

Corporate Governance

The Company believes in having high standards of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

The Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) and this report describes the Company’s corporate governance practices with specific reference to the principles and guidelines set out in the Code.

Board’s Conduct of Affairs

Principle 1: Effective Board to lead and control the Company

The principal functions of the Board are to:

- decide on matters in relation to the Group’s activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies (including corporate social responsibility) and financial objectives to be implemented by management, and monitor the performance of management;
- set the Company’s values and standards (including ethical standards);
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and safety, and satisfy itself as to the adequacy of such processes;
- assume responsibility for corporate governance; and
- consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Board Strategic Review: A process is in place to support the Board in reviewing and monitoring the Group’s strategic plans, including providing directors with the necessary context and opportunity to undertake effective and robust deliberation and debate. In this regard, a board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group, as well as the strategic plans of each business unit. To support the Board’s oversight of the implementation of the strategic plans, each business unit is also invited to quarterly Board meetings to provide updates on the progress and challenges.

Independent Judgment: All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self-assessment of the effectiveness of the individual directors. Based on the results of the peer and self-assessment carried out by the directors for FY2017, all directors have discharged this duty consistently well.

Conflict of Interest: Every director is required to declare any conflict of interest in a transaction or proposed transaction with the Company as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each director is also required to submit details of his or her associates for the purpose of monitoring interested person transactions.

Board Committees: To assist the Board in the discharge of its oversight function, various board committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee, the Board Risk Committee and the Board Safety Committee, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The key terms of reference of the respective board committees are disclosed in the Appendix to this report.

Meetings: The Board meets five times a year and as warranted by particular circumstances. Board meetings are scheduled and the details thereof are circulated to the directors prior to the start of the financial year to allow directors to plan ahead to attend such meetings, so as to maximise participation. The non-executive directors also set aside time at each scheduled quarterly meeting to meet without the presence of management to discuss matters such as board processes, performance of the CEO, succession planning and senior management appointments. Such meetings may also be scheduled on a need-be basis. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company’s constitution.

The number of board and board committee meetings held in FY2017 and the directors’ attendance at these board and board committee meetings are disclosed below:

Directors	Board Meetings	Board Committee Meetings				
		Audit	Nominating	Remuneration	Board Risk	Board Safety
Loh Chin Hua	8	-	2	3	-	-
Thomas Pang Thieng Hwi	8	-	-	-	-	4
Karmjit Singh	8	4	2	-	-	3
Neo Boon Siong	8	4	-	-	4	-
Khor Poh Hwa	8	4	-	3	-	-
Lim Chin Leong	8	-	2	3	3	4
Lee Ai Ming	8	4	-	-	4	-
Chan Hon Chew	8	4	-	-	-	-
No. of meetings held in 2017	8	4	2	3	4	4

If a director were unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or the board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to the other members at the meeting.

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Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require Board approval. Under these guidelines, investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board. Each Board member has equal responsibility to oversee the business and affairs of the Company. Management on the other hand is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategies set by the Board.

Director Orientation: A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as a Board director. All newly-appointed directors receive a director tool-kit and undergo an orientation programme which includes management presentations on the Group's businesses and strategic plans and objectives. If the newly-appointed director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.

Training: The directors are provided with continuing education in areas such as finance, economics, management and committees' duties and responsibilities so as to update and refresh them on matters that affect their performance as board or board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Company.

Board Composition and Succession Planning

Principle 2: Strong and independent element on the Board

Board Composition and Succession Planning: To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. There is a process of refreshing the Board progressively over time so that the experience of longer-serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

Board Independence: With the exception of Mr Thomas Pang, who is the Chief Executive Officer ("CEO"), the other directors are all non-executive directors, five out of seven of whom are deemed independent. Please refer to page 140 of this report for the basis of the Nominating Committee's ("NC") determination as to whether a director should or should not be deemed independent.

Board Size: The Board, in concurrence with the NC, is of the view that taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees, the current size of the Board is appropriate for the time being for the Board to discharge its duties and responsibilities effectively. No individual or small group of individuals dominate the Board's decision-making.

Board Competency: The NC is satisfied that the Board and the board committees comprise directors who as a group provide appropriate balance and diversity of skills, experience, gender, and knowledge of the Group, and core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective. In this respect, the NC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on objective criteria set as part of the process for appointment of new directors and Board succession planning. In FY2017, there was 1 female director out of a total of 8 directors on the Board.

The nature of the directors' appointments on the Board and details of their membership on Board committees are set out in the Appendix to this report. The profiles of each of the directors are set out on pages 8 to 11 of this Annual Report.

Board Information: The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board, and in particular, the non-executive directors, must be kept well informed of the Company's businesses and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively.

These initiatives include informal meetings for management to brief the directors on prospective deals, and providing the Board with regular updates on projects and initiatives at an early stage to keep the Board abreast of business developments. An off-site Board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

Chairman and Chief Executive Officer

Principle 3: Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making

Mr Loh Chin Hua is the non-executive Chairman, and Mr Thomas Pang is the CEO, of the Company.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretary and management.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda in consultation with the CEO, to enable the Board to perform its duties responsibly having regard to the flow of the Company's businesses and operations. He monitors the flow of information from management to the Board to ensure that all material information are provided in a timely manner, and encourages constructive relations among Board members and between the Board and management. He further facilitates the discussion of agenda items, particularly strategic issues, at Board meetings, and encourages contributions from the non-executive directors.

At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between the Board, management and shareholders.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group's business and directs the business of the Group in line with the Group's strategic directions and policies. The CEO keeps in regular communication with the Chairman and the Board to update them on corporate issues and business developments.

Taking into account that the Chairman and CEO are not immediate family members, the Board and board committees comprise majority independent directors, and each board committee is chaired by an independent director, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent director.

Board Membership

Principle 4: Formal and transparent process for appointment and re-appointment of directors to the Board

Nominating Committee

The Company has established a Nominating Committee (NC) to, among other things, make recommendations to the Board on all Board appointments and re-appointments, and oversee the Board's and senior management's succession and leadership development plans.

