



# Report on Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2021

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**REPORT ON CORPORATE GOVERNANCE**

**30 JUNE 2021**

**INTRODUCTION**

The Board of Directors (the ‘Board’) and the senior management of Civmec Limited (‘Civmec’ or the ‘Company’) together with its subsidiaries (the ‘Group’), recognise the importance of good corporate governance in ensuring greater transparency and protecting the interests of shareholders, as well as strengthening investors’ confidence in its management and financial reporting and are, accordingly, committed to maintaining a high standard of corporate governance throughout the Group.

This corporate governance report (‘Report’) describes the Company’s corporate governance framework and practices that were in place during the financial year ended 30 June 2021 (‘FY2021’) with specific reference to the Principles and Provisions of the Singapore Code of Corporate Governance 2018 (the ‘Code’) and the 4<sup>th</sup> edition of the Australian Securities Exchange (‘ASX’) Corporate Governance Principles and Recommendations (‘ASX Principles and Recommendations’), which is also available on the Company’s corporate website.

In line with the commitment of the Company to maintaining high standards of corporate governance, the Company continually reviews its corporate governance processes to strive to comply with the Code. To the extent the Company’s practices may vary from the provisions of the Code for FY2021, the Company has explained how its practices are consistent with the intent of the relevant principles of the Code.

The Board is pleased to report compliance of the Company with the Code, the Listing Manual of the Singapore Exchange Securities Limited (the ‘SGX-ST’), and the Listing Rules of the ASX, where applicable, except where otherwise stated.

**BOARD MATTERS**

**THE BOARD’S CONDUCT OF AFFAIRS**

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

*Provision 1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.*

The Board’s primary role is to protect and enhance shareholders’ value and ensure that the Company is run according to the best international management and corporate governance practices, appropriate to the needs and development of the Group. The Board works closely with the senior management for the Company’s long-term success and continuously maintains the highest standards of behaviour and ethical conduct within the Group. The Board has adopted a formal code of conduct, and it requires all the Directors, senior management and employees to abide by the Company’s Standard Code of Conduct, which is available on its corporate website.

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**THE BOARD'S CONDUCT OF AFFAIRS** (continued)

*Principle 1* (continued)

*Principle 1.1* (continued)

Apart from its statutory duties and responsibilities, the Board's functions include:

- overseeing the management and affairs of the Group and approves the Group's corporate strategy and directions;
- implementing policies in relation to financial matters, which include risk management and internal control and compliance;
- reviewing the financial performance of the Group, approves investment proposals and sets values and standards, including ethical standards for the Company and the Group;
- ensuring that the Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects senior management to operate;
- approving the appointment, and when necessary replacement, of the senior management personnel; and
- developing and reviewing corporate governance principles and policies.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company. Directors who face conflicts of interest disclose their interests and voluntarily recuse themselves from discussions and decisions involving the issues of conflict.

*Provision 1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

The Company encourages the Directors to learn and develop as Directors. The Directors may attend training, conferences and seminars which may have a bearing on their duties and contribution to the Board, organised by professional bodies, regulatory institutions and corporations at the Company's expense, to keep themselves updated on the latest developments concerning the Group and to keep abreast of the latest regulatory changes.

Each quarter, the Board was briefed and/or updated on recent changes to the accounting standards and industry developments and business initiatives.

All the Board members are actively engaged and play an important role in ensuring good corporate governance within the Company. Visits to the Company's business premises are arranged to acquaint the non-executive Directors with the Company's operations and ensure that all the Directors are familiar with the Company's business, policies and governance practices.

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**THE BOARD'S CONDUCT OF AFFAIRS** (continued)

*Principle 1* (continued)

*Principle 1.2* (continued)

Prior to their respective appointments to the Board, each of the Directors was given an orientation and induction programme to familiarise them with the Company's business activities, strategic directions, policies and key new projects and have undertaken all appropriate checks (including the person's character, experience, education, criminal record and bankruptcy history). In addition, newly appointed senior management personnel are subject to the same orientation, induction programme and appropriate checks in accordance with our internal onboarding policies and procedures before the personnel are introduced to the senior management team. Upon appointment of each Director and senior management personnel, the Company provides a services agreement to the Director and senior management personnel setting out their duties and obligations.

*Provision 1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.*

The Board has delegated the day-to-day management of the Group to the senior management, headed by the Executive Chairman, Mr James Finbarr Fitzgerald, the Chief Executive Officer, Mr Patrick John Tallon and the Chief Operating Officer, Mr Kevin James Deery. Matters that are specifically reserved for the approval of the Board include, among others:

- reviewing the adequacy and integrity of the Group's internal controls, risk management systems, compliance and financial reporting systems;
- approving the annual budgets and business plans;
- approving major investment or expenditure;
- approving material acquisitions and disposal of assets;
- approving the Company's periodic and full-year results announcements for release to the SGX-ST and ASX;
- approving the annual report and audited financial statements;
- monitoring senior management's performance;
- recommending share issuance, dividend payments and other returns to shareholders;
- ensuring accurate, adequate and timely reporting to, and communication with shareholders; and
- assuming responsibility for corporate governance.

The Company has adopted a policy on signing limits, setting out the level of authorisation required for specific transactions, including those that require Board approval.

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**THE BOARD'S CONDUCT OF AFFAIRS** (continued)

*Principle 1* (continued)

*Provision 1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; Audit Committee ('AC'), Nominating Committee ('NC'), Remuneration Committee ('RC') and Risks and Conflicts Committee ('RCC'). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also regularly monitored and reviewed by the Board. The roles and responsibilities of these committees are described in the following sections of this report.

