

# CORPORATE GOVERNANCE

The P&GCEO and the GCFO have obtained similar assurances from the respective business and corporate executive heads in the Group.

In addition, in FY 2017, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to shareholders as required by the Listing Manual.

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the P&GCEO and the GCFO, the Board concurs with the recommendation of the AC and RC and is of the opinion that the system of risk management and internal controls within the Group is adequate and effective to address the financial, operational, compliance and IT risks which the Company considers relevant and material to its current business environment as at 31 December 2017.

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

## Audit Committee

### Principle 12:

**The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

All members of the AC, including the Chairman of the AC, are non-executive independent Directors. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular the Chairman of the AC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations, and Tan Sri Amirsham A Aziz, another AC member, is a Certified Public Accountant of Malaysia. None of the AC members were previously partners or directors of the incumbent external auditors, KPMG LLP, within the previous 12 months nor does any of the AC members hold any financial interest in KPMG LLP.

The AC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information

and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the AC.

Under its terms of reference, the AC's scope of duties and responsibilities is as follows:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) in conjunction with the assessment by the RC, assessing the adequacy and effectiveness of the internal controls (including material financial, operational, compliance and IT controls) and risk management system;
- (c) reviewing the adequacy and effectiveness of the Company's internal audit function and also ensures that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (d) reviewing the scope and results of the external audit, and independence and objectivity of the external auditors;
- (e) making recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration of the external auditors;
- (f) reviewing and approving processes to regulate interested person transactions and to ensure compliance with the applicable regulations, in particular, the requirement that the transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
- (g) reviewing the whistleblowing policy and arrangements by which employees of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules, or raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

In order to maintain the independence of the external auditors, the Company has developed policies regarding the types of non-audit services that the external auditors can provide to the Group and the related approval processes. The AC has reviewed the nature and extent of non-audit services provided by the external auditors in FY 2017 and