

**GREAT EASTERN GENERAL INSURANCE LIMITED**

(Incorporated in Singapore)  
(Company Registration No. 192000003W)

**CORPORATE GOVERNANCE REPORT**

The Board of Directors and Management of Great Eastern General Insurance Limited (formerly known as “The Overseas Assurance Corporation Limited”) (“GEG” or the “Company”) place great importance on high standards of corporate conduct and are committed to upholding the values of integrity, honesty and proper conduct at all times in the business operations and dealings of the Company and its subsidiaries (collectively, the “Group”).

The Company adopts corporate governance practices which are in conformity with the Insurance (Corporate Governance) Regulations 2013 (“CG Regulations”) and the corporate governance guidelines issued by the Monetary Authority of Singapore (“MAS”) (the “MAS CG Guidelines”). The MAS CG Guidelines comprise the Code of Corporate Governance 2012 (the “Code”) for companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and supplementary principles and guidelines added by MAS to take into account the unique characteristics of the business of banking and insurance. Where differences exist between the requirements of the above, the Company follows the CG Regulations.

The Company is a wholly-owned subsidiary of Great Eastern Holdings Limited (“GEH”). As GEH, being listed on SGX-ST, adopts corporate governance practices which are in conformity with the Code and is a regulated financial holding company, the Company’s corporate governance practices are also aligned with the practices of its holding company, GEH.

GEG has been designated as a Tier 1 insurer on 1 April 2015. A Tier 1 insurer is a registered direct life insurer which (a) is incorporated in Singapore and (b) has total assets of at least \$5 billion or its equivalent in any foreign currency as stated in the relevant annual audited lodgement by the insurer with MAS.

**THE BOARD’S CONDUCT OF AFFAIRS**

**Board’s responsibilities and accountability**

The Company’s Board provides strategic direction to, and oversight the operations of, the Company. The principal roles and functions of the Board, as set out in the Board charter, include the following:

- (a) reviewing and approving the overall business strategy as well as the organisation structure of the Company developed and recommended by Management;
- (b) ensuring that decisions and investments are consistent with the long-term strategic goals of the Company and the objectives of the individual policy funds;

- (c) ensuring that interests of shareholders, policyholders and other stakeholders are taken into account in managing the Company's business;
- (d) 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 policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;
- (f) reviewing the acquisition or disposal of assets that is material to the Company;
- (g) providing oversight in ensuring that the risk appetite of the Company 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 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) overseeing the succession planning for key senior executive positions within the Company, and the selection and appointment of senior executive officers;
- (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 the design and operation of an appropriate remuneration framework of the Directors and executive officers, and ensuring that the remuneration practices are aligned with the remuneration framework, taking into account remuneration principles, practices and standards that may be specified by MAS from time to time;
- (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
- (p) taking into consideration sustainability issues, including environmental and social factors, as part of strategy formulation. The Board reviews and approves all material environmental, social and governance issues and the sustainability strategy.

The Company has adopted internal guidelines on matters which require Board approval. Matters requiring Board approval include overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions, investments and divestments by the Company, corporate restructuring, major corporate initiatives and other activities of a significant nature, dividend policy and dividend declaration, and the financial statements of the Company.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and Management to optimise operational efficiency.

### **Board Committees**

The Board has established a number of Board committees (“Board Committees”) to assist it in carrying out more effectively its oversight of the operations and business affairs of the Company. These Board Committees currently comprise of the Audit Committee and Risk Management Committee. The Board Committees have been constituted with clear Board-approved terms of reference.

The Company’s Board Committees, in carrying out their responsibilities in accordance with their respective terms of reference, are also actively involved in assisting the Board to ensure compliance with good corporate governance practices by the Company. Details of the principal roles and responsibilities of the Board Committees are set out in the relevant sections on the respective Board Committees in this Report. Minutes of all Board Committee meetings, which provide a fair and accurate record of the discussions and the key deliberations and decisions taken during the meetings, are maintained and circulated to the Board on a regular basis.