The NC comprises three directors, two of whom (including the Chairman) are independent, namely:

Mr Karmjit Singh	Chairman
Mr Lim Chin Leong	Member
Mr Loh Chin Hua	Member

The responsibilities of the NC are set out in the Appendix to this report.

Process for appointment of new directors

The NC recommended, and the Board approved, a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors. The NC leads the process and makes recommendations to the Board as follows:

- (a) NC evaluates the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making, and, in the light of such evaluation and in consultation with management, assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
- (b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates, if need be. Directors and management may also make recommendations.
- (c) NC meets with short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- (d) NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

All new appointments of directors are subject to the recommendation of the NC based on the following objective criteria:

- (1) Integrity
- (2) Independent mindedness
- (3) Diversity – Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board
- (4) Ability to commit time and effort to carry out duties and responsibilities effectively – as a guide, the proposed director should not have more than six listed company board representations and other principal commitments
- (5) Track record of making good decisions
- (6) Experience in high-performing companies
- (7) Financial literacy

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Re-nomination of Directors

The NC is also charged with the responsibility of re-nomination of directors, having regard to each director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his or her peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself or herself for re-election at the annual general meeting immediately following his or her appointment.

Annual Review of Board Committees' Composition

The NC reviews the composition of the board committees on an annual basis to ensure that they comprise members with the necessary qualifications and skills to discharge their responsibilities effectively.

Annual Review of Directors' Independence

The NC determines on an annual basis whether or not a director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. In this respect, the NC has carried out a review of the independence of each non-executive director based on the respective directors' self-declaration and their actual performance on the Board and board committees.

The NC (save for Mr Loh Chin Hua who abstained from deliberation in this matter) noted that Mr Loh Chin Hua and Mr Chan Hon Chew are respectively the CEO and CFO of Keppel Corporation Limited. Under the Code, a director who is directly associated with a 10% shareholder is deemed as non-independent. Accordingly, the NC has continued to deem both directors as non-independent and non-executive.

The NC further noted that there are no directors who have served on the Board for more than 9 years.

The Board, having reviewed the basis of the NC's assessment on the independence of the non-executive directors, concurs with the recommendations set forth by the NC and is of the view that Prof Neo Boon Siong, Mr Karmjit Singh, Mr Lim Chin Leong, Mr Khor Poh Hwa and Mrs Lee Ai Ming should be deemed independent.

Annual Review of Directors' time commitments

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple listed company boards. As a guide, directors should not have more than six listed company board representations and other principal commitments.

The NC determines annually whether a director with listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director, the level of commitment required of the director's other principal commitments, and the director's actual conduct and participation on the Board and board committees, including availability and attendance at scheduled meetings and ad-hoc meetings, in making the determination.

For FY2017, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his or her duties as director effectively. Based on the attendance of Board and Board committee meetings during the year, all directors were able to participate in at least a substantial number of such meetings. Further, based on the results of the peer and self-assessment carried out by the directors for FY2017, all directors have performed well. The NC was therefore satisfied that for FY2017, all the directors have been able to and have adequately carried out their duties as directors notwithstanding their multiple listed board representations and other principal commitments.

Key information regarding Directors

The following key information regarding directors is set out in the following pages of this Annual Report:

Pages 8 to 11: Academic and professional qualifications, date of first appointment as director, date of last re-election as director, whether appointment is executive or non-executive, whether considered by the NC to be independent, board committees served on (as a member or Chairman), directorships and chairmanships both present and past held over the preceding five years in other listed companies and other major appointments; and

Pages 75 to 76: Shareholding in the Company and its related corporations.

Board Performance

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, its board committees, the contribution by each individual director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Chaly Mah, Chairman of the Singapore Tourism Board and former CEO of Deloitte Southeast Asia, was appointed for this role. Mr Chaly Mah does not have any other connection with the Company or any of its directors which may affect his independent judgment.

The evaluation processes and performance criteria are set out in the Appendix to this report.

The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of Board members. It also assists the NC in determining whether to re-nominate directors who were due for retirement at the next annual general meeting, and in determining whether directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as directors of the Company.

Access to Information

Principle 6: Directors to have complete, adequate and timely information

The Company fully recognises that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Directors are entitled to request for and management is therefore expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

As a general rule, board papers are required to be sent to directors at least seven days before the board meeting so that the directors may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. Directors are provided with tablet devices to enable them to access and read the board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. In addition, management provides the Board with project briefs at an early stage to keep the Board abreast of the progress of the projects and potential business developments.

Management also provides the Board members with reports and accounts on a monthly basis. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

Directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary.

The Company Secretary administers, attends and prepares minutes of board proceedings. He assists the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and the board committees, and between management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and SGX Listing Manual, are complied with. He also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. He is also the primary channel of communication between the Company and SGX.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

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Remuneration Matters

Principle 7: The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8: The level and structure of director fees are aligned with the long-term interest of the Company and appropriate to attract, retain and motivate directors to provide good stewardship of the Company. The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the Company and appropriate to attract, retain and motivate key management to successfully manage the Company

Principle 9: There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee

The Remuneration Committee (RC) comprises three non-executive directors, two of whom (including the Chairman) are independent, namely:

Mr Khor Poh Hwa	Chairman
Mr Lim Chin Leong	Member
Mr Loh Chin Hua	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and benefits-in-kind) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the Keppel T&T Share Option Scheme 1993 ("KT&T Share Option Scheme") in respect of the outstanding options granted prior to the termination of the Keppel T&T Share Option Scheme on 2 July 2010, the KT&T Restricted Share Plan ("KT&T RSP") and the KT&T Performance Share Plan ("KT&T PSP"). In addition, the RC reviews 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.

The RC has access to expert advice from external remuneration consultants where required. In FY2017, the RC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.

The responsibilities of the RC are set out in the Appendix to this report.

