

## Corporate Governance Disclosure

The Board of Directors ("Board") and the Management of MS First Capital Insurance Limited ("Management") place great importance on high standards of corporate governance and are committed to upholding the values of integrity, honesty, and proper conduct in the business operations and dealings of the Company, at all times.

The Company has adopted corporate governance practices which are in conformity with the Insurance (Corporate Governance) Regulations 2013 ("CG Regulations") and the Monetary Authority of Singapore ("MAS") Guidelines on Corporate Governance issued on 09 November 2021 ("MAS CG Guidelines"). Where differences exist between the requirements of the above, the Company follows the CG Regulations.

### 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.**

The Board is appointed by the shareholders of the Company. The prime stewardship responsibility of the Board is to ensure the viability and sustainability of the Company and to ensure that it is managed in the best interests of the Company while considering the interests of shareholders and other stakeholders.

The Board provides strategic direction to the operations of the Company. The Board also provides oversight of the Management to ensure that they carry out the day-to-day operations of the Company effectively, and in accordance with the Company's Code of Conduct.

The roles, responsibilities, accountability, and authority of the Board are documented in the Board Charter.

The Board, through its Nominating Committee, ensures that the expertise and knowledge of the Directors and Key Management Personnel are appropriate, given the risk profile and nature of the Company's business.

Directors with conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

### Roles and Responsibilities

The principal roles and functions of the Board, as set out in the Board Charter, include:

- a) reviewing and approving the overall business strategy as developed and recommended by Management;
- b) ensuring that decisions and investments are consistent with the long-term strategic goals of the Company and the relevant policies;
- c) ensuring that the interests of its shareholders, policyholders and other stakeholders are taken into account in managing the Company's business;
- d) reviewing the organisational structure of the Company and ensuring that the necessary human resources are in place for the Company to achieve its objectives;
- e) ensuring that the Company is operated in accordance with the relevant laws and regulations, as well as the policies, processes and guidelines approved by the Board;

- f) reviewing any material acquisition or disposal of assets by the Company;
- g) reviewing and approving the risk appetite statement of the Company which reflects its strategic intent, taking into account the operating and regulatory environment, and consists of a balanced set of return objectives and risk tolerance, such as effectiveness of internal controls and capital sufficiency;
- h) overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls;
- i) overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management function, the adequacy of the risk management policies and systems, and capital management strategy, including the optimal allocation of capital resources, and the quality of the risk management processes and reporting;
- j) ensuring that the Company puts in place, succession planning for key senior executive positions within the Company, and oversees through the Nominating Committee, the selection and appointment of directors and key management personnel;
- k) establishing corporate values and risk cultures, emphasising integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interests, so as to uphold fair-dealing standards;
- l) providing a balanced and objective assessment of the performance, position and prospects of the Company, including reports to regulators;
- m) overseeing through the Remuneration Committee, the design and operation of an appropriate remuneration framework and ensuring that the remuneration practices are aligned with the remuneration framework;
- n) reviewing Management's performance and ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- o) maintaining records of all meetings of the Board and Board Committees, especially with regards to records of discussions on key deliberations and decisions taken, and concerns raised by Directors about the operations of the Company or proposed corporate action that was not resolved, if any;
- p) formulating strategies, taking into consideration sustainability issues such as environmental and social factors, and reviewing and approving all material environmental, social and governance issues and the sustainability strategy; and
- q) reviewing the recommendations and reports prepared by the Certifying Actuary of the Company, which is a direct general insurer.

The Board also ensures that corporate governance framework and systems are in place across the Company and that they remain relevant and effective.

## Principle 2

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

### Composition

The Board comprises 9 Directors including:

- 4 Independent Directors;
- 2 Executive Directors; and
- 3 Non-Executive, Nominee Directors.