### **Meetings and Directors’ attendance**

The Board meets regularly during the year to review the business performance and key activities of the Company presented by Management, and to deliberate significant business proposals presented by Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board works with Management to achieve its stated goals and Management remains accountable to the Board. Where warranted by particular circumstances, *ad hoc* Board or Board Committee meetings will be convened. In 2017, the Board held seven Board meetings including one Board Strategy meeting.

If a Director is unable to attend any Board or Board Committee meeting, he will still receive all the papers and materials to be tabled for discussion at that meeting. Directors are provided with information related to agenda items before each meeting. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, enterprise risk management and audit dashboards, operating plans, forecasts, and reports of variances from operating plans and forecasts.

The number of meetings of the Board and Board Committees held in 2017 and the attendance of the Directors at those meetings are tabulated as below.

### Directors' attendance at Board and Audit Committee meetings in 2017

Name of Director	Board (including Board Strategy)			Audit Committee			Risk Management Committee <sup>(1)</sup>	
	No. of Meetings			No. of Meetings			No. of Meetings	
	Scheduled		Ad hoc	Scheduled		Ad hoc	Scheduled	
	Held	Attended	Attended	Held	Attended	Attended	Held	Attended
Koh Beng Seng <sup>(2)</sup>	6	6	1	-	-	-	4	4
Mimi Ho	6	6	1	4	4	1	-	-
Norman Ip <sup>(2)</sup>	6	6	1	4	4	1	4	4
Leo Mun Wai	6	6	1	4	4	1	-	-
Quah Wee Ghee <sup>(3)</sup>	6	6	1	-	-	-	4	4

Notes:

<sup>(1)</sup> Established on 15 April 2017.

<sup>(2)</sup> Appointed as Member of Risk Management Committee on 15 April 2017.

<sup>(3)</sup> Appointed as Chairman of Risk Management Committee on 15 April 2017.

There were 2 Board sessions without Management held in 2017. Directors' attendance at these sessions is not included in the above table.

The number of meetings indicated in "Held" above reflects the number of meetings held during the time the respective Directors held office.

Total number of *ad hoc* meetings held in 2017 – Board: 1, Audit Committee: 1

## BOARD COMPOSITION AND GUIDANCE

### Board Membership

The Company's present Board of five Directors comprises a non-executive Chairman, Mr Koh Beng Seng and four other non-executive Directors. The four non-executive Directors are Ms Mimi Ho, Mr Norman Ip, Mr Leo Mun Wai and Mr Quah Wee Ghee. Board members do not appoint alternate directors as a matter of practice.

All appointments of Directors of the Company are subject to approval by MAS.

## **Information on Directors**

The Directors' membership in the various Board Committees is set out in this Report. Directors' interests in shares and share options in the Company and in the Company's ultimate parent company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and other related corporations are disclosed in the Directors' Statement that accompanies the Company's financial statements for the year ended 31 December 2017. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company or the Company's subsidiaries.

## **Board Composition and Independence**

The Company determines the independence of its Directors in accordance with the requirements under the CG Regulations. Under the CG Regulations, an independent Director of the Company is one who is independent from the substantial shareholders of the Company, and management and business relationships with the Company, and has not served for more than nine years on the Board.

Under the CG Regulations, The Board is required to have at least one-third of Directors who are independent Directors and at least a majority of Directors who are independent from management and business relationships.

The Company's Board comprises at least one-third of independent Directors. The Board determines annually whether a Director is independent. Taking into consideration the definition of "independence" of a Director under the CG Regulations, the Board has determined that the Company's independent Directors are currently Ms Mimi Ho and Mr Leo Mun Wai.

Ms Mimi Ho is a non-executive Director of Partner Reinsurance Asia Pte. Ltd. which has purchased insurance from the Company. Such business transactions have been conducted in the ordinary course of business, on an arm's length's basis and on reasonable commercial terms. The Board considers Ms Ho to be independent of business relationships as she is not involved in the day-to-day conduct of these companies' business and is of the view that these business relationships do not affect her ability to act independently.

Mr Koh Beng Seng and Mr Norman Ip sit on the board of GEH and Mr Quah Wee Ghee sits on the board of OCBC Bank, the holding company of GEH. Hence under the CG Regulations, they are not independent from the Company's substantial shareholder, but have been determined by the Board to be independent from management and business relationships with the Company and its subsidiaries.