Annual Remuneration Report

Policy in respect of non-executive directors' remuneration

The non-executive directors are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each non-executive director is paid a basic fee. In addition, non-executive directors who perform additional services in board committees are paid an additional fee for such services. The members of the Audit Committee are paid a higher fee than the members of the other board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. The CEO, being an executive director, does not receive director's fees. No termination and retirement benefits will be granted to the directors.

The RC, in consultation with Aon Hewitt, conducted a review of the non-executive directors' fee structure in 2017. The review took into account a variety of factors, including prevailing market practices and referencing directors' fees against comparable benchmarks, as well as the roles and responsibilities of the Board and board committees.

Following the review, the directors' fee structure, which remains the same as FY2016, is set out in the following table.

		Annual Retainer
Non-executive Chairman		\$52,000
Non-executive Director		\$40,000
Audit Committee	Chairman	\$27,000
	Member	\$16,000
Other Board Committees	Chairman	\$16,000
	Member	\$10,000

However, starting from FY2017, each of the non-executive directors (save for Mr Loh Chin Hua and Mr Chan Hon Chew) will receive 70% of his or her total directors' fees in cash ("Cash Component") and 30% in the form of KT&T shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The directors' fees for Mr Loh Chin Hua and Mr Chan Hon Chew will be paid in cash to Keppel Corporation Limited.

The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the Annual General Meeting ("Trading Day") for delivery to the respective non-executive directors will be based on the market price of the Company's shares on the SGX on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash.

Such incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders' and the long term interests of the Company.

The aggregate directors' fees for non-executive directors are subject to shareholders' approval at the Annual General Meeting. The Chairman and the non-executive directors will abstain from voting, and will procure their respective associates to abstain from voting in respect of this resolution.

Remuneration policy of the Chief Executive Officer and other Key Management Personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Company's, the business unit's and the individual employee's performance.

In designing the remuneration structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In 2016 / 2017, the RC undertook a comprehensive review of the total remuneration structure. With the assistance of Aon Hewitt, the RC revised the total remuneration structure to reflect the following four key objectives:

- (a) Shareholder Alignment: To incorporate performance measures that are aligned to shareholders' interests
- (b) Long-term orientation: To motivate employees to drive sustainable long-term growth
- (c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
- (d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The revised total remuneration structure comprises three components; that is, annual fixed cash, annual performance bonus, and the KT&T Share Plans. The annual fixed cash component comprises of the annual basic salary plus any other fixed allowances, which the Company benchmarks with the relevant industry market median. The size of the Company's annual performance bonus pot is determined by the Group's financial and non-financial performance, and is distributed to employees based on their individual performance. The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T RSP and the KT&T PSP. A portion of the annual performance bonus is granted in the form of deferred shares that are awarded under the KT&T RSP. The KT&T PSP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The KT&T RSP and KT&T PSP are long-term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall remuneration at risk.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable rewards is considered appropriate for the Group and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

- (1) by placing a significant portion of executives' remuneration at risk ("At Risk component") and subject to a vesting schedule;
- (2) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
 - A. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group: (i) Financial and Business Drivers; (ii) Process; (iii) Stakeholders; and (iv) People. Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety KPI, enhancing risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;
 - B. The four scorecards areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group. The RC reviews and approves the scorecard annually;
- (3) by selecting performance conditions for the KT&T PSP awards, such as Total Shareholder Return, Return on Capital Employed and Net Profit that are aligned with shareholder interests;
- (4) by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
- (5) by forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizons of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

- (a) prudent funding of annual cash performance bonus;
- (b) granting a portion of the annual performance bonus in the form of deferred shares, to be awarded under the KT&T RSP;
- (c) vesting of contingent share awards under the KT&T PSP being subject to KPIs and/or performance conditions being met; and
- (d) potential forfeiture of variable incentives in any year due to misconduct.

The RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of variable component of remuneration, the RC had taken into account the extent to which the performance conditions, set forth above, have been met. The RC is therefore of the view that remuneration is aligned to performance during FY2017.

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In order to align the interests of the executive director and key management personnel with that of shareholders, the executive director and key management personnel are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company.

The directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Long Term Incentive Plans

KT&T Share Plans

The KT&T Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KT&T Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KT&T RSP applies to a broader base of employees while the KT&T PSP applies to a select group of key management personnel. The range of performance targets to be set under the KT&T PSP emphasise stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year or to reclaim incentive components of remuneration if an executive is directly involved in a material misstatement of financial statements, in misconduct resulting in misstatement of financial statements or in misconduct resulting in financial loss to the Company. Outstanding performance bonuses, KT&T RSP and KT&T PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KT&T Share Plans are set out on pages 76 to 78 and 102 to 104 of the Annual Report.

Level and mix of remuneration of Directors and Key Management Personnel (who are not Directors or the Chief Executive Officer) for the year ended 31 December 2017

The level and mix of each of the directors' remuneration are set out below:

	Base/ Fixed Salary (\$)	Performance Related Cash Bonuses Earned ¹	Directors' Fees (\$)		Benefits- in-Kind (\$)	Contingent Award of Shares ²		Total Remuneration
			Cash Component ³	Shares Component ³		PSP ⁴	RSP	
Remuneration & Name of Director								
Thomas Pang Thieng Hwi ⁵	379,190	459,013	-	-	-	169,850	438,228	1,446,281
Loh Chin Hua ⁶	-	-	72,000	-	-	-	-	72,000
Chan Hon Chew ⁶	-	-	56,000	-	-	-	-	56,000
Karmjit Singh	-	-	57,400	24,600	-	-	-	82,000
Nee Boon Siong	-	-	53,900	23,100	-	-	-	77,000
Khor Poh Hwa	-	-	50,400	21,600	-	-	-	72,000
Lim Chin Leong	-	-	60,200	25,800	-	-	-	86,000
Lee Ai Ming	-	-	50,400	21,600	-	-	-	72,000

Notes:

