholders, with the assistance of expert advice inside and/or outside the Company if needed, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees and will also review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. In the event that a member of the RC is related to an employee under review, the said director abstains from participating in the review; and <Provision 6.3>
- (c) administering the Procurri Employee Share Option Scheme (the "ESOS") and the Procurri Performance Share Plan (the "PSP").

6.3 If necessary, the RC shall seek expert advice on remuneration of directors and key management personnel. For FY2021, the RC did not seek the service of an external remuneration consultant. <Provision 6.4>

### LEVEL AND MIX OF REMUNERATION

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

- 7.1 The Group adopts a compensation philosophy where the executive director's and key management personnel's remuneration framework are structured in a way that links rewards to corporate and individual performance, taking into account comparable benchmarks. In building a sustainable and performing organization, the Group believes in creating a compensation structure that embraces competitive remuneration taking into consideration of prevailing market conditions, whilst aligning with the long-term interests of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, bonuses, share options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are made in consultation with the Chairman and submitted for endorsement by the entire Board. <Provision 7.1 and 7.3>
- 7.2 The Company has in place the long-term incentive schemes, including the ESOS and the PSP, that serve to motivate and reward the executive directors and key management personnel, and better align their interests with that of the Company. The Company has not granted share options under the ESOS so far. As at 31 December 2021, the Company has granted a total of 1,630,100 share awards pursuant to the PSP. The table below shows the share awards granted pursuant to the PSP during FY2021:

Date of grant of award	Number of awards* granted	Market price of the shares of the Company on date of grant (S\$)	Number of awards* granted to directors and controlling shareholders (and their associates), if any
12 May 2020	1,540,500	0.275	1,540,500
18 February 2021	89,600	0.3065	89,600

# Governance Report

- 7.3 Any shares to be issued pursuant to the share options and awards granted are subject to certain vesting schedules or performance conditions to be satisfied by the participants. Please refer to the Directors' Statement and Notes to the Financial Statements set out in this Annual Report for more information on the ESOS and the PSP.
- 7.4 The non-executive directors receive directors' fees in accordance with their level of contribution and commensurate with their appointment, taking into account factors, such as responsibilities, effort and time spent for serving on the Board and board committees. The Company believes that the current remuneration of independent directors is at a level that will not compromise their independence. <Provision 7.2>
- 7.5 The Company currently uses contractual provisions to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

## DISCLOSURE ON REMUNERATION

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

- 8.1 Mr Thomas Sean Murphy's current service agreement with the Company ends on 31 December 2023. His service agreement is renewable thereafter as may be agreed between the Company and him.

The remuneration package comprises a basic salary component, Target Short Term Incentive ("STI"), which is the annual target bonus in cash, and a Target Long Term Incentive ("LTI"), which is the PSP to be cliff vested over three (3) calendar years. Both the on-target STI and LTI are conditional on certain profit before tax ("PBT") and/or objective key results ("OKR") targets (as outlined in a schedule of targets).

All revisions to the remuneration packages of directors and key management personnel are subject to review and approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. No directors participate in decisions on their own remuneration.

There are no retirement and post-employment benefits that are granted to the executive director. The executive director has been granted severance payments which are only payable to him for loss of office under certain specific circumstances.

- 8.2 The remuneration of the executive director is linked directly to the Group's financial performance through a profit-sharing scheme. The Group's incentive bonus is allocated based on the Group's financial performance and the senior management may be rewarded with business unit level bonus on achievement of the key performance indicators. <Provision 8.1>

## Governance Report

8.3 A breakdown showing the level and mix of each individual director's remuneration paid/payable for FY2021 in bands of S\$250,000 is as follows: <Provision 8.3>

Remuneration bands/ Name of director	Salary <sup>(1)</sup> (%)	Bonus (%)	Director's Fees (%)	Others <sup>(2)</sup> (%)	Total (%)
<b>(i) S\$750,000 to below S\$1,000,000</b>					
Mr Thomas Sean Murphy	96	-	-	4	100
<b>(ii) S\$500,000 to below S\$750,000</b>					
Mr Edward John Flachbarth <sup>(3)</sup>	29	-	-	71	100
<b>(iii) Below S\$250,000</b>					
Mr Ng Loh Ken Peter	-	-	100	-	100
Mr Wong Quee Quee, Jeffrey	-	-	100	-	100
Mr Loke Wai San	-	-	100	-	100
Dr Lim Puay Koon	-	-	100	-	100
Mr Lim Swee Yong <sup>(4)</sup>	-	-	100	-	100

**Note:**

- (1) Includes fixed allowances.  
(2) Includes fair value of the awards under PSP for FY2021 vested during the year on or before 31 December 2021.  
(3) Resigned as director on 1 July 2021.  
(4) Director fees pro-rated from 9 November 2021.