Status of independence of the Directors as at 05 July 2024 is given below:

Name of the Director	Independent	Executive Director	Independent from Management Relationship	Independent from Business Relationship	Has served for more than 9 years on the Board?
Mr. Ajit Nair	Yes	No	Yes	Yes	No
Mr. Arumugam Muthu	Yes	No	Yes	Yes	No
Mr. Dileep Nair	Yes	No	Yes	Yes	No
Mr. Edward Lee	Yes	No	Yes	Yes	No
Mr. Vikas Shukla	No	Yes	No	No	No
Mr. Tetsuya Adachi	No	No	No	Yes*	No
Mr. Clemens Philippi	No	No	Yes*	Yes*	No
Mr. Hiroshi Hagiuda	No	No	Yes	Yes	No
Mr. Atsuhiko Saeki	No	Yes	No	Yes	No

*\*Determined by the Nominating Committee under Clause 14 (1) of Insurance (Corporate Governance) Regulations 2013*

### Meetings and Resolutions in Writing

The number of meetings of the Board and the Board Committees and the resolutions passed in writing in 2023, are given below:

	Meetings	DRIW/MRIW
<b>Board of Directors</b>	4	15
<b>Audit Committee</b>	4	1
<b>Risk Management Committee</b>	4	Nil
<b>Nominating Committee</b>	Nil	4
<b>Remuneration Committee</b>	2	Nil

### Access to Information

The Board members are provided with relevant and timely information by Management on matters to be considered or approved by the Board. For matters requiring approval, information furnished by Management usually includes background explanatory information, relevant facts and / or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The senior management executives who can provide additional information or clarifications to queries raised, are usually present at the meeting during discussion on such matters. Other individuals/experts may also be invited to brief the Board or Board Committees, where relevant.

The Board and Board Committees' members have unfettered access to the senior management of the Company, and to the information which the Company is in possession of or has access to, to enable them to make informed decisions and discharge their duties and responsibilities.

Information furnished to the Board on an on-going basis includes:

- Financial results and performance of the Company including business forecasts, business plans, and strategy;
- Report on investments;
- Reports by the Board Committees covering:
  - Internal Audit;
  - Risk Management;
  - Compliance;
  - Matters placed before Remuneration Committee;
  - Matters placed before by Nominating Committee;
  - Changes to Company Policies;
  - Changes to Risk Appetite;
- Reinsurance Strategy;
- Governance matters for the Board's information; and
- Any other matter which requires the Board's consideration or approval.

The agenda papers for each meeting of the Board are circulated to all the members at least 7 days before the date of the meeting. Even if a member is unable to attend a Board or Board Committee meeting, he is provided with all the papers and materials which will be tabled for discussion at that meeting.

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. He assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. The appointment and removal of the Company Secretary is considered by the Board as a whole.

The Board and Board Committees may obtain professional advice, whenever necessary and appropriate, to effectively discharge their roles and responsibilities.

Trainings for the Board of Directors scheduled in 2024 are given below:

Subject	Schedule
1. Greenwashing Risks 2. Generative AI	H2 2024

### 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.**

The Chairman and the Chief Executive Officer ("CEO") of the Company are separate, unrelated individuals.

The roles of the Chairman, and the CEO, are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability, and greater independence in decision-making. The key responsibilities of the Chairman and the CEO are documented in the Board Charter.

The CEO manages the Company and implements the Company's strategies, plans and policies. Together with the senior management team, the CEO is responsible for the day-to-day operations and administration of the Company, embedding effective risk management, regulatory compliance, and good corporate governance.

The Board has not appointed a Lead Independent Director, as the Chairman and the CEO are already separate persons, and the Chairman is not involved in the day-to-day running of the Company's business and operations. In the situation where the Chairman is conflicted, an interim Chairman will be elected by the rest of the members of the Board to chair the deliberations on such matters. The Chairman will abstain from any deliberation or voting on such matter.

#### **Principle 4**

#### **The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.**

The Board has established a Nominating Committee ("NC") in accordance with the CG Regulations. The NC comprises five members, three of whom, including the Chairman of the NC, are independent directors and are free from management and business relationships. The NC is reappointed every year from the date of the Annual General Meeting, with prior approval from the MAS. For the year 2024, the reappointment of the NC took effect from 05 July 2024, i.e. date of approval by the MAS.

The responsibilities and the authority of the NC are set out in its Terms of Reference, which are reviewed annually. All amendments to the Terms of Reference are approved by the Board.

The NC carries out its functions in accordance with the relevant MAS regulations. The NC is responsible for determining and applying the criteria for identifying and reviewing the nominations in respect of appointments to the following positions:

- (a) each director;
- (b) each member of each board committee;
- (c) CEO;
- (d) the Deputy CEO;
- (e) any actuary appointed with the approval of the Authority under the Act;
- (f) the Chief Financial Officer ("CFO"); and
- (g) the Chief Risk Officer ("CRO").