The current Board complies with the requirements on Board composition and Board independence under the CG Regulations as two out of five Directors are independent Directors and all Directors are independent from management and business relationships with the Company and its subsidiaries.

The Board is of the view that the current Board size is appropriate to facilitate effective decision making, taking into account the scope and nature of the operations of the Company.

The Board assesses the diversity of its members' competency profiles and determines the collective skills required to discharge its responsibilities effectively.

The Company's Board members have diverse backgrounds, experience and qualifications, and bring a wide range of commercial and financial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company, including industry knowledge in insurance (such as key products and customers) and actuarial science, investment and asset management (such as real estate and property), knowledge in banking, accounting, finance, strategy formulation, management experience, risk management and familiarity with regulatory requirements. At least one of the Directors also has experience in jurisdictions outside Singapore such as Malaysia, Indonesia, and Greater China. At least one of the independent Directors has experience in the insurance industry. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities.

With the knowledge, objectivity and balance contributed by the non-executive Directors, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.

The non-executive Directors met twice during the year without the presence of Management to discuss matters such as the performance and effectiveness of Management.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of the Chairman, Mr Koh Beng Seng, and the Group CEO, Mr Khor Hock Seng<sup>1</sup>, 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 Company has Board-approved internal guidelines setting out the scope of authority of the Chairman and the Group CEO. The Chairman and the Group CEO are not related to each other.

The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving agendas of Board meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between the Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

---

<sup>1</sup> Mr Khor Hock Seng is the Group CEO of GEH and The Great Eastern Life Assurance Company Limited.

The Group CEO manages the Company and oversees the Company's operations and implementation of the Company's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Company's businesses, including implementing Board's decisions, is carried out with the assistance of the senior management executives of the Company. Collectively, they are responsible for the day-to-day operations and administration of the Company, ensuring, *inter alia*, operational and organisational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management. The Board establishes the performance targets of the Group CEO and reviews his performance against the targets annually.

The Board has not appointed a Lead Independent Director as the Chairman and the Group CEO are already separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is independent from management and business relationships with the Company and its subsidiaries. He is also independent of the Management and performs an effective check and balance on the Management. The Board comprises of non-executive Directors and the Directors are able to exercise independent and objective judgement. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director when the Board situation warrants it.

## **PROCESS FOR APPOINTMENT OF NEW DIRECTORS**

The Company does not have a Nominating Committee. The Company's present Board takes on the functions of a Nominating Committee.

The Board reviews the Board and Board Committee compositions annually and ensure that there is progressive renewal of the Board. It is responsible for identifying candidates, reviewing and approving nominations and/or re-nominations of Directors on the Board and Board Committees. It also reviews nominations and approves appointments for key senior management executive positions in the Company.

Taking into account the competencies and skills required by the Board, the Board establishes annually the profile required of the Board members, before appointing new Directors, where necessary. The Board may engage external search consultants to source for potential candidates. Proposals for the appointment of new Directors are reviewed by the Board. The Board meets with the shortlisted candidates to assess their suitability and commitment. Competent candidates are assessed on their suitability taking into consideration, amongst others, their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Company, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

In addition, the Board further determines the proposed candidate's independence under the CG Regulations and ensures that the proposed candidate would satisfy the criteria under the CG Regulations in that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit

and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

### **Re-nomination and Re-election of Directors**

All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation in accordance with the Company's Constitution. Retiring Directors are eligible for re-election when re-nominated by the Board, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

### **Talent Development and Succession Planning**

The Company has instituted a rigorous process for talent development and succession planning. It conducts an annual review of the succession plans for key senior management executives, taking into account the current needs and future strategic capabilities. An annual discussion will be held by the Board to review potential successors and their corresponding development plans.

The Board reviews the talent development framework and processes in order to build a deeper and wider bench strength and a strong talent pool. Critical jobs are identified and potential successors are groomed for key positions. Group Human Capital engages the Group CEO and the respective heads of business units to review the list of critical jobs and the potential successors annually based on current and future business needs.