- ¹ The RC is satisfied that the quantum of performance-related bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY2017 were met.
- ² Shares awarded under the KT&T PSP are subject to pre-determined performance targets set over a three-year performance period. As at 28 April 2017, being the grant date for the contingent awards under the KT&T PSP, the estimated value of each share granted was \$1.48. As at 23 February 2018, being the grant date for the contingent deferred shares award under the KT&T RSP, the estimated value of each share was \$1.54. For the KT&T PSP, the figures are based on the value of the PSP shares at 100% of the awards and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the awards.
- ³ The amounts stated may be adjusted as indicated on page 142 of this report.
- ⁴ Included one-time performance shares awarded under the KCL PSP-TIP. As at 28 April 2017, being the grant date, the estimated value of each share granted in respect of the contingent awards under the KCL PSP-TIP was \$0.87.
- ⁵ Mr Thomas Pang Thieng Hwi's monthly base salary had been reduced up to 5% with effect from 1 October 2016.
- ⁶ The directors' fees for Mr Loh Chin Hua and Mr Chan Hon Chew will be paid in cash to Keppel Corporation Limited.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY2017 was \$2,670,593. The level and mix of each of the key management personnel (who are not directors or the CEO) in bands of \$250,000 are set out below:

	Base/Fixed Salary (\$)	Performance Related Cash Bonuses Earned ⁷ (\$)	Benefits-in-kind (\$)	Contingent award of Shares ²	
				PSP ⁴	RSP
Remuneration Band and Name of Key Management Personnel⁸					
Above \$1,000,000 to \$1,250,000 Wong Wai Meng	37%	25%	-	15%	23%
Above \$750,000 to \$1,000,000 Tan Eng Hwa	41%	35%	-	3% ⁹	21%
Desmond Gay Kah Meng	40%	24%	-	13%	23%

Notes:

⁷ The RC is satisfied that the quantum of performance-related bonuses earned by key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2017 were met.

⁸ The Company has less than 5 key management personnel other than the CEO.

⁹ This only consists of one-time performance shares awarded under the KCL PSP-TIP.

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 31 December 2017. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the KT&T Share Plans

The KT&T Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 76 to 78 and 102 to 104 for details of the KT&T Share Plans.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

Principle 12: Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website.

In line with the Company's drive towards sustainable development, shareholders are encouraged to access or download the Annual Report from the Company's corporate website at www.keppeltt.com.sg. A physical copy of the Annual Report is sent to shareholders on request.

Management provides the Board members with management accounts and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Company's and Group's performance, position and prospects.

The Board, supported by the Audit Committee and Board Risk Committee, oversees the Company's Keppel's System of Management Controls Framework which outlines the Company's internal control and risk management processes and procedures to, among others, ensure compliance with legislative and regulatory requirements. Details of the Framework are set out on page 147 of this Annual Report.

Audit Committee

The Audit Committee (AC) comprises five non-executive directors, four of whom (including the Chairman) are independent, namely:

Prof Neo Boon Siong	Chairman
Mr Karmjit Singh	Member
Mr Khor Poh Hwa	Member
Mrs Lee Ai Ming	Member
Mr Chan Hon Chew	Member

Prof Neo Boon Siong and Mr Chan Hon Chew have recent and relevant accounting and related financial management expertise and experience.

None of the members of the AC were partners or directors of the Company's existing external auditors within the last 12 months and none of the members of the AC hold any financial interest in the auditing firm.

The AC's main role is to assist the Board to ensure integrity of financial reporting and that there are in place sound internal control systems. The AC's responsibilities are set out in the Appendix to this report.

Corporate Governance

The AC has explicit authority to investigate any matters within its terms of reference, full access to and cooperation of the management, full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Keppel Corporation Limited's Group Internal Audit ("Group Internal Audit"), together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors and the internal auditors four times during the year, with at least one of the meetings conducted without the presence of management.

During the year, the AC performed independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year financial results. In the process, the AC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials. The following key audit matters impacting the financial statements were also discussed with the management and the external auditors and were reviewed by the AC:

Key audit matters	How these issues were addressed by the AC
Impairment of fixed assets	<p>The AC reviewed and discussed with management and external auditors on the approach and methodology applied to the impairment assessment which included the reasonableness of relevant inputs and assumptions used by the independent professional valuers. The AC also considered the report from the external auditors on their assessment of the valuation methodology, including the key assumptions applied.</p> <p>The AC was satisfied that the valuation approach and key assumptions used in the impairment assessment were reasonable.</p>
Fair value measurement of investment properties	<p>The AC reviewed and discussed with management and external auditors on the approach and methodology applied to the valuation of investment properties, supported by the independent professional valuations. The AC also considered the report from the external auditors on their assessment of the reasonableness of the underlying key assumptions and inputs applied in the valuation methodology.</p> <p>The AC was satisfied with the valuation process and the methodology used for the valuation of investment properties which were adopted and disclosed in the financial statements.</p>

The AC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements, and such changes to the accounting standards were also highlighted by the external auditors in their quarterly reviews with the AC. In addition, the AC members are invited to the annual finance seminar organised by Keppel Corporation Limited where relevant changes to the accounting standards that will impact the Keppel Group companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The AC also reviewed and approved both Group Internal Audit's and the external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations presented by Group Internal Audit and the external auditors were also reviewed during AC meetings, and significant issues were discussed.

The AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as, reviewed the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 6 of the Notes to the Financial Statements on page 99.

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

The AC is satisfied that Group Internal Audit is adequately resourced to discharge its duties effectively, and has appropriate standing within the Company.

The Company has in place the "Keppel T&T: Whistle-Blower Policy" (the "Policy") which provides the mechanism by which employees and any persons who have dealings with the Group may, in confidence, raise concerns about possible improprieties in business conduct. The AC reviewed the Policy and is satisfied that arrangements are in place for independent investigation of such matters, including anonymous complaints, and for appropriate follow-up actions. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. In addition, the AC reviews the Policy yearly to ensure that it remains current. The details of the Policy are set out on page 154.