The Board has, on review, decided not to disclose the remuneration of the directors to the nearest thousand, as the Board believes that the disclosure is commercially sensitive and could encourage talent-poaching which possibly leads to the Company and its subsidiaries being exposed to unnecessary risks. Whilst sustaining the long-term benefit of the Company, the Board is of the view that the disclosure of the remuneration in bands has sufficiently balanced the Company's interests and the necessity to provide sound information to the investors for their investment decisions.

8.4 Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Group operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it is in the best interest of the Group to maintain confidentiality of the names and remuneration details of its top 5 key management personnel (who are not directors or the Global CEO) of the Group. For FY2021, the remuneration bands (including any bonuses, allowances, share options and share-based incentives and awards) of each of the top 5 key management personnel (who are not directors or the Global CEO) of the Group are provided below: <Provision 8.1>

Remuneration bands	Number of Executives
S\$500,000 to S\$749,999 <sup>(1)</sup>	3
S\$250,000 to S\$499,999 <sup>(1)</sup>	2

**Note:**

- (1) Included employers' CPF and fair value of the awards under the PSP for FY2021 vested during the year on or before 31 December 2021.

The total remuneration, in aggregate, paid to the top 5 key executives of the Group (who are not directors or the Global CEO) for FY2021 is approximately S\$3,021,405.

# Governance Report

8.5 The Company does not have any employees who are substantial shareholders of the Company, or are immediate family members of a director, the Global CEO or substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 in FY2021.

## (C) ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: 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 The Board oversees management in the area of risk management and internal control systems. The Board regularly reviews the Company's business and operational activities to identify areas of significant risks, as well as to take appropriate measures to control and mitigate these risks.
- 9.2 The management provides reports of risk management to the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. The Group has an in-house internal audit function that is carried out by the Group's internal audit ("GIA"). The Audit Committee evaluates the findings of the external and internal auditors on the Group's internal controls annually. <Provision 9.1>
- 9.3 The Group's internal controls are designed to provide reasonable assurance with regards to the keeping of proper accounting records, integrity and reliability of financial information, and physical safeguard of assets. The management takes into consideration the risks which the Group is exposed to, the likelihood of occurrence and the cost of prevention while designing internal controls.

Based on:

- (a) the internal controls established and maintained by the Group;
- (b) work performed by the internal and external auditors, and reviews performed by the management, the Board and board committees; and
- (c) the confirmations received from the Global CEO, the CFO, and the key management personnel of the respective subsidiaries that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the Group's internal control procedures in place are adequate and effective in addressing the financial, operational, compliance, information technology controls and risk management systems, <Provision 9.2>

the Board, with the concurrence of the AC, is of the opinion that the Group's current internal control procedures in place to address financial, operational, compliance, information technology controls and risk management systems are adequate and effective though continuous improvements are needed as the Group grows its business.

In FY 2021, there were no incidences of non-compliance with sections related laws and/or regulations, and the Company is not exposed to, or has a nexus, to any sanctions-related risk, in any material respect.

Notwithstanding the foregoing, the Board and the management acknowledge that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

- 9.4 The AC collectively oversees risk management and does not have a separate board risk committee.

# Governance Report

## AUDIT COMMITTEE

**Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.**

10.1 The AC comprises:

Mr Ng Loh Ken Peter	(Chairman and Lead Independent Director)
Mr Wong Quee Quee, Jeffrey	(Member and Independent Director)
Dr Lim Puay Koon	(Member and Independent Director)
Mr Loke Wai San	(Member and Non-Independent, Non-Executive Director)
Mr Lim Swee Yong	(Member and Non-Independent, Non-Executive Director)

The majority of the AC, including the AC Chairman, are independent.

10.2 At least two (2) members of the AC, including the AC Chairman, have sufficient accounting and related financial management expertise. The Board considers that the members of the AC are suitably qualified to discharge the AC’s responsibilities. <Provision 10.2>

10.3 The AC has the authority to investigate any matters within its terms of reference and the discretion to invite any director or executive officer to attend its meetings. The management grants full cooperation and resources to enable the AC to discharge its functions properly.