The NC is also responsible for reviewing the reasons for resignations of the key appointment holders, listed above.

The NC also determines the independence of any person proposed to be appointed as a director. The NC determines the independence of each director and assesses whether they remain qualified for the office.

The NC maintains records of all its meetings and resolutions, and the NC Chairman presents a report at every Board meeting.

## 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.**

The Board and the Board Committees undertake a formal annual self-assessment via a structured questionnaire. The self-assessments are administered by the Chairman, NC and the reports are presented to the Board for consideration and actions, if any.

The self-assessment of the Board covers the following areas:

- Board Composition and skills;
- Standards of conduct;
- Board Functions - Strategy & Performance;
- Board Functions – Procedures;
- Board Functions/Dynamics – CEO & Management; and
- Policyholder's Protection and Complaints Management.

The Board is undertaking the assessment of the performance of the individual directors in 2024.

## 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.**

The Board has established a Remuneration Committee ("RC") in accordance with the CG Regulations. The RC comprises five members, three of whom, including the Chairman of the RC, are independent directors and are free from management and business relationships.

The responsibilities and the authority of the RC are set out in its Terms of Reference, which are reviewed annually. All amendments to the Terms of Reference are approved by the Board. The RC carries out its functions in accordance with the relevant MAS regulations.

The responsibilities of the RC, in addition to such other responsibilities as may be determined by the Board, are:

- Reviewing and making recommendations to the Board on a framework of remuneration for the Board and key management personnel and the specific remuneration packages for each director as well as for the key management personnel.
- Recommending a framework for determining the remuneration of the executive officers which:
  - is aligned to the specific job functions and/or control job functions;
  - is aligned with the risks undertaken that is relevant to the specific job function;
  - is sensitive to the time horizon of risks, ensuring that variable compensation payments are not finalized over short periods of time when risks are realized over long periods of time;
  - takes into consideration the personal performance of the specific job function and the overall performance of the Company when determining the quantum of bonus;
  - is rational in the mix of cash, equity and other forms of incentives;
- Determining an appropriate balance between fixed and variable components;
- Considering all aspects of remuneration, including termination terms, to ensure they are fair;

- Supporting the Board in its oversight of the implementation of the MAS Guidelines on Individual Accountability and Conduct, relevant to the Committee's terms of reference; and
- Adhere as appropriate to the MAS CG Guidelines.

The Company has a Remuneration Policy, which sets out the guiding principles to ensure that:

- The remuneration offered by the Company is fair and competitive;
- The remuneration is aligned with the long-term goals of the Company and its shareholders;
- The process of fixing remuneration is clear and unambiguous;
- An individual's reward is clearly linked to his/her performance and the annual business performance of the Company;
- A culture of meritocracy is established;
- The Company can attract and retain the best talent; and
- Excessive or inappropriate risk-taking by employees is avoided.

The Remuneration Policy applies to all members of staff (including but not limited to permanent employees, and contract and temporary staff).

The Remuneration Policy does not apply to expatriate(s) who are on deputation from Mitsui Sumitomo Insurance Co. Ltd. (MSI) to the Company, as their remuneration is governed by the remuneration policy of MSI Japan.

The Company's Remuneration Policy is aligned with the tripartite agreement with the union, wherever relevant.

## **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.**

### **Remuneration to Directors**

Only the Independent Directors on the Board of the Company are entitled to receive a 'Director's Fee' as approved each year by the Members at the Annual General Meeting of the shareholders of the Company.

Non-independent Directors of the Company do not receive a Director's Fee.

No Director of the Company is involved in the Board's or the RC's deliberations and voting on the setting of his own 'Director's Fee'.

## 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.**

### Disclosure of remuneration

The Director's Fee in bands of \$250,000 for each Independent Director on a named basis, is stated below.

Remuneration Band/ Name of Director	Director's Fee	Salary	Performance Bonus	Incentives	Benefits-in-kind
Below S\$250,000					
Mr. Ajit Nair	S\$75,000	-	-	-	-
Mr. Arumugam Muthu	S\$50,000	-	-	-	-
Mr. Edward, Kwong Foo Lee	S\$50,000	-	-	-	-
Mr. Dileep Nair	S\$50,000	-	-	-	-

The Company has decided not to disclose the remuneration of the top five key management personnel and the CEO, whether individually or in the aggregate. This decision has been taken considering the highly competitive environment within the non-life insurance industry, shortage of insurance specialists within the market and the tangible threat of poaching of skilled employees by competitors. The Company believes that public disclosure of salary levels may lead to comparison of remuneration outside the context in which the salaries were set, causing dissatisfaction and demotivation.