On a quarterly basis, the AC reviews the interested person transactions ("IPTs") reported by management in accordance with the Company's shareholders' mandate for IPTs. The IPTs were reviewed by Group Internal Audit. All findings are reported during the AC meetings.

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

The Board Risk Committee (BRC) comprises three independent directors (including the Chairman), namely:

Mrs Lee Ai Ming	Chairman
Prof Neo Boon Siong	Member
Mr Lim Chin Leong	Member

The BRC members have extensive financial and commercial experience. Please refer to the profile of each BRC member on pages 8 to 11 of this Annual Report.

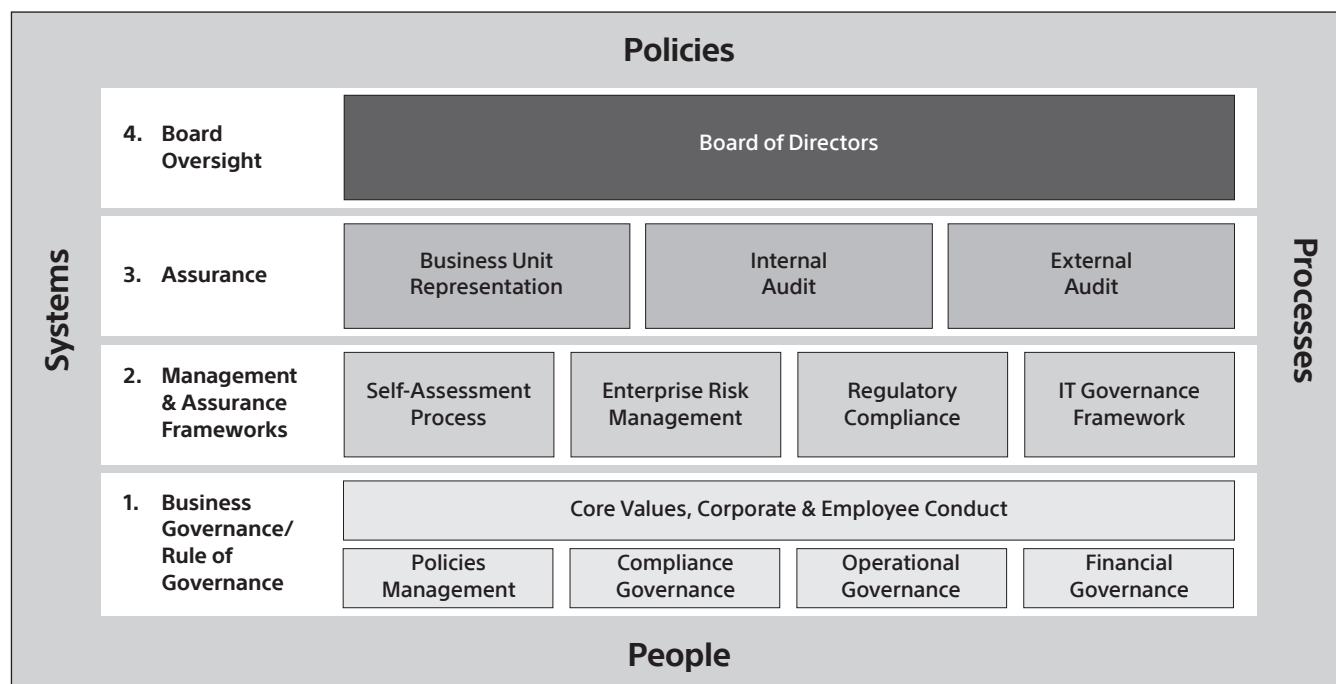
The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Group's assets. The Committee reports to the Board on critical risk issues, material matters, findings and recommendations. The detailed responsibilities of the Committee are disclosed in the Appendix to this report.

The Group's approach to risk management is set out in the "Risk Management" section on page 41 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 41.

The Group also has in place a Risk Management Assessment Framework which was established to facilitate the Board's assessment of the adequacy and effectiveness of the Group's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Group and assessments are made on the adequacy and effectiveness of the Group's risk management system in managing each of these key risk areas.

The Company has in place the Keppel's System of Management Controls Framework (the "Framework") outlining the Company's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management.

Keppel's System of Management Controls



Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees chaired by business owners. Employees are also guided by the Group's Core Values and expected to comply strictly with Keppel's Code of Conduct.

Corporate Governance

Under the second Line of Defence, significant business units are required to conduct a self-assessment exercise on an annual basis. This exercise requires such business units to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Where required, action plans are developed to remedy identified control gaps. Under the Group's Enterprise Risk Management Framework, significant risk areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. In addition, Regulatory Compliance supports and works alongside business management to ensure that relevant policies, processes and controls are effectively designed, managed and implemented, the compliance culture is being inculcated, trainings & communication are provided and compliance risks are assessed, reviewed and monitored.

Under the third Line of Defence, to assist the Company in ascertaining the adequacy and effectiveness of the Group's internal controls, business units are required to provide the Company with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Company's internal and external auditors based on their independent assessments.

The Board, supported by the AC and BRC, oversees the Group's system of internal controls and risk management.

Group Internal Audit and the external auditors also conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

The Board has received assurance from the CEO and CFO that, amongst others:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group;
- (b) the internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and
- (c) they are of the view that the Group's risk management system is adequate and effective.

Based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management, the Board, with the concurrence of the BRC, is of the view that as at 31 December 2017, the Group's risk management system is adequate and effective.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that as at 31 December 2017, the Group's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Internal Audit

Principle 13: Adequately resourced and independent internal audit function

The role of Group Internal Audit is to provide independent assurance to the AC to ensure that the Company maintains a sound system of internal controls. Group Internal Audit adopts a risk-based approach to evaluate the adequacy and effectiveness of key controls and procedures when performing audits of high risk areas. It also undertakes investigations as directed by the AC.