10.4 The key roles of the AC include: <Provision 10.1>

- (a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (c) reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (d) reviewing the external auditors’ audit plan and audit report, and the external auditors’ evaluation of the system of internal accounting controls, as well as reviewing the Group’s implementation of any recommendations to address any control weaknesses highlighted by the external auditors;
- (e) reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board, including those in connection with compliance with environmental laws and regulations;
- (f) reviewing the statements to be included in the annual reports concerning the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance and information technology controls;
- (g) reviewing all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the latest audited NTA of the Group every quarter, and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Group’s internal control system and the relevant provisions of the Mainboard Listing Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place, and approving all interested person transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% of the value of the latest audited NTA of the Group, prior to such transactions being entered into;

## Governance Report

- (h) reviewing the scope and results of the internal audit procedures, the implementation of recommendations by internal auditors, and at least annually, the adequacy and effectiveness of the internal audit function;
- (i) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (j) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, and the adequacy of disclosure of information; and
- (k) making recommendations to the Board on the proposals to shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

10.5 The AC has met with the external auditors and the GIA, in each case, without the presence of the management, at least annually. These meetings enable the auditors to raise any issues in the course of their work directly to the AC. <Provision 10.5>

10.6 The AC reviews the independence of the external auditor annually. In the selection of suitable auditing firms, the AC takes into consideration several factors, such as the adequacy of resources, experience of the accounting auditing firm, the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit and its ability to provide audit service to the foreign subsidiaries of the Company. The selected auditing firm based in Singapore is engaged as auditors for the Company, as well as the Company's Singapore-incorporated subsidiaries.

Most of the Group's subsidiaries have appointed the member firms of EY Global while the rest have appointed different auditors. The AC is satisfied that the appointments would not compromise the standard and effectiveness of the audit of these subsidiaries. Accordingly, the Company has complied with Rule 712, 715 and 716 of the Mainboard Listing Rules.

The AC has reviewed the independence of the external auditors of the Company, including the volume of non-audit services performed, as well as the cost-effectiveness. The aggregate amount of fees paid and payable to the external auditors of the Company and other member firms of EY Global in FY2021 are tabulated in the table below:

Fees Paid and Payable	S\$	%
Audit Services	576,000	96.32
Non-Audit Services	22,000	3.68
Total	598,000	100.00

The non-audit fees were mainly in relation to tax returns compliance services and other tax advisory services. The AC is satisfied that the nature and extent of such services will not prejudice the independence of the external auditors of the Company.

10.7 The Board, on the recommendation of the AC, approved and put in place a whistle blowing policy and procedure for reporting impropriety in matters of financial reporting and other matters (the "**Whistle Blowing Policy**"). The AC will review the adequacy of the whistle-blowing arrangements instituted by the Group through which employees and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

## Governance Report

The objectives of the Whistle Blowing Policy are to ensure that arrangements are in place for independent investigation and appropriate remedial measures are taken where warranted. The complaint reported will be treated confidentially and the identity and interest of the complainant will be protected except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable laws and regulations. All whistle-blowing matters received by the Group will be submitted directly to the AC Chairman. Upon receipt of a complaint, according to the Whistle Blowing Policy, the AC Chairman in consultation with fellow AC members will exercise discretion on how to proceed with the investigation and thereafter based on the results of the investigation presented by the independent investigation team appointed by the AC, recommend any remedial measures to be taken.

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. The Whistle Blowing Policy is covered during employees' onboarding training as part of the Group's efforts to promote awareness of fraud control. On an ongoing basis, the Whistle Blowing Policy is communicated to employees through the Group's intranet. The employees are advised that the Company will ensure no one will be at risk of suffering form of retribution as a result of raising a concern in good faith even if they turn out to be mistaken.

There was one reported incident pertaining to whistle blowing during FY2021.

10.8 The AC is updated annually on any changes in accounting standards by the external auditor. This ensures that the AC is kept abreast of changes to accounting standards and issues which have a direct impact on the Group's financial statements. The AC conducted meetings in FY2021 during which results announcements, external audit report, internal audit report, independence of auditors, appointment of auditors and interested person transactions were reviewed, and the duties as described above were carried out.

10.9 No former partner or director of the Company's existing auditing firm is a member of the AC. <Provision 10.3>

### 10.10 Key Audit Matters ("KAM")

In the review of the financial statements, the AC had discussions with the management on the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the management and the external auditors, and were reviewed by the AC:

KAM	How the AC reviewed these matters and what decisions were made
(a) Revenue Recognition (b) Impairment Assessment of Goodwill and Cost of Investment in Subsidiaries (c) Impairment Assessment of Trade Receivables (d) Inventories Write down	The AC examined the findings on these and other financial reporting matters together with the external auditors and management. In these KAMs, the AC assessed the management's judgements and estimates, considered the approach and methodology applied to valuation models, and reviewed the accounting treatments adopted by management. The AC concurred with the external auditors' opinion on the KAMs. The AC considered the KAMs reported by the external auditors and how those KAMs have been addressed by the external auditors.