In the current environment, avoidance of disclosure of salary levels of key management personnel and the CEO is in the best interest of the Company.

The aggregate compensation for key management personal for the FY 2023 has been disclosed in the Annual Report of the Company.

During the financial year ended 31 December 2023, no employee of the Company (with remuneration exceeding \$100,000), was a substantial shareholder of the Company.

### Fixation of remuneration

Insurance being a highly specialized field, an individual's level within the organisation and his/her basic salary is based on the individual's qualifications, area of expertise and experience. Remuneration Policy of the Company provides a formal framework for setting the remuneration of the employees.

An appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. The RC ensures this through its review and approval of the annual performance bonus of all employees.

The services of an external remuneration consultant were not requisitioned by the Board in 2023.

## 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.**

The Board has constituted a Risk Management Committee ("RMC") in accordance with the CG Regulations. The responsibilities and the authority of the RMC are set out in its Terms of Reference, which are reviewed annually. All amendments to the Terms of Reference are approved by the Board.

The RMC carries out its functions in accordance with the relevant MAS regulations and Guidelines on Risk Management.

The RMC comprises five members, all of whom are non-executive directors. Three members, including the RMC Chairman, are independent directors.

Members of the RMC are appropriately qualified to discharge their responsibilities. The RMC has undertaken a self-assessment to provide assurance to the Board on its effectiveness and performance. In view of the breadth and depth of risk management expertise available within the Board and RMC, the Company has not found it necessary to appoint a non-director risk management expert as a member of the RMC.

## Principle 10

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

The Board has constituted an AC in accordance with the CG Regulations. The responsibilities and the authority of the AC are set out in its Terms of Reference, which are reviewed annually. All amendments to the Terms of Reference are approved by the Board.

The AC carries out its functions in accordance with the relevant MAS regulations, relevant laws, and applicable professional standards.

The AC comprises five members, all of whom are non-executive directors. Three members, including the AC Chairman, are independent directors. At least two members of the AC, including the AC Chairman, have relevant accounting or related financial management expertise or experience. The AC does not comprise former partners or directors of the Company's existing auditing firm.

Members of the AC are appropriately qualified to discharge their responsibilities. The AC undertakes an annual self-assessment to provide assurance to the Board on its effectiveness and performance.

The key functions performed by the AC include:

- (a) Review of the scope of functions of the internal auditor and the reports submitted by the internal auditor;
- (b) Review of the functions of the external auditor and the reports submitted by the external auditor;
- (c) Review of the draft audited financial statements with Management, including discussion on the accounting policies applied and significant judgement affecting the financial statements;
- (d) Review of the findings of the internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls and risk management systems of the Company, including financial, operational, compliance and information technology controls and systems established by Management;

- (e) Review of the assurance from the CEO and CFO on the financial records and financial statements;
- (f) Assess the adequacy and effectiveness of the internal audit functions of the Company;
- (g) Assess the independence of the external and internal auditors; and
- (h) Make recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.

### **Principles 11 & 12 [non-mandatory]**

**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.**

**The participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

Notice of Annual General Meeting is given to all shareholders, giving them the opportunity to attend the meeting. Relevant financial information is shared in advance with all the shareholders.

Through its nominee directors, the major shareholder participates in the deliberations and approval of all matters relating to the Company, which are placed before the Board and the Board Committees.

For the present, the Company has not established an investor relations policy.

### **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.**

The Company maintains a corporate website ([www.msfirstcapital.com.sg](http://www.msfirstcapital.com.sg)) which provides the stakeholders ready access to the following information:

- Company profile;
- Mission statement;
- Board of Directors;
- Management Team;
- AM Best Rating;
- Financials (Annual Reports);
- Disclosures
  - Human Rights Policy;
  - Public Disclosure; and
  - Corporate Governance Disclosure.

Minutes of all the meetings of the Board, Board Committees and Investment Committees as held are submitted to the MAS on a quarterly basis.

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