Staffed by suitably qualified executives, Group Internal Audit has direct access to the AC and unrestricted access to all the Group's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the AC, with an administrative reporting line to the CEO of the Company.

Group Internal Audit is guided by the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA"). External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards. Group Internal Audit staff performs a yearly declaration of independence and confirm their adherence to the Employee Code of Conduct as well as the Code of Ethics established by IIA, from which, the principles of objectivity, competence, confidentiality and integrity are based. During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on key risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Audits are planned based on the results of the assessment, with priority given to auditing the areas of highest risk within the Company. All Group Internal Audit's reports are submitted to the AC for deliberation, with copies of these reports extended to the relevant senior management. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of the audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

The AC reviewed, and was satisfied that Group Internal Audit was adequately resourced to perform its functions and had appropriate standing within the Group.

Shareholder Rights and Responsibilities, and Conduct of Shareholder Meetings

Principle 14: Recognition, protection and facilitation of the exercise of shareholders' rights

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Greater shareholder participation at general meetings of shareholders

In addition to the matters mentioned above in relation to "Accountability and Audit", the Group Corporate Communications Department of Keppel Corporation Limited (with assistance from the Group Finance and Group Legal Departments of Keppel Corporation Limited, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company has in place an Investor Relations Policy, which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at www.keppeltt.com.sg.

The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. To better engage the investment community and ensure a level playing field, the senior management held 17 meetings and conference calls with institutional investors in 2017.

The senior management also kept equity research analysts apprised of corporate developments through quarterly results conference calls to facilitate research coverage.

In recognition of its efforts in improving communications with investors, the Company was conferred the Best Managed Board Gold Award for mid-cap companies at the Singapore Corporate Awards, as well as Runner-Up for the Singapore Corporate Governance Award (Mid Cap) by the Securities Investors Association (Singapore) in 2017.

The Company was included in the FTSE ST Small Cap Index on 15 September 2017. The FTSE ST Index Series was created by FTSE Group, SGX and Singapore Press Holdings as a broader series of local indexes representing various sized companies, sectors and themes, for benchmarking purposes and as tools in the creation of financial products.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the press. All corporate announcements are also made available on the Company's mobile-friendly website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed, and on the rare occasions when such information is inadvertently disclosed, it is immediately released to the public via SGXNET and the press. The Company's website is also continually updated with the latest information concerning the Company, such as the latest updates on businesses and operations, quarterly financial statements, Group corporate structure, annual reports, and notices of general meetings. Contact details of the investor relations department are also set out on the website to facilitate any queries from investors.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, the shareholders' meetings are generally held in centrally-located locations which are easily accessible by public transportation. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon, and to vote on the resolutions at shareholders' meetings. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets, and the remuneration of non-executive directors. Shareholders are also informed of the voting procedures governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may however appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the shareholders' meetings.

Any payment of interim dividend or, upon receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholders in an equitable and timely manner.

Corporate Governance

At shareholders' meetings, each distinct issue is proposed as a separate resolution. To encourage transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. A scrutineer is also appointed to count and validate the votes cast at the meetings. Votes cast for and against and the respective percentages, in respect of each resolution will be displayed 'live' to shareholders/proxies immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET. Each share is entitled to one vote.

Where possible, all the directors will attend shareholders' meetings. The Chairman of each board committee is particularly required to be present at these meetings to address any queries raised. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meeting, which incorporates the list of board members who attended the meeting, substantial and relevant comments or queries from shareholders and responses from the Board and management and the results of the shareholders' meeting. These minutes are available to shareholders upon request.

Securities Transactions

Insider Trading Policy and Guidance on Dealings in Securities

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on dealings in the securities of the Company. The policy has been distributed to all directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its directors and officers informing that the Company and its officers must not deal in listed securities of the Company a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. The Company's officers are also informed that they should not deal in the Company's securities on short-term considerations. Directors and the CEO are also required to report their dealings in the Company's securities within two business days.

APPENDIX**BOARD COMMITTEES – KEY TERMS OF REFERENCE****A. Audit Committee**

- (1) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- (2) Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- (3) Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
- (4) Review the independence and objectivity of the external auditors.
- (5) Review the nature and extent of non-audit services performed by the auditors.
- (6) Meet with external auditors and internal auditors, without the presence of management, at least annually.
- (7) Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
- (8) Review the adequacy and effectiveness of the Company's internal audit function, at least annually.
- (9) Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
- (10) Approve 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.
- (11) Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.
- (12) Review interested person transactions.
- (13) Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
- (14) Report to the Board on material matters, findings and recommendations.
- (15) Review the Audit Committee's terms of reference annually and recommend any proposed changes to the Board.
- (16) Perform such other functions as the Board may determine.
- (17) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit.

B. Nominating Committee

- (1) Recommend to the Board the appointment/re-appointment of directors.
- (2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
- (3) Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond 9 years from the date of his first appointment.
- (4) Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.
- (5) Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
- (6) Annual assessment of the effectiveness of the Board as a whole and individual directors.
- (7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
- (8) Review talent development plans.
- (9) Review the training and professional development programs for Board members.
- (10) Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
 - (i) listed on the Singapore Exchange or any other stock exchange;
 - (ii) managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange; and
 - (iii) parent companies of the Company's core businesses which are unlisted.
- (11) Report to the Board on material matters and recommendations.
- (12) Review the Nominating Committee's terms of reference annually and recommend any proposed changes to the Board.
- (13) Perform such other functions as the Board may determine.
- (14) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this Committee may deem fit.

