

CORPORATE GOVERNANCE

Board Composition and Guidance

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

The Board consists of six Directors of whom five are Non-Executive Directors. The Non-Executive Directors comprise three Independent Directors and two non-Independent Directors. The Executive Director is the Group CEO. As the Chairman is not independent, the Board appointed a Lead Independent Director. A summary of the role of the Lead Independent Director is set out in the section titled “Role of the Lead Independent Director” on page 86.

The Board, through the NC, reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group’s operations, and that the Board has a strong independent element.

The Board and the NC are satisfied that the Board’s size and composition are appropriate for the Company’s needs, taking into account the scope and nature of the operations of the Group and the requirements of the business.

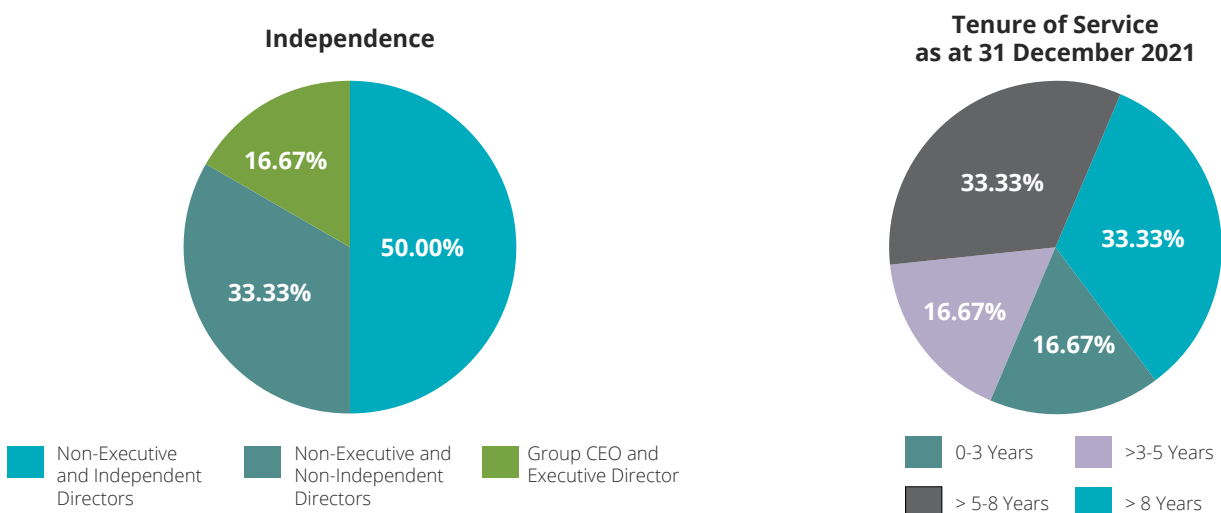
Board Diversity

The Company recognises that a diverse Board is an important element which will better support the Company’s achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, tenure of service and other distinguishing qualities of the Directors. The Board has adopted a formal Board Diversity Policy, setting out its policy for promoting diversity on the Board. The Board Diversity Policy provides that, in reviewing the Board composition, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. The selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. The Board Diversity Policy is available on the Company’s corporate website at www.1st-sponsor.com.sg.

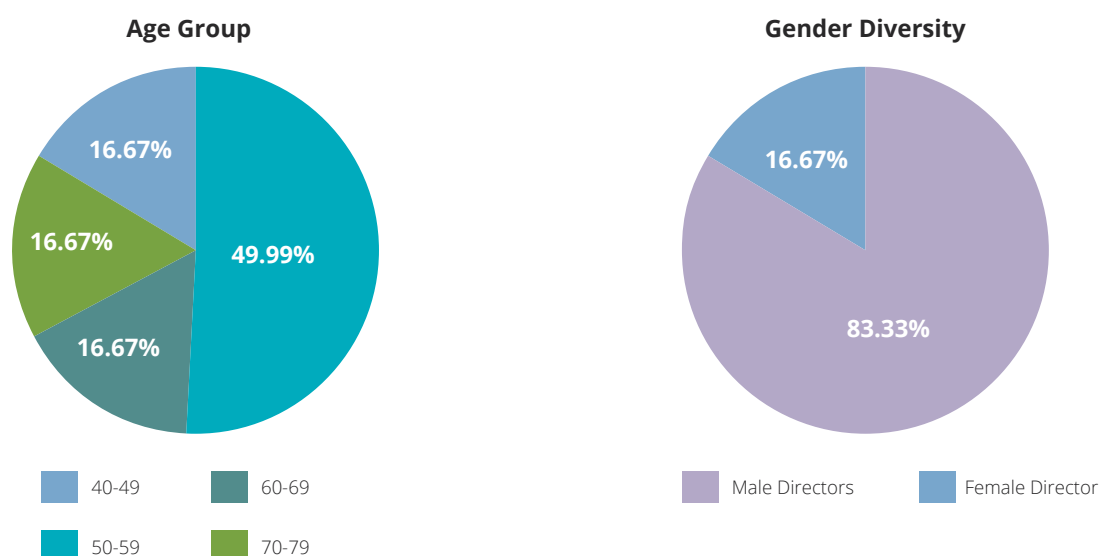
In line with the Board Diversity Policy, the Board currently comprises business leaders and professionals with real estate, hospitality, banking, financial (including audit and accounting), legal, risk management and business management backgrounds. The Board currently includes one female member who is also the NC Chairperson, a member of the ARC and a member of the RC, and Directors with ages ranging from 40 to 70 who have served on the Board for different tenures. The Board and the NC are of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, knowledge and competencies.

Profiles and qualifications of the Directors are set out in the section titled “Board of Directors” on pages 25 and 26 and directorships held by the Directors as at the date of this Annual Report and over the preceding three years are set out in the section titled “Directors’ Time Commitment” on pages 88 to 90.

Board Composition, Diversity and Balance¹



Board Composition, Diversity and Balance¹



Director's Expertise and Experience Matrix



In FY2022, the NC intends to undertake a further review of the current composition of the Board with the view to expanding the skills, experience and diversity of the Board as a whole. The NC may consider candidates from disciplines such as mergers and acquisitions, real estate investment, construction and quantity surveying, in order to provide more diverse viewpoints and introduce additional skills set to the Board. The NC also notes the recommendation of the Council for Board Diversity for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030, and will, in its review, consider the target to be set for greater female representation.

After the review, the Company will describe in its Annual Report for FY2022, among other things, the Company's targets to achieve enhanced diversity on its Board, accompanying plans and timelines for achieving the targets and how the combination of skills talents, experience and diversity of its Directors serves the needs and plans of the Group in accordance with Rule 710A of the Listing Manual which came into effect on 1 January 2022.

Independence

The Independent Directors constitute half of the Board. Other than the Group CEO, none of the Directors is a former or current employee of the Company or its subsidiaries. The Board is aware of Provision 2.2 of the Code which recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. The NC and the Board will review the current composition of Independent Directors, the Board's diversity of skills, experience, knowledge and competencies as well as the size of the Board and the Company's operations to determine whether to align the Board with the recommendation. The NC will include as part of its review in FY2022 mentioned under the section titled "Board Diversity" above, the proportion of Independent Directors on the Board, and any plans for the increase in the number of Independent Directors and timelines will accordingly be disclosed in the Company's Annual Report for FY2022.

⁽¹⁾ Percentages are based on 6 Board members (excluding alternate Director).