### **Board Orientation and Training**

Upon the appointment of a new Director, the newly-appointed Director will be apprised of his/her statutory and fiduciary duties and obligations and issued a Director's orientation kit which will include key information on the Company, the terms of reference of the Board and Board Committees, duties and obligations of Directors as well as relevant rules and regulations. As part of the induction programme for new Directors, the Group CEO and senior management executives will conduct presentation sessions for new Directors on the Company's principal activities, strategic plans and business operations in particular, the insurance business and the induction programme will be tailored to the specific development needs of the new Directors. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the Directors and to enable them to have a more comprehensive understanding of the Company, the insurance business and practices, and relevant regulatory requirements and the financial statements of an insurance company.

The Board ensures there is a continuous professional development programme for all Directors, to ensure that they are equipped with the appropriate skills and knowledge to



perform their roles on the Board and Board Committees effectively. The Company arranges for first-time Directors to attend training in areas such as accounting, risk management and insurance. The Directors are also continually updated on developments affecting the insurance industry. From time to time, the Company organises talks, seminars or presentations by external professionals, consultants or Management on topics relevant to the insurance industry, relevant new laws, regulations and changing commercial risks and provides updates on developments in the industry locally and in other developed countries. Industry-related and topical articles are regularly circulated to Directors as part of the Company's continuous development programmes for Directors. Continued training and development programmes are offered to Directors as they may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other professional organisations including programmes conducted by the Singapore Institute of Directors where relevant.

The Company arranges for and funds the training and development programmes for existing and new Directors. The Company also maintains formal records of the training and development received by its Directors.

Continued development programmes arranged by the Company for Directors in 2017 included the following subjects:

- Digitalization in Insurance
- Cyber Security Advance Capabilities
- Update of China Insurance Industry
- Perspective on Digital Financial Services
- Big Data and Artificial Intelligence in Financial Services
- Update on IFRS 9 and 17
- Relevance of the Enhanced Auditor's Report to Directors, Audit Committee and Management
- Anti-Money Laundering/Countering the Financing of Terrorism

## **BOARD PERFORMANCE**

The Board has an annual performance evaluation process to assess the effectiveness of the Board, Board Committees and each Director's contributions. This process is similar to that of the Company's holding company, GEH. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. The 2017 Board evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, corporate social responsibility, managing performance, succession planning, Directors development, internal controls and risk managements as well as Board Committees. The Board Chairman will act upon the feedback provided to enhance the Board's performance.

The purpose of the evaluation is to increase the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation more than ten years ago. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Directors provide declaration of changes in their other appointments which are disseminated to all Board members. The Company has established guidelines on meeting attendance and the extent of other appointments outside the Company that a Director may assume. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who does not have any full-time employment shall have appointments in no more than six other listed companies. The Board annually assesses each Director's attendance record and degree of participation at meetings.

## **ACCESS TO INFORMATION**

The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. For matters requiring approval, information furnished by Management 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 and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board or Board Committees, where relevant. All Board and Board Committees members have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

Information furnished to the Board on an on-going basis includes the business forecasts, monthly financial and quarterly reports prepared on a GEH Group basis which includes the financial results and performance of the Company, with explanations of material variances between actual results and business plans/budgets. Management also provides the Board with information on potentially material risks facing the business, including credit, market, liquidity and operational risks.

Directors have separate and independent access to the Company Secretary and to senior management executives of the Company at all times.

The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flows within the Board and Board Committees and between senior management executives and non-executive Directors. The Company

Secretary also facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively. Similarly, the Board and Board Committees may obtain the professional advice, whenever necessary and appropriate, so as to effectively discharge their roles and responsibilities.

## **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE ON REMUNERATION**

The Company does not have a Remuneration Committee. The Company's present Board takes on the functions of a Remuneration Committee.

Such functions include:

- (1) approves a fee structure for Directors' fees, as well as the framework of remuneration for key management personnel. Such framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits;
- (2) approves the remuneration package for key management personnel; and
- (3) ensures that the Company's remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate key management personnel without being excessive.

In approving remuneration, the Board ensures that the remuneration policies are in line with the Company's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives.