Corporate Governance

C. Remuneration Committee

- (1) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel.
- (2) 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 clauses are fair and reasonable and not overly generous.
- (3) Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
- (4) Administer the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KT&T Share Plans"), in accordance with the rules of the KT&T Share Plans.
- (5) Report to the Board on material matters and recommendations.
- (6) Review the Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.
- (7) Perform such other functions as the Board may determine.
- (8) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Remuneration Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

D. Board Risk Committee

- (1) Obtain recommendations on risk tolerance and strategy from management, and where appropriate, report and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's level of risk tolerance and risk policies.
- (2) Review and discuss, as and when appropriate, with management the Group's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures.
- (3) Receive and review quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- (4) Review the Group's capability to identify and manage new risk types.
- (5) Review and monitor management's responsiveness to the risks and matters identified and recommendations of the Group Risk and Compliance department.
- (6) Provide timely input to the Board on critical risk and regulatory compliance issues, material matters, findings and recommendations.
- (7) Review the Board Risk Committee's terms of reference annually and recommend any proposed changes to the Board.
- (8) Review and report to the Board annually on the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls.
- (9) Perform such other functions as the Board may determine.
- (10) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Board Risk Committee may deem fit.

E. Board Safety Committee

- (1) Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operation and performance across the Group.
- (2) Monitor HSE performance of the Group companies, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.
- (3) Review serious accident and near miss incident investigation reports timely to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
- (4) Follow up on key actions initiated by the Board Safety Committee.
- (5) Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum and review any emerging or new legislations that may potentially impact the Group companies.
- (6) Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
- (7) Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organization.
- (8) Review the major changes to HSE risk profile of the Group companies that has changed or will change as a result of new business, new market, new product, etc. and the steps taken to monitor, control and mitigate such risks.
- (9) Consider management's proposals on safety-related matters.
- (10) Carry out such investigations into safety-related matters as the Board Safety Committee deems fit.
- (11) Report to the Board on material matters, findings and recommendations.
- (12) Perform such other functions as the Board may determine.
- (13) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Board Safety Committee may deem fit.

Nature of current Directors' appointments and membership on Board committees

Directors	Board Membership	Board Committee Membership				
		Audit	Nominating	Remuneration	Board Risk	Board Safety
Loh Chin Hua	Non-Independent Non-Executive Chairman	-	Member	Member	-	-
Thomas Pang Thieng Hwi	Executive Director	-	-	-	-	Member
Karmjit Singh	Independent Director	Member	Chairman	-	-	Member
Neo Boon Siong	Independent Director	Chairman	-	-	Member	-
Khor Poh Hwa	Independent Director	Member	-	Chairman	-	-
Lim Chin Leong	Independent Director	-	Member	Member	Member	Chairman
Lee Ai Ming	Independent Director	Member	-	-	Chairman	-
Chan Hon Chew	Non-Independent Non-Executive Director	Member	-	-	-	-

Board Performance

Evaluation processes

Board and Committees

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a non-executive director.

In the assessment of the performance of the executive director, each non-executive director is required to complete the executive director's assessment form and send the form directly to the Independent Co-ordinator within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self-assessment.

In the assessment of the performance of the non-executive directors, each director (both non-executive and executive) is required to complete the non-executive directors' assessment form and send the form directly to the Independent Co-ordinator within five working days. Each non-executive director is also required to perform a self-assessment in addition to a peer assessment.

Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Following the meeting, the Chairman of the Nominating Committee will meet with directors individually to provide the necessary feedback on their respective performance with a view to improving their board performance and shareholder value.

Chairman

The Chairman Evaluation Form is completed by each director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Performance Criteria

The performance criteria adopted for the evaluation process have been consistently applied from year to year, and updated from time to time to account for amendments to the listing rules and Code of Corporate Governance 2012.

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, composition and effectiveness of board committees, board information and accountability, board performance in relation to discharging its principal functions, performance of Board and board committee in relation to discharging their responsibilities, and quality of financial reporting. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes of the Company.

Corporate Governance

The individual director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he or she provides valuable input, his or her ability to analyse, communicate and contribute to the productivity of meetings, and his or her understanding of finance and accounts are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his or her role of director seriously and works to further improve his or her own performance, whether he or she listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the director's attendance at board and board committee meetings, whether he or she is available when needed, and his or her informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each director was appointed for his or her strength in certain areas which, taken together with the skill sets of the other directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Keppel T&T: Whistle-Blower Policy

Keppel T&T: Whistle-Blower Policy (the "Policy") took effect on 1 September 2004 and was revised on 1 March 2017 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined and centralised processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- (a) dishonest, including but not limited to theft or misuse of resources within the Group;
- (b) fraudulent;
- (c) corrupt;
- (d) illegal;
- (e) other serious improper conduct;
- (f) an unsafe work practice; or
- (g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) of Keppel Corporation Limited is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the Audit Committee (AC) Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation

The AC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. The Whistle-Blower Committee assists the AC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blower, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

Corporate Governance

Code of Corporate Governance 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable.

Board Responsibility

Guideline 1.5	What are the types of material transactions which require approval from the Board?	Investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board.
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Members of the Board

Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating Committee (NC) evaluates the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making, and, in the light of such evaluation and in consultation with management, assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The NC is of the view that the Board and the board committees comprise directors who as a group provide appropriate balance and diversity of skills, experience, gender, and knowledge of the Group, and core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.

Guideline 4.6

Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.

For new directors

There were no new directors appointed in the last financial year.

However, on an annual basis, the NC will evaluate the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making.

In the light of such evaluation and in consultation with management, the NC will then assess if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.

NC will then meet with the short-listed candidates to assess suitability and to ensure that the candidates were aware of the expectations and the level of commitment required. Thereafter, NC will make recommendations to the Board for approval.

For incumbent directors

Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

NC recommended the re-nomination of directors to the Board for approval, having regard to each director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.

Guideline 1.6

(a) Are new directors given formal training? If not, please explain why.

Yes, all new directors undergo a comprehensive orientation programme. If the newly-appointed director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.

(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?

All directors are provided with continuing education in areas such as finance, economics, management and committees' duties and responsibilities so as to update and refresh them on matters that affect their performance as board or board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Company.