# Governance Report

## Internal Audit <Provision 10.4>

- 10.11 The GIA is independent of the management and assists the Group in evaluating and assessing the effectiveness of internal controls and to consequently highlight the areas where control weaknesses exist, if any, and thus improvements could be made.
- 10.12 GIA reports primarily to the AC Chairman. GIA operates under a charter from the AC that gives it unrestricted access to review the documents, records, properties and personnel of the Group. GIA reports to the AC on a quarterly basis regarding the progress and major findings of the internal audit process.
- 10.13 The AC is satisfied that the internal audit function is independent, effective and adequately resourced by personnel with the relevant qualifications and experience. <Rule 719(3) of Mainboard Listing Rules>
- 10.14 The GIA function is carried out in accordance with the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
- 10.15 The GIA comprises an individual, Group Internal Auditor, Mr. Nicholas Chan Kin Yaw (“Mr. Chan”). Mr. Chan has over 12 years’ experience in the field of internal audit, internal controls, and risk management. He has an honors degree in the Bachelor of Accounting from the National University of Malaysia. He is a Certified Internal Auditor (CIA) with the Institute of Internal Auditors and a Certified Information Systems Auditor (CISA). He is also a fellow member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with the Malaysian Institute of Accountants as well as an ASEAN Chartered Professional Accountant (ASEAN CPA).

The AC reviews the adequacy and effectiveness of the Group’s internal controls, including financial operational, compliance and information technology controls and risk management systems through discussions with the management, its external auditors and GIA, and reports to the Board annually. Where material weaknesses are identified by the Board or AC, the Company will disclose them with the steps taken to address those weaknesses. There were no material weaknesses identified by the Board or AC during FY2021 until the date of this Annual Report. <Rule 1207 (10) and Rule 1207 (10C) of Mainboard Listing Rules>

## (C) SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

**Principle 11: 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.**

- 11.1 The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company are made to shareholders of the Company, in compliance with the requirements set out in the Mainboard Listing Rules.
- 11.2 Shareholders are given the opportunity to participate in, and vote at, general meetings and shareholders are informed of the rules, including the voting procedures that govern the general meetings of shareholders. <Provision 11.1>
- 11.3 Resolutions at general meetings are on each substantially separate issue. The Company avoids bundling resolutions unless they are interdependent and linked. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before they are voted on. <Provision 11.2>
- 11.4 General meetings are held in Singapore. At such meetings, shareholders of the Company are given the opportunity to air their views and ask the directors questions regarding the Company. A proxy form is sent with the notice of general meeting to all shareholders so that those shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement absentia voting methods at general meetings. <Provision 11.4>



## Governance Report

In view of the current COVID-19 situation, the forthcoming AGM of the Company will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “Order 2020”). Alternative arrangements relating to attendance at the general meetings (including arrangements by which the general meetings can be electronically accessed via live audio-visual webcast or live audio-only feed), submission of questions to the Chairman of the meetings in advance of the meetings, addressing of substantial and relevant questions prior to or at the meetings and voting by appointing the Chairman of the meetings as proxy at the meetings, are set out in the Notice of AGM. The Annual Report, Notice of AGM and Proxy form will be made available to shareholders by electronic means via publication on SGXNET and on the Company’s website.

- 11.5 All the directors attend the general meetings of the Company to address shareholders’ questions relating to the Company’s development and the work of the board committees. The external auditors are also present to address shareholders’ queries about the conduct of the audit and preparation and content of the auditors’ report. For the AGM held in FY2021, directors (including the Chairman, independent directors and the chairman of all the Board committees) attended the meeting. <Provision 11.3>
- 11.6 Since FY2018, the minutes of the general meetings are publicly available on the Company’s website. <Provision 11.5>
- 11.7 The Company employs electronic polling at all general meetings. Separate resolutions are proposed on each substantially separate issue. To ensure transparency in the voting process, the detailed results of all resolutions put to vote showing the number of votes cast for and against each resolution, and the respective percentages are tallied and displayed live on-screen to shareholders immediately after the vote has been cast and is also announced via SGXNET after the conclusion of the general meeting.
- 11.8 The Company currently does not have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account the Company’s retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, as well as other factors which the Board may determine appropriate. <Provision 11.6>
- 11.9 There was no dividend declared for FY2021 as the Group wishes to reserve funds for the future business development and expansion of the Group.