The Board members are well-versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments. They also have access to expert advice from external independent compensation consultants, where necessary. The Board will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

In 2017, Towers Watson provided independent advisory services on GEH Group's compensation framework to ensure greater alignment of pay policies and practices with market and regulatory standards, and on its staff benefits programme. Towers Watson is not related to the Company and the Company is not aware of any business or personal relationship between Towers Watson and the Company's Directors and key management executives.

## Remuneration of non-executive Directors

The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors. No Director is involved in deciding his/her own remuneration.

The Board performs an annual review of the structure for Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure. The Directors' fees proposed by the Board each year are subject to shareholder's approval at the Company's AGM.

In its review of the non-executive Directors' remuneration, the Board can seek expert advice, if necessary. No consultant was engaged in 2017 to provide advice on the remuneration of non-executive Directors.

The Board has decided to use the same fee structure for computing the fee for each non-executive Director for the financial year ended 31 December 2017 ("FY2017") as that used in the previous financial year (in the table set out below):

		Annual retainer
<b>Board</b>	Chairman	\$24,000
	Member	\$6,000
<b>Board Committees</b>	<u>Chairman:</u> <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Risk Management Committee</li></ul>	\$6,000
	<u>Member:</u> <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Risk Management Committee</li></ul>	\$3,000
<b>Attendance fees per Board or Board Committee meeting</b>		\$300

Attendance fees are paid to non-executive Directors to recognise their contributions and time spent in attending meetings.

## Remuneration policy in respect of Key Senior Management Executives

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

The remuneration of the Group CEO and the key senior management executives who report directly to the Group CEO are reviewed annually by the Board based on the overall remuneration framework approved by the Board. The remuneration package of the Group Chief Risk Officer ("CRO") is approved by the Board.

In such annual reviews, the Board takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Board also takes into account the time horizon of risks, such as ensuring that all variable compensation payments shall not be fully paid over short periods when risks are realised over long periods.

The basic component of the remuneration package comprises a monthly basic salary. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board. Such components comprise a performance-based variable bonus and long-term incentives, which are generally paid/awarded once a year.

In awarding long-term incentives, including the grant of share options to the senior executives, the Board also takes into account their potential for future development and contribution to the Company.

The annual budget for salary increment, performance-related variable bonus and long-term incentives is submitted to the Board for endorsement and approval.

As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an on-going basis to further ensure that decisions made are conducive for sustained business performance. In its deliberations, the Board also takes into account the remuneration principles, practices and standards that may be specified by the MAS from time to time.

The Company has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Company. This group, identified as “Material Risk Takers” comprises the Group CEO and his direct reports, key personnel at business units and senior control staff. Employees who are not senior staff but are identified as “Material Risk Takers” are also included in this group.

The Company does not provide any termination, retirement and post-employment benefits to its key management personnel.

### **Remuneration of Top Five Key Management Personnel in 2017**

The Code recommends the disclosure of the individual remuneration of the Company’s top five key management personnel as well as their aggregate remuneration. The Board considered this matter carefully and has decided against such disclosure for the time being as it is not a standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

### **Disclosure on Directors’ and the Group CEO’s remuneration**

The remuneration of each individual Director and Group CEO in respect of FY2017 is shown in the table below. Non-executive Directors will be paid Directors’ fees totalling \$96,300 in respect of FY2017, subject to shareholder’s approval at the forthcoming AGM. For the financial year ended 31 December 2016, non-executive Directors were paid Directors’ fees totalling \$77,550.

## Directors' and Group CEO's remuneration for FY2017

Name of Director	Total Remuneration \$'000	Directors' Fees \$'000	Salary \$'000	Bonuses <sup>(1)</sup> \$'000	Long-term incentives <sup>(2)</sup> \$'000	Benefits-in-kind <sup>(3)</sup> \$'000
Koh Beng Seng <sup>(4)</sup>	32	32	-	-	-	-
Mimi Ho <sup>(4)</sup>	17	17	-	-	-	-
Norman Ip <sup>(4)</sup>	17	17	-	-	-	-
Leo Mun Wai <sup>(4)</sup>	15	15	-	-	-	-
Quah Wee Ghee <sup>(4)</sup>	16	16	-	-	-	-
<b>Group CEO</b>						
Khor Hock Seng <sup>(5)</sup>	4,639	-	1,100	700	2,522	317

### Notes:

<sup>(1)</sup> Bonuses comprise variable bonus paid in 2017.