*Provision 1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

The Board meets on a regular basis and when necessary, to address any specific significant matters that may arise. Board meetings are scheduled in advance. The Constitution of the Company provides for Directors to conduct meetings by teleconferencing or videoconferencing or other similar means of communication whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also make decisions by way of circulating resolutions.

The number of Board and Board Committee meetings held and attended by each Board member during the financial year ended 30 June 2021 ('FY2021') is set out below:

	Board	Board Committees			
		Audit Committee	Remuneration Committee	Nominating Committee	Risks and Conflicts Committee
<b>No. of Meetings Held</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>
		<b>No. of Meetings Attended</b>			
James Finbarr Fitzgerald	4	4*	2*	2*	4*
Patrick John Tallon	4	4*	2*	2*	4*
Kevin James Deery	4	4*	2*	2*	4*
Chong Teck Sin	4	4	2	2	4
Wong Fook Choy Sunny	4	4	2	2	4
Douglas Owen Chester	4	4	2	2	4

\*By Invitation

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**THE BOARD'S CONDUCT OF AFFAIRS** (continued)

*Principle 1* (continued)

*Provision 1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

The Board is informed of all material events and transactions as and when they occur. The senior management consults Board members as necessary and appropriate. Detailed Board papers, agenda and related material, background or explanatory information relating to matters to be discussed are sent out to the Directors, usually at least a week prior to each meeting, so that all Directors may better understand the issues beforehand, allowing more time at meetings for discussion and deliberations.

Directors are provided with a copy of documents containing a wide range of relevant information, including, quarterly and annual financial results, progress reports of the Group's operations, corporate developments, business developments, management information, sector performance, budgets, forecast, capital expenditure and personnel statistics, reports from both external and internal auditors, significant project updates, business strategies, risk analysis and assessments and relevant regulatory updates.

The senior management's proposals to the Board for approval include background and explanatory information such as, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an ongoing basis.

The Company Secretaries administer and are available to attend Board meetings and assist the Chairman in implementing appropriate Board procedures to facilitate compliance with the Company's Constitution. The Company Secretaries also ensure that the requirements of the Companies Act (Chapter 50), SGX-ST Listing Manual, ASX Listing Rules and other governance matters applicable to the Company are complied with. The Company Secretaries work together with the Company to ensure that the Company complies with all relevant rules and regulations.

All Directors are updated regularly on changes to the Company's policies and are kept updated on relevant new laws and regulations including Directors' duties and responsibilities, corporate governance and financial reporting standards. Newly appointed Directors are given briefings by the Management on the business activities of the Group.

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**THE BOARD'S CONDUCT OF AFFAIRS** (continued)

*Principle 1* (continued)

*Provision 1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Board has separate and independent access to the senior management of the Company and the Company Secretaries at all times. Requests for information are dealt with promptly by the senior management.

The Company Secretaries are appointed by the Board and are accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The removal of the Company Secretaries are subject to the approval of the Board. The Company Secretaries work closely with the Chairman to manage the flow of information between the Board, its committees and senior management across the Company.

The Board in fulfilling its responsibilities can, as a collective body or individually as Board members, when deemed fit, direct the Company and at the Company's expense, appoint independent professionals to render advice.

**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.*

*Provision 2.1 An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company*

The independence of each Director is reviewed annually by the Nominating Committee ("NC") in accordance with the Code's definition of independence. Each Independent Director is required to declare their independence by duly completing and submitting a 'Confirmation of Independence' form. The declaration requires each Director to assess whether they consider themselves independent and not having any of the relationships identified in the Code. Each Director is required to declare any circumstances in which they may be considered non-independent. The NC reviews the Confirmation of Independence to determine whether a Director is independent. The NC also considers the actions and conduct of the Independent Directors, including in formal Board meetings, to assess their independence. The NC has carefully reviewed and subsequently determined that the Independent Directors, namely Mr Chong Teck Sin, Mr Wong Fook Choy Sunny and Mr Douglas Owen Chester, are independent.

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**BOARD COMPOSITION AND GUIDANCE** (continued)

*Principle 2 (continued)*

*Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent*

As at the date of this Report, the Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) Directors being Independent Directors who make up half of the Board. No individual, or group of individuals, dominates the Board's decision-making as half of the Board consist of Independent Directors.

The Company does not have any Independent Directors that make up a majority of the Board where the current Chairman is not independent. Board diversity of thought and professional background of Directors brings a range of longer term benefits to the Company more than a majority number of Independent Directors.

Collectively, the Executive Directors and Independent Directors bring a wide range of experience and expertise as they all currently occupy or have occupied senior positions in industry and/or government, and as such, each contributes significantly to Board decisions.

In order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr Chong Teck Sin, to co-ordinate and lead the Independent Directors, providing a non-executive perspective and balanced viewpoint.

The Lead Independent Director will represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Directors as a group.

*Provision 2.3 Non-executive directors make up a majority of the Board*

As at the date of this Report, the Board comprises six (6) Directors, three (3) of whom are Executive Directors and the remaining three (3) Directors being Independent Directors who make up half of the Board.

While non-executive directors do not make up a majority of the Board, the Board considers the management and oversight function with Executive Directors heavily involved in management activities while non-executive directors exercise an oversight role which brings a range of longer term benefits to the Company more than a majority number of non-executive directors. Diversity of thought and professional background of Directors allow decisions to be made in the best interest of the Company.



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**BOARD COMPOSITION AND GUIDANCE** (continued)

*Principle 2* (continued)

*Provision 2.3* (continued)

The Non-Executive Directors provide constructive review and assist the Board to facilitate and develop proposals on strategy and monitor the performance of the senior management in meeting agreed objectives. The Non-Executive Directors have full access to and co-operation from the Company's senior management and officers. They have full discretion to have separate meetings without the presence of senior management and to invite any Director or officer to the meetings as and when warranted.

*Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report*

The Board, in concurrence with the Nominating Committee ('NC'), is of the view that the current Board and the Board Committees comprise an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides broad diversity of expertise such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge who, as a group, provide core competencies necessary to meet the Company's requirements. Further details on the key information and the profile of the Directors including their academic and professional qualifications, and other directorships in other listed companies is set out on related pages of this annual report.

The current Board composition provides a diversity of skill, experience, and knowledge to the Company as follows:

Core Competencies	Balance and Diversity of the Board	
	Number of Directors	Proportion of Board
Business Management	6	100%
Accounting or finance	6	100%
Legal or corporate governance	6	100%
Strategic planning experience	6	100%
Relevant industry knowledge or experience	4	67%
Gender:		
Male	6	100%
Female	0	0

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**BOARD COMPOSITION AND GUIDANCE** (continued)

*Principle 2* (continued)

*Provision 2.4* (continued)

The Company values diversity and equal opportunity and has various policies in place (which includes the diversity policy, equal opportunity policy, and aboriginal peoples policy, that are available on its corporate website) to ensure that its Board, senior management and workforce is comprised of individuals with diverse skills, values, backgrounds and experience to the benefit of the Group. Diversity refers to characteristics such as age, gender, sexual orientation, race, religion, disability and ethnicity. All appointments and employment of employees including Directors are based strictly on merit and equal opportunity and not driven by any gender bias. Nevertheless, the Company endeavours to include further additional attributes when there is a need to bring in fresh perspectives and enhancements. The composition and renewal of the Board, including the need for progressive refreshing of the Board, is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge, expertise, experience and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate and possesses the necessary competencies for effective decision making. The Company's annual Sustainability Report clearly articulates the Company's strategy, targets, performance and future focus in relation to diversity.

*Provision 2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

In order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr Chong Teck Sin, to co-ordinate and lead the Independent Directors, providing a non-executive perspective and balanced viewpoint.

The Independent Directors communicate regularly without the presence of the other Executive Directors and senior management, to discuss matters such as succession and leadership development planning, board processes and corporate governance matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman.

To facilitate an effective review of the senior management, the Non-Executive Directors meet as and when necessary and at least once a year with Auditors without the presence of the senior management.

The Board and senior management fully appreciate that a fundamental of good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge senior management on its assumptions and proposals.

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**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

*Provision 3.1 The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*

Mr James Finbarr Fitzgerald is the Executive Chairman of the Company, while Mr Patrick John Tallon is an Executive Director and Chief Executive Officer (‘CEO’).

The Executive Chairman and the Chief Executive Officer are not related.

*Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO*

Whilst the Board does not have an independent Chairman, the roles of the Executive Chairman and that of the CEO are clearly delineated. The Board believes that while the Chairman is not independent, the current composition of the Board with its combined skills and capability, and its mix of experience, best serve the interests of shareholders.

The two roles are separated whereby the Executive Chairman bears responsibility for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO has executive responsibility for the Company’s day-to-day business.

*Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

The Company has appointed a Lead Independent Director, Mr Chong Teck Sin. As well as representing the views of the Independent Directors, he is also available to shareholders and to facilitate a two-way flow of information between shareholders, the Executive Chairman and the Board. In addition, all the Board Committees are led and solely comprise of Independent Directors.

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**BOARD MEMBERSHIP**

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

*Provision 4.1 The Board establishes a Nominating Committee (“NC”) to make recommendations to the Board on relevant matters relating to:*

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;*
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;*
- (c) the review of training and professional development programmes for the Board and its directors; and*
- (d) the appointment and re-appointment of directors (including alternate directors, if any).*

The Company had established an NC to make recommendations to the Board on all board appointments.

The formal terms of reference of the NC are to:

- nominate senior management personnel, Directors (including Independent Directors) taking into consideration their competencies, contribution, performance and ability to commit sufficient time and attention to the affairs of the Group and considering their respective commitments outside the Group;
- review and recommend to the Board the composition of the Audit Committee, Remuneration Committee and Risks and Conflicts Committee;
- re-nominate Directors for re-election in accordance with the Constitution at each AGM and having regard to the Director’s contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- decide whether or not a Director is able to and has been adequately carrying out their duties as a Director;
- assess the performance of the Board annually as a whole and the individual contribution of each Director and senior management personnel to the effectiveness of the Board;
- review and recommend succession plans for Directors and senior management, in particular the Executive Chairman and the CEO; and
- review and recommend training and professional development programmes for the Board and senior management personnel.

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**BOARD MEMBERSHIP** (continued)

*Principle 4* (continued)

*Provision 4.1* (continued)

The Company does not have a practice of appointing alternate Directors.

During the reporting period of the year, the NC has:

- reviewed the structure, size and composition of the Board and Board Committees;
- reviewed the independence of Directors;
- reviewed and undertaken the process for evaluating the Board, individual Directors, and senior management personnel performance;
- reviewed results of performance evaluation and provided feedback to the Chairman and Board Committees;
- reviewed the need for progressive refreshing of the Board and provided feedback to the Chairman and Board Committees;
- reviewed succession planning for the Chairman, CEO and senior management personnel and notified the Board; and
- discussed information required to be reported under the 2018 Code or Listing Manual.

*Provision 4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC*

The NC comprises of three members, all of whom including the NC Chairman are Independent Non-Executive Directors:

**Mr. Douglas Owen Chester** – NC Chairman  
**Mr. Chong Teck Sin** – Member and Lead Independent Director  
**Mr. Wong Fook Choy Sunny** – Member

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**BOARD MEMBERSHIP** (continued)

*Principle 4* (continued)

*Provision 4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report*

The process for the selection and appointment (or re-appointment) of Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment (or re-appointment);
- if required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

Pursuant to Article 118 of the Company's Constitution, all the directors are required to retire from office at every AGM of the Company.