### ENGAGEMENT WITH SHAREHOLDERS

**Principle 12: 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.**

- 12.1 The Company has an investor relations and corporate marketing team who assists in facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns, as well as to keep the market and investors publicly apprised of the Group’s major corporate developments and financial performance. The Company has in place an investor relations policy which promotes the timely dissemination of relevant information to the Company’s shareholders and prospective investors to enable them to make well-informed investment decisions and to ensure a level playing field. The policy is available at the Company’s website at the Investor Relations section. <Provision 12.1>
- 12.2 To enable shareholders to contact the Company easily, the contact details of the investor relations team are set out in this Annual Report as well as on the Company’s website. The investor relations team has procedures in place for following up and responding to shareholders queries as soon as applicable. <Provision 12.3>
- 12.3 Information is disclosed in a timely manner to the shareholders through SGXNET and is also made available on the Company’s website. The Company ensures fair access of information to all shareholders at the same time and does not practise selective disclosure of material information.

# Governance Report

- 12.4 The Company maintains regular dialogue with shareholders and the investment community through analyst briefings, investor meetings, non-deal roadshows and at the general meetings. Analyst briefings are conducted for members of the investment community and media generally after results announcements. Key management personnel, including the Global CEO and the CFO, are typically present in these briefings. The results announcements and the analyst briefing presentations are all published on SGXNET and are also made available on the Company's website, [www.procurri.com](http://www.procurri.com). <Provision 12.2>

## (E) ENGAGEMENT WITH STAKEHOLDERS

**Principle 13: 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.**

- 13.1 The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth. <Provision 13.1>
- 13.2 The Company has identified the impacts that are material to investors and other stakeholders in order to streamline available resources. The Company also recognizes the importance of identifying issues that are significant to the financial operation of the business, as well as stakeholders, such as investors, society and customers.
- 13.3 The Company has undertaken a process to determine the environmental, social and governance ("ESG") issues which are important to these stakeholders. Please refer to Sustainability Report section of this Annual Report for further details. <Provision 13.2>
- 13.4 All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on different period financial results are available on the Company's website - [www.procurri.com](http://www.procurri.com). The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders. <Provision 13.3>

## (F) OTHER CORPORATE GOVERNANCE MATTERS

### MATERIAL CONTRACTS

Save for the service agreement between the executive director and the Company and the transactions as disclosed in the Interested Person Transactions section below, there were no material contracts entered into by the Company and any of its subsidiaries involving the interests of the Global CEO, any director or controlling shareholders, either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

### DEALING IN SECURITIES

With reference to Rule 1207(19) of the Mainboard Listing Rules, the Company issues a directive to all directors and employees not to deal in the Company's securities during the period commencing one month immediately preceding the announcement of the Company's half year results and full-year results (as the case may be), and ending on the date of announcement of the relevant results. Reminders are sent via email to remind all directors and employees.

In addition, the directors and employees are advised not to deal in the Company's securities for short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

# Governance Report

## INTERESTED PERSON TRANSACTIONS

The Company has established procedures for recording and reporting interested person transactions in a timely manner to the AC and transactions are conducted at an arm's length basis and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have any general mandate from shareholders for interested person transactions.

Details of the interested person transactions for FY2021 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Edward John Flachbarth <sup>(1)</sup>	600 <sup>(1)</sup>	-

(1) Edward John Flachbarth ("EJF") was our Executive Director and Global President ("GP"). On 28 June 2019, EJF entered into a new 3-year service agreement (the "EJF Service Agreement") to replace his former service agreement, in respect of his appointments as Executive Director and GP. Pursuant to the EJF Service Agreement, in the event of EJF's loss of office under certain specific circumstances as set out in the EJF Service Agreement, the Company shall pay ("EJF Payment") to EJF an amount capped at S\$600,000. EJF has ceased his position as our Executive Director and GP on 1 July 2021 and the EJF Payment had been paid.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

The Company received net proceeds (after deducting IPO expenses of approximately S\$3.8 million) from the IPO of approximately S\$34.8 million (the "Net Proceeds"). As at the date of this Annual Report, the Net Proceeds have been utilised as follows:

Use of Proceeds	Amount S\$'000	Net Proceeds utilised S\$'000	Net Proceeds unutilized S\$'000
Merger and acquisitions, joint ventures and partnerships strategy	20,089	17,800	2,289
Enhancement of infrastructure	1,911	1,911	-
Repayment of the DeClout loans	6,081	6,081	-
Working capital purposes	6,744	6,744	-
- Funding of capital injection into Procurri (Beijing) Co., Ltd - S\$700,000			
- Meeting trade expenses - S\$500,000			
- Meeting operating and other expenses - S\$1,544,000			
- Procurri maintenance parts for the lifecycle services business of the Group - S\$4,000,000			
Total	34,825	32,536	2,289

The Company will make further announcements on the use of the balance Net Proceeds as and when such Net Proceeds are disbursed.