Corporate Governance

Guideline 4.4	<p>a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Directors should not have more than 6 listed company board representations and/or other principal commitments. This serves as a guide and the NC takes into account other factors in deciding on the capacity of the director.</p> <p>Not Applicable.</p> <p>The NC takes into account the results of the annual assessment of the effectiveness of the individual director, the level of commitment required of the director's other principal commitments and the respective directors' actual conduct and participation on the Board and board committees, including availability and attendance at scheduled meetings and ad-hoc meetings, in determining whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company.</p>
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Board Evaluation

Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the board members for the annual assessment. Based on the returns from each of the directors, the Independent Co-ordinator prepared a consolidated report and briefed the NC Chairman and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.</p> <p>The detailed process for the conduct of the assessment is set out on page 153 of the Corporate Governance Report.</p> <p>Yes.</p>
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Independence of Directors

Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>No.</p> <p>Not Applicable.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.

Disclosure on Remuneration

Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes.</p> <p>There are only three key management personnel (who are not directors or the CEO). Aggregate remuneration paid: S\$2,670,593.</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	<p>The revised total remuneration structure comprises three components; that is, annual fixed cash, annual performance bonus, and the KT&T Share Plans. The annual fixed cash component comprises of the annual basic salary plus any other fixed allowances, which the Company benchmarks against the relevant industry market median. The size of the Company's annual performance bonus pot is determined by the Group's financial and non-financial performance, and is distributed to employees based on their individual performance.</p> <p>The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T RSP and the KT&T PSP. A portion of the annual performance bonus is granted in the form of deferred shares that are awarded under the KT&T RSP. The KT&T PSP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The KT&T RSP and KT&T PSP are long term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall remuneration at risk.</p> <p>For FY2017, the executive director and selected key management personnel had also been granted performance shares under KCL PSP pursuant to a one-off Transformation Incentive Plan.</p>

Corporate Governance

(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance.

The key performance indicators ("KPIs") for awarding of annual cash incentives are based on four scorecard areas that the Company has identified as key to measuring performance are – (i) Financial and Business Drivers; (ii) Process; (iii) Stakeholders; and (iv) People.

For the long-term incentive plans, performance conditions that are aligned with shareholder interests such as Total Shareholder Return, Return on Capital Employed (ROCE) and Net Profit are selected for equity awards.

(c) Were all of these performance conditions met? If not, what were the reasons?

Yes, the RC is satisfied that the quantum of performance related bonuses and the value of shares vested under the KT&T PSP and KT&T RSP to the executive director and key management personnel was fair and appropriate taking into account the extent to which their KPIs and performance conditions for FY2017 were met.

Please refer to pages 142 to 145 of the Corporate Governance Report for more details.

Risk Management and Internal Controls

Guideline 6.1

What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?

The Company has adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, and have unrestricted access to management.

These initiatives include informal meetings for management to brief the directors on prospective deals, and providing the Board with regular updates on projects and initiatives at an early stage to keep the Board abreast of business developments.

An off-site board strategy meeting is also organised annually for in-depth discussion on strategic issues and direction of the Group to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

On a monthly basis, management provides the Board members with KT&T monthly management report covering the division business progress & operations, financial accounts and developing projects progress as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Group's performance, position and prospects.

Guideline 13.1

Does the Company have an internal audit function? If not, please explain why.

Yes. The Company's internal audit functions are discharged by Keppel Corporation Limited's Group Internal Audit.

Guideline 11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p>	<p>The Board oversees the Group's system of internal controls and risk management with the support from Audit Committee and Board Risk Committee.</p> <p>The Board's view on the adequacy and effectiveness of the Company's internal controls is based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors. The Audit Committee has concurred with this view.</p> <p>The Board's view on the adequacy and effectiveness of the Company's risk management system is based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management. The Board Risk Committee has concurred with this view.</p>
	<p>In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>Yes. The Board has received assurance from the CEO and the CFO on points (i) and (ii). The Board has received assurance from internal auditor on the adequacy and effectiveness of the Company's internal control systems.</p>
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>The Group's estimated audit fee for the current financial year payable to the external auditors of the Company and other auditors of subsidiaries is approximately S\$466,000. The Group's non-audit services paid to external auditor of the Company and other auditors of subsidiaries amounted to approximately S\$2,000.</p> <p>The AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as, reviewed the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.</p>

Communication with Shareholders

Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p>	<p>Yes. The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. To better engage the investment community and ensure a level playing field, the senior management held 17 meetings and conference calls with institutional investors in 2017. The senior management also kept equity research analysts apprised of corporate developments through quarterly results conference calls.</p> <p>This role is performed by Group Corporate Communications Department.</p>
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Corporate Governance

(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?

Engagement with shareholders and other stakeholders take many forms including, email communications, publications and content on the Company's mobile-friendly website.

Senior management also meets with investors, analysts and the media, as well as participates in industry conferences to solicit and understand the views of the investment community.

Guideline 15.5

If the Company is not paying any dividends for the financial year, please explain why.

Not Applicable.

Code of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters.	Page 137
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings.	Page 137
Guideline 1.5 The type of material transactions that require board approval under guidelines.	Page 138
Guideline 1.6 The induction, orientation and training provided to new and existing directors.	Page 138
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed.	Page 140
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Page 140
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members.	Page 139
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	Pages 139 and 151
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 140
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process.	Page 139
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent.	Pages 8 to 11
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.	Pages 141 and 153
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	Pages 142 and 152
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company.	Page 142
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration.	Pages 142 to 145

Corporate Governance

<p>Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).</p>	Pages 142 to 145
<p>Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.</p>	Page 144
<p>Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.</p>	Page 145
<p>Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000.</p>	Page 145
<p>Guideline 9.5 Details and important terms of employee share schemes.</p>	Pages 76 to 78 and 102 to 104
<p>Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.</p>	Pages 142 to 145
<p>Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.</p> <p>The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.</p> <p>The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.</p>	Page 148
<p>Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.</p>	Pages 145 and 151
<p>Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.</p>	Page 146
<p>Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report.</p>	Pages 146 and 154
<p>Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.</p>	Pages 145 and 146
<p>Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.</p>	Pages 149 and 150
<p>Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.</p>	Not Applicable.