After due review, the Board has accepted the recommendation of the NC and, accordingly, the below named directors will be offering themselves for re-election at the forthcoming AGM:

1. James Finbarr Fitzgerald
2. Patrick John Tallon
3. Kevin James Deery
4. Chong Teck Sin
5. Wong Fook Choy Sunny
6. Douglas Owen Chester

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**BOARD MEMBERSHIP** (continued)

*Principle 4* (continued)

*Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.*

The independence of each Director is reviewed annually by the Nominating Committee (“NC”) in accordance with the Code’s definition of independence. Each Independent Director is required to declare their independence by duly completing and submitting a ‘Confirmation of Independence’ form. The declaration requires each Director to assess whether they consider themselves independent and not having any of the relationships identified in the Code. Each Director is required to declare any circumstances in which they may be considered non-independent. The NC reviews the Confirmation of Independence to determine whether a Director is independent. The NC also considers the actions and conduct of the Independent Directors, including in formal Board meetings, to assess their independence. The NC has carefully reviewed and subsequently determined that the Independent Directors namely Mr Chong Teck Sin, Mr Wong Fook Choy Sunny and Mr Douglas Owen Chester, are independent.

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**BOARD MEMBERSHIP** (continued)

*Principle 4* (continued)

*Provision 4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties*

The dates of Director's initial appointment, last re-election and their directorships are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Present Directorships in Listed Companies	Past Directorships in Listed Companies <sup>(2)</sup>
James Finbarr Fitzgerald	27 Mar 2012	30 Oct 2020	-	-
Patrick John Tallon	27 Mar 2012	30 Oct 2020	-	-
Kevin James Deery	27 Mar 2012	30 Oct 2020	-	-
Chong Teck Sin	27 Mar 2012	30 Oct 2020	Changan Minsheng APLL Logistics Co., Ltd <sup>(1)</sup> InnoTek Limited AIMS APAC REITS Management Limited	-
Wong Fook Choy Sunny	27 Mar 2012	30 Oct 2020	Mencast Holdings Ltd Excelpoint Technology Ltd InnoTek Limited	KTL Global Ltd
Douglas Owen Chester	2 Nov 2012	30 Oct 2020	-	-

Notes:

(1) Listed on Hong Kong Stock Exchange

(2) Past Directorships within the past 3 years

The NC has considered and taken the view that it would not be appropriate at this time to set a limit on the number of listed company directorships that a Director may hold. Directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of their competing directorships and obligations and assess the number of listed company directorships they could hold and serve effectively. Currently, none of the Directors hold more than four (4) directorships in other listed companies.



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**BOARD MEMBERSHIP** (continued)

*Principle 4* (continued)

*Provision 4.5* (continued)

In addition, the NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out their duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2021 sufficient time and attention have been devoted by the Directors to the affairs of the Company and the Group. As such, there is presently no need to implement internal guidelines to address their competing time commitments notwithstanding that some of the Directors have multiple board representations.

The NC will, however, continue to review, from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

**BOARD PERFORMANCE**

*Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

*Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board*

For the year under review, the NC held two (2) meetings and evaluated the Board's performance as a whole and the contribution of each director to the effectiveness of the Board. The NC has adopted a formal process and criteria to assess the effectiveness of the Board and each of the Directors. The evaluation is carried out annually.

*Provision 5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors*

The NC undertakes an annual formal review and evaluation of both the Board's performance as a whole, as well as individual Director's performance, such as Board commitment, standard of conduct, competency, training & development and interaction with other Directors, senior management and stakeholders.

All Directors complete an evaluation questionnaire designed to seek their view on the various aspects of their individual and Board performance so as to assess the overall effectiveness of the Board.

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**BOARD MEMBERSHIP** (continued)

*Principle 5* (continued)

*Provision 5.2* (continued)

The completed questionnaire is collated, and the results of the evaluation exercise are subsequently considered by the NC, before making recommendations to the Board. The Chairman of the Board may take actions as may be appropriate according to the results of the performance evaluation, which will be based on objective performance criteria proposed by the NC and approved by the Board.

The performance of individual Directors is assessed based on factors which include their attendance, participation at the Board and Board committee meetings and contributions to the Board in long range planning and the business strategies as well as their industry and business knowledge.

Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of their performance and re-nomination as a Director.

The NC conducted a performance evaluation of the Board and Board Committees for FY2021 consistent with this process and determined that all directors have demonstrated full commitment to their roles and contributed effectively in the discharge their duties. Both the NC and the Board are of the view that the Board has met its performance objectives for FY2021.

**REMUNERATION MATTERS**

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

*Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:*

- (a) a framework of remuneration for the Board and key management personnel; and*
- (b) the specific remuneration packages for each director as well as for the key management personnel.*

The Company has established a Remuneration Committee (RC) to make recommendations to the Board on remuneration packages of individual Directors and key senior management personnel.

The formal terms of reference of the RC, are to:

- recommend to the Board a framework of remuneration for the Directors and key senior management personnel;
- determine specific remuneration packages for each Executive Director;

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**REMUNERATION MATTERS** (continued)

*Principle 6* (continued)

*Provision 6.1* (continued)

- review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and
- perform such other acts as may be required by the SGX-ST and the Code, or ASX, from time to time.

The recommendations of the RC are submitted for endorsement by the entire Board. Each member of the RC abstains from voting on any resolutions in respect of their own remuneration package. Also, in the event that a member of the RC is related to the employee under review, they will abstain from participating in that review. Directors are not involved in the discussion and in deciding their own remuneration.

*Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.*

The RC comprises of three (3) members, all of whom including the RC Chairman are Independent Non-Executive Directors:

**Mr. Wong Fook Choy Sunny** – RC Chairman  
**Mr. Chong Teck Sin** – Member and Lead Independent Director  
**Mr. Douglas Owen Chester** – Member

*Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

The RC has established a framework of remuneration for the Board and key senior management personnel covering all aspects of remuneration but not limited to Directors' fees, salaries, allowances, bonuses, incentive schemes and benefits-in-kind.

The RC also oversees the administration of the Civmec Limited Employee Share Option Scheme ('CESOS'), the Civmec Limited Performance Share Plan ('CPSP') and the Civmec Limited Performance Rights Plan ('CPRP') upon the terms of reference as defined in the CESOS, CPSP and CPRP. The CESOS, CPSP and CPRP were established on 27 March 2012, 25 October 2012 and 25 October 2019 respectively, with a 10-year tenure commencing on the establishment date.

The Company has a policy that governs the Directors and senior management personnel dealing in securities trading. The securities trading policy reflects the *Corporations Act 2001* prohibition on senior management personnel and their closely related parties from hedging the senior management personnel's incentive remuneration. The senior management personnel, and their immediate family and controlled entities are prohibited from entering into any arrangement that would have the effect of limiting the senior management personnel's exposure to risk relating to an element of the senior management personnel's remuneration that is unvested, or is vested but remains subject to a holding lock.

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**REMUNERATION MATTERS** (continued)

*Principle 6* (continued)

*Provision 6.3* (continued)

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key senior management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors and key senior management personnel in the event of such exceptional circumstances of breach of fiduciary duty.

During the reporting period of the year, the RC has:

- reviewed and approved remuneration for Executives which includes salary, Short Term and Long Term incentives;
- reviewed benchmarking of fees for directors;
- reviewed the remuneration packages of employees in the Group which includes salary adjustments and bonus; and
- reviewed the remuneration package of the Executive Directors and CEO which includes salary, Short Term and Long Term incentives.

*Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

The RC has access to expert professional advice on human resource and remuneration matters whenever there is a need to consult externally.

During the financial year, the fixed remuneration of executives was benchmarked against peers based on the industry salary surveys sourced from AON Hewitt McDonald.

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**LEVEL AND MIX REMUNERATION**

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

*Provision 7.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company*

Executive Directors and key senior management personnel remuneration comprises a fixed and a variable component, the latter of which is in the form of a bonus linked to the performance of the individual as well as the Group. In addition, short-term and long-term incentives, such as the CESOS, CPSP and CPRP, are in place to strengthen the pay-for-performance framework by rewarding and recognising the key executives' contributions to the growth of the Group. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote long-term sustainability of the Group.

During FY2021, no Share Options under the CESOS were granted, as required under the ASX Listing Rules. Refer to the Directors' Statement for details of Performance Rights granted to Executive Directors and key senior management personnel.

*Provision 7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.*

The remuneration of the Independent Directors is in the form of a fixed fee which is subject to shareholders' approval at the AGM. Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC, and making any recommendation in respect of their own remuneration.

The Independent Directors' fees were derived using the fee structure as follows:

	Annual Fees (S\$)
Independent Director who is the Chairman of the Audit Committee	88,000
Other Independent Director	77,000

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**LEVEL AND MIX REMUNERATION** (continued)

*Principle 7* (continued)

*Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term*

In making its recommendations to the Board on the level and mix of remuneration, the RC strives to be competitive, linking rewards with performance. It takes into consideration the essential factors to attract, retain and motivate the Directors and senior management needed to run the Company successfully, linking rewards to corporate and individual performance, and aligning their interest with those of the shareholders.

The Company has renewed the service agreements with the Executive Directors, Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and Mr Kevin James Deery. Each service agreement is valid for a period of three (3) years with effect from the date of expiry of the previous period. During the renewal period of three (3) years, either party may terminate the Service Agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of amount equivalent to six (6) months' salary. The Executive Directors do not receive Director's fees.

Pursuant to Article 118 of the Company's Constitution, all the directors (including independent directors) are required to retire from office at every AGM of the Company, meaning that the independent directors are appointed for a one year term when elected.

The remuneration packages of the Executive Directors and the key senior management personnel are based on service agreements and their remuneration is determined having due regard to the performance of the individuals, the Group as well as market trends.

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**LEVEL AND MIX REMUNERATION**

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

*Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:*

*(a) each individual director and the CEO; and*

*(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.*

For competitive reasons and the sensitive nature of such information, the Board is of the opinion that it is in the best interests of the Company to not disclose remuneration of each individual Director for the year ended 30 June 2021. Instead, the Company discloses the bands of remuneration in the following tables to avoid such information being exploited by competitors and to maintain personal confidentiality on remuneration matters:

<b>For the year ended 30 June 2021</b>					
Name of Director	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total
<b>A\$650,000 to A\$899,999</b>					
James Finbarr Fitzgerald	73%	22%	-	5%	100%
Patrick John Tallon	73%	22%	-	5%	100%
Kevin James Deery	72%	22%	-	5%	100%
<b>Below A\$250,000</b>					
Chong Teck Sin	-	-	100%	-	100%
Douglas Owen Chester	-	-	100%	-	100%
Wong Fook Choy Sunny	-	-	100%	-	100%

Details of remuneration paid to key senior management personnel (who are not Directors of the Company) of the Group for the financial year ended 30 June 2021 are set out below:

<b>For the year ended 30 June 2021</b>					
Name of Key Executive	Designation	Salary	Bonus	Allowances and Other Benefits	Total
<b>A\$300,000 to A\$550,000</b>					
Rodney Bowes	Executive Group Manager Proposals	76%	15%	9%	100%
Adam Goldsmith	Executive Group Manager Operational Support	76%	15%	9%	100%
Mylon Manusiu	Executive General Manager Maintenance	78%	17%	5%	100%
David Power	Executive General Manager Manufacturing	69%	23%	8%	100%
Charles Sweeney	Executive General Manager Construction	88%	3%	9%	100%

The annual aggregate remuneration paid to all the above-mentioned Directors and key senior management personnel of the Group is A\$5,218,000 (2020: A\$4,405,000 ) in FY2021.

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**LEVEL AND MIX REMUNERATION** (continued)

*Principle 8 (continued)*

*Principle 8.1 (continued)*

The procedures for developing remuneration policies and for fixing the remuneration packages of individual directors have been set out under principle 6 of the Corporate Governance Report above.

The relationships between the remuneration of the Board and key senior management personnel and the performance and value creation of the Company have been set out under principle 6 of the Corporate Governance Report above.

*Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

Name of Employee	Designation	Relationship
<b>A\$150,000 to A\$249,999</b>		
Thomas Tallon	Supervisor	Brother of CEO Patrick Tallon
<b>Below A\$100,000</b>		
Sean Fitzgerald	Draftsperson	Child of Chairman James Fitzgerald
Claire Fitzgerald	Trades Assistant	Child of Chairman James Fitzgerald

The RC is of the view that the remuneration of these family members is in line with the company remuneration guidelines and commensurate with their job scope and level of responsibilities.

*Provision 8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.*

More details in relation to the CESOS, CPSP and CPRP can be found in the 'Directors' Statement' in the 'Financials' section of the Annual Report.



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**RISK MANAGEMENT AND INTERNAL CONTROLS**

*Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

*Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*

The Company has established a Risks and Conflicts Committee (RCC) to advise and make recommendations to the Board on risk and conflict matters.

The RCC is guided by its Terms of Reference which highlights its primary responsibilities are to:

- review and monitor the Group's risk management framework and activities, including the Group's levels of risk tolerance and risk policies;
- report to the Board regarding the Group's risk exposures, including the review risk assessment model used to monitor the risk exposures and senior management's views on the acceptable and appropriate level of risk faced by the Group's Business Units;
- recommend and adopt appropriate measures to control and mitigate the business risks of the Group, as and when these may arise; and
- perform any other functions as may be agreed by the Board.

During the reporting period of the year, the RCC has:

- reviewed the Risk Register and Risk Management Framework;
- requested revisions to the Risk Mitigation Plan presented by senior management to mitigate and monitor the risk exposure;
- reviewed the Project Risk and Opportunity Reporting Improvements; and
- reviewed the Policies adopted by the Company such as Bribery & Corruption Policy and Procedures and the Code of Conduct.

The RCC reviews all significant control policies and procedures and highlights all significant risk matters to the Board for discussion and to take appropriate actions, if required.

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**RISK MANAGEMENT AND INTERNAL CONTROLS** (continued)

*Principle 9* (continued)

*Principle 9.1* (continued)

The RCC comprises three (3) members, all of whom, including the RCC Chairman are Independent Non-Executive Directors:

**Mr. Chong Teck Sin** – **RCC Chairman and Lead Independent Director**  
**Mr. Douglas Owen Chester** – **Member**  
**Mr. Wong Fook Choy Sunny** – **Member**

*Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:*

*(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*

*(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*

The Group's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and to evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments.

The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's key internal controls, including financial, operational, compliance, information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan. Any material weaknesses in internal controls, together with recommendations for improvement, are reported to the AC and RCC.

The Company's internal audit function prepares an annual internal audit plan, which takes account of the Company's key risks and other assurance activities performed, enabling internal audit resources to be targeted to areas of greatest value across the Company's operations, including group and subsidiary structures. Processes subject to internal audit include financial, administrative, operational and project specific activities and systems. The internal audit function provides advice on the effectiveness of risk management processes and material internal controls, recommends corrective actions and control improvements and follows up on the implementation of action plans designed by management to address any control deficiencies or improvement opportunities. Internal audit reports containing internal audit results, recommendations and agreed action plans are presented to the AC on a quarterly basis.

The Company appoints internal auditors to carry out a review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan.

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**RISK MANAGEMENT AND INTERNAL CONTROLS** (continued)

*Principle 9* (continued)

*Principle 9.2* (continued)

In the absence of evidence to the contrary, the Board is satisfied the system of internal controls maintained by the Company and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. Based on the risk management and internal control systems established and implemented by the Group, and work conducted by the internal auditors, external auditors and our internal audit team, the Board, with the concurrence of the AC, is satisfied the Company's system of internal controls and risk management procedures maintained by the Group are adequate and effective to meet the needs of the Company in addressing the financial, operational, compliance, information technology controls and risk management systems in the Group's current business environment, with no material weaknesses identified.

The Board has received assurances from the CEO and Acting Chief Financial Officer that:

- (i) the financial records have been properly maintained (and the financial statements comply with the appropriate accounting standards) and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) the Company's risk management and internal control systems are adequate and effective.

The Board notes that all internal control systems are designed to manage rather than eliminate risks and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

The Company will publish its Sustainability Report later in 2021, which will further consider the management of any material economic, environmental and social sustainability risks faced by the Group.

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**AUDIT COMMITTEE**

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

*Provision 10.1 The duties of the AC include:*

- (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) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;*
- (c) reviewing the assurance from the CEO and the Acting CFO on the financial records and financial statements;*
- (d) making recommendations to the Board on:
  - (i) the proposals to the shareholders on the appointment and removal of external auditors; and*
  - (ii) the remuneration and terms of engagement of the external auditors;**
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and*
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.*

The AC is governed by terms of reference with its primary responsibilities as follows:

- to assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group;
- to provide a channel of communication between the Board, the management team, the external auditors and internal auditors on matters relating to audit;
- to monitor senior management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit);
- to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors; and
- to monitor and review the scope and results of internal audit and the cost effectiveness of the internal auditors.

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**AUDIT COMMITTEE** (continued)

*Principle 10* (continued)

*Provision 10.1* (continued)

In addition, the functions of the AC are to:

- review with the external auditors the audit plans, their evaluation of the system of internal controls, their management letter and the management's response thereto;
- review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval;
- review the quarterly and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual, ASX Listing Rules and any other relevant and statutory or regulatory requirements;
- review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- review and consider the appointment or re-appointment of the internal auditors and matters relating to resignation or dismissal of the auditors;
- review interested person transactions (if any);
- review the Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging policies approved by the Board;
- review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response thereto;
- generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual and ASX Listing Rules, and by such amendments made thereto from time to time;
- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position;

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**AUDIT COMMITTEE** (continued)

*Principle 10* (continued)

*Provision 10.1* (continued)

In addition, the functions of the AC are to: (continued)

- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET and ASX Online; and
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual and ASX Listing Rules, including such amendments made thereto from time to time.

The AC has the power to conduct or authorise investigations into any matters within its scope of responsibility. The AC is authorised to obtain independent professional advice whenever deemed necessary to discharge of its responsibilities at the Company's expenses.

The AC has the co-operation of and complete access to the Company's management. It has full discretion to invite any Director or Executive Officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions.

As at the reporting period of the year, the AC has:

- reviewed the scope of work of the external auditors;
- reviewed the scope of work of the internal auditors;
- reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- reviewed interested person transactions of the Company;
- met with the Company's external auditors and internal auditors without the presence of the management;
- reviewed the external auditors' independence and objectivity; and
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on a quarterly basis whenever there is a whistle-blowing issue.

The AC, having reviewed the external auditors' non-audit services, is satisfied there were no non-audit services rendered that would affect the independence of the external auditors. The AC recognises the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on monetary consideration.

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**AUDIT COMMITTEE** (continued)

*Principle 10* (continued)

*Provision 10.1* (continued)

The aggregate amount of agreed fees to be paid to the external auditors, Moore Stephens LLP for FY2021 is A\$107,200 (equivalent S\$108,000) which comprises audit fee of A\$87,200 (equivalent S\$88,000) and A\$20,000 (equivalent S\$20,000) non-audit fees. The AC has recommended to the Board the re-appointment of Moore Stephens LLP as the Company's external auditors at the forthcoming AGM.

The AC is kept abreast by the external auditors of changes to accounting standards, SGX-ST Listing Rules and ASX Listing Rules, and other regulations which could have an impact on the Group's business and financial statements.

The Company has a whistle-blowing policy where people may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters, and has ensured that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. All whistle-blowing reports will be addressed to the AC Chairman, either directly or through STOPline, the whistle-blowing service provider. Staff are regularly informed of the existence of the whistle-blowing mechanism and encouraged to report relevant matters.

There were no reports received through the whistle-blowing system during FY2021.

*Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*

The Audit Committee comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive Independent Directors:

**Mr. Chong Teck Sin** - AC Chairman and Lead Independent Director  
**Mr. Douglas Owen Chester** - Member  
**Mr. Wong Fook Choy Sunny** - Member

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities and they possess the requisite accounting and/or financial management expertise and experience.

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**AUDIT COMMITTEE** (continued)

*Principle 10* (continued)

*Provision 10.1* (continued)

*Provision 10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation:*

*(a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,*

*(b) for as long as they have any financial interest in the auditing firm or auditing corporation.*

None of the AC members are previous partners or directors of the Group's auditors, Moore Stephens LLP and none of the AC members hold any financial interest in Moore Stephens LLP.

*Provision 10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*

The Board recognises the importance of maintaining an internal audit function, independent of the activities it audits, to maintain a sound system of internal control within the Company to safeguard shareholders' investments and the Company's assets.

The Company's internal audit function is outsourced to Deloitte, which is one of the Big Four multinational accounting organisations and it is independent of the Company's business activities. The internal audit team that provide expertise and industry insights to strengthen the Company's governance and risk management on an annual basis and comprises a director, a senior manager and supported by other staff, which have more than 30 years of relevant experience combined. The internal auditors conduct the audit based on the standards set by internationally recognised professional bodies. The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan.

Staffed by suitably qualified and experienced executives, the internal auditors have unrestricted direct access to the AC and unfettered access to all the Company's documents, properties and personnel. The internal auditors have a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function quarterly.

The role of the internal auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high-risk areas and undertaking investigations as directed by the AC.



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**AUDIT COMMITTEE** (continued)

*Principle 10* (continued)

The AC regularly reviews the performance of the internal auditors and determines their reappointment and level of remuneration.

The AC reviews the adequacy of the function of the internal audit annually and based on this review believes that the internal auditors have adequate resources to perform their function effectively and objectively and has unfettered access to the Company's documents, records, properties and personnel.

The AC is satisfied with the effectiveness of the existing internal control systems put in place by the senior management to meet the needs of the Group in its current business environment.

The Company's external auditors also conduct annual reviews of the effectiveness of the Group's material internal controls for financial reporting in accordance with the scope as laid out in their audit plans.

*Provision 10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

The AC has met with the Company's external auditors and internal auditors without the presence of the management and has full unfettered access to do so.

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**SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS**

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

*Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

Annual General Meeting ('AGM') and other shareholders' meetings will always be held at a reasonable place and time. In FY2021, AGM will be held electronically due to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, shareholders are informed of shareholders' meetings through notices contained in annual reports or a circular sent to all shareholders. These notices are also published in the local newspaper and posted on SGXNET and ASX Online. Shareholders are able to send and receive communications electronically with the Company through its respective share registries platform in Singapore and Australian, details for doing so are available on the corporate website at [www.civmec.com.au](http://www.civmec.com.au).

At AGM and other shareholders' meetings, the Executive Chairman ensures constructive dialogue between the Board and shareholders and upholds high standards of corporate governance. Shareholders are invited and given the opportunity to voice their views, put forth any questions and seek clarification on questions they may have regarding the Company. Shareholders are also informed of the rules and voting procedures governing such meetings under the relevant notice of meeting.

For greater transparency, the Company has adopted the voting of all its resolutions by poll at the general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced at the meeting and via announcements on SGXNET and ASX Online made on the same day.

*Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*

Resolutions are, as far as possible, structured separately and may be voted on independently.

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**SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS** (continued)

*Principle 11* (continued)

*Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.*

The Directors and the external auditors are available at the AGM to answer shareholders' queries. In FY2021, all Directors and the external auditor attended the AGM.

*Provision 11.4 The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*

The Group fully supports the Code's principle to encourage shareholders' participation in and vote at all the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/her/their behalf. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings as proxies without being constrained by the two-proxy requirement.

The Company, however, has not implemented measures to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues remain a concern. The Company will review its Constitution from time to time. Where amendment to its Constitution is required to align the relevant provisions with the requirements of the Listing Manual of the SGX-ST and the Listing Rules of the ASX, shareholders' approval will be obtained.

*Provision 11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The Company Secretaries prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and the senior management, and makes these minutes available to shareholders at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 during normal business hours upon written request.

For all future meetings, minutes will be published on the Company's corporate website within 30 days of the date of the meeting.

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**SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS** (continued)

*Principle 11* (continued)

*Provision 11.6* *The company has a dividend policy and communicates it to shareholders*

Civmec Limited is committed to providing excellent returns to its shareholders through a combination of longer term capital growth and regular dividend payments. The Board considers a range of factors in determining the dividend payable in any year, including the business environment, balance sheet, working capital requirements of the business and potential investment opportunities. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET and ASX Online when the Company discloses its financial results.

The company's dividend policy is published on the company's corporate website at [www.civmec.com.au](http://www.civmec.com.au).

The Company has proposed a tax exempt (foreign source) Final Dividend of A\$0.01 per ordinary share for the financial year ended 30 June 2021, payment of which is subject to shareholders' approval at the forthcoming AGM. This dividend is fully franked for Australian tax resident shareholders.

**ENGAGEMENT WITH SHAREHOLDERS**

*Principle 12* *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company*

*Provision 12.1* *The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.*

The Board is mindful of its obligations to furnish timely information to its shareholders, the public and regulators and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the SGX-ST Listing Manual and ASX Listing Rules.

In this respect the Board is responsible for the release of half yearly and full year results, price sensitive information, the annual report and other material corporate developments in a timely manner and within the legally-prescribed period. The Company does not practise selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual, the Companies Act of Singapore and the ASX Listing Rules, it is the Board's policy that all the shareholders should be equally informed, on a timely basis via SGXNET and ASX Online, of all major developments that will or expect to have an impact on the Company or the Group. The Company also updates shareholders of its corporate developments and Continuous Disclosure Policy through its corporate website at [www.civmec.com.au](http://www.civmec.com.au).

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**ENGAGEMENT WITH SHAREHOLDERS** (continued)

*Principle 12* (continued)

*Provision 12.1* (continued)

In addition, all price sensitive information was publicly released either before the Company met with any of the Company's investors or analysts or simultaneously with such meetings. Financial results and other corporate announcements of the Company are disseminated through announcements via SGXNET and ASX Online.

*Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.*

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.

In addition, the Group has in-house professionals that support the Company to promote relations with, and act as liaison for, institutional investors and public shareholders.

*Provision 12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.*

Relevant contact information through which shareholders may contact the Company are published on its corporate website at [www.civmec.com.au/investors-media/shareholder-services](http://www.civmec.com.au/investors-media/shareholder-services)

*Principle 13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served*

*Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.*

*Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.*

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**ENGAGEMENT WITH SHAREHOLDERS** (continued)

*Principle 13* (continued)

*Provision 13.3* The company maintains a current corporate website to communicate and engage with stakeholders.

The Company engages its stakeholders through different channels to establish, address and monitor the material environmental, social and governance (ESG) factors of the Company's operations and its impact on the various stakeholders. Such stakeholders include employees, community, government, regulators, shareholders and investors.

The Company engages stakeholders through the various channels that are already in place, to better understand its stakeholders' concerns, and address any issues that they may face. Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders' ESG-related issues.

The Company is committed to enhance and improve the current engagement initiatives, while staying abreast of new trends or developments that may affect the sustainability standing of the Company, and eventually devise corresponding measures to resolve the new ESG issues.

The Company's website can be found at [www.civmec.com.au](http://www.civmec.com.au). and includes a tab labelled 'Investors' which provides investors with all the information they may require.

**OTHER GOVERNANCE PRACTICES**

*Material Contracts*

There were no material contracts of the Company and its subsidiaries, including loans, involving the interests of any Director, the CEO or the controlling shareholders either still subsisting at the end of FY2021.

*Interested Person Transactions*

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons' transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no material interested person transactions for FY2021.



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