<sup>(2)</sup> Represents fair value of grant of shares options under the OCBC Share Option Scheme 2001 and award of deferred shares under the OCBC Deferred Share Plan and long-term incentive take-out.

<sup>(3)</sup> Represents non-cash-component and comprises housing allowance, car, club, insurance benefits and employer's contribution to the Central Provident Fund.

<sup>(4)</sup> Includes standard meeting attendance fees for attending Investment Review Working Group and/or Technology Transformation Programme Working Group meetings as member or invitee.

<sup>(5)</sup> This is the same remuneration information as disclosed in the Annual Report of GEH.

## Remuneration of Directors' Immediate Family

None of the Directors or the Group CEO had immediate family members who were employees of the Company in 2017.

## Share-based incentives

The Company does not have any share option scheme or share plan in place. Instead, the Company's ultimate holding company, OCBC Bank, grants share options pursuant to the OCBC Share Option Scheme 2001 and awards shares pursuant to the OCBC Deferred Share Plan to selected senior executives of the Company.

Details of the share options and share awards granted to the Company's eligible executives are disclosed in the financial statements. Further details of the above share option scheme and share plan are set out in the Company's financial statements and in OCBC Bank's Annual Report.

All grants and awards are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employees has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Company's risk profile/rating.

## ACCOUNTABILITY

As the Company is wholly-owned by GEH, the Board is also responsible for providing to GEH, a balanced and understandable assessment of the performance, position and prospects of the Company, including periodic financial statements and other reports.

The Board is kept apprised of material changes in legislations and regulatory requirements.

The Board takes necessary steps to ensure that the Company complies with these requirements.

To keep Board members informed and updated, Management provides the Board with monthly financial updates on the performance and position of the Company. The Board is also updated on any significant events that have occurred or affected the industry during the year.

## **AUDIT COMMITTEE**

The Audit Committee is required to comprise at least three non-executive Directors, all of whom are independent from management and business relationships, and at least a majority of Directors (including the Audit Committee Chairman) who are independent Directors.

The Audit Committee comprises the following Directors:

- Mr Leo Mun Wai, Chairman
- Ms Mimi Ho, Member
- Mr Norman Ip, Member

All the members are independent from management and business relationships and a majority, being Ms Mimi Ho and Mr Leo Mun Wai are independent Directors under the CG Regulations. The members are not partners or Directors of Messrs Ernst & Young LLP (“EY”), the external auditor and none of them hold any financial interest in EY.

All members of the Audit Committee are appropriately qualified to discharge their responsibilities. They have relevant accounting and auditing experience and financial management knowledge and experience. The Audit Committee members keep abreast of relevant changes through regular updates from the external auditor on changes to accounting standards and issues which have a direct impact on the financial statements. The Audit Committee carries out functions prescribed in Section 201B(5) of the Companies Act (Chapter 50), the Code, the CG Regulations and the MAS CG Guidelines and operates within Board-approved terms of reference which set out the Audit Committee’s authority and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Audit Committee has full discretion to invite any director or senior management executive to attend its meetings. It has resources to enable it to discharge its functions properly.

The Audit Committee held a total of five meetings in 2017. Its members’ attendance at these meetings is disclosed in this Report. The Audit Committee meetings were attended by the internal and external auditors, the Group CEO and certain senior management executives, including the Group Chief Financial Officer (“Group CFO”).

The responsibilities of the Audit Committee are set out in its Board-approved terms of reference. The functions performed by the Audit Committee and details of the Audit Committee's activities during FY2017 included the following:

1. Reviewed with the internal auditor:
  - 1.1 their audit plans, their evaluation of the system of internal controls and their audit reports;
  - 1.2 the scope and results of the internal audits; and
  - 1.3 the assistance given by the officers of the Company to the auditors.
2. Reviewed with the external auditor:
  - 2.1 the audited financial statements of the Company for the financial year which are prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS for submission to the Board for consideration and approval thereafter;
  - 2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;
  - 2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and
  - 2.4 any significant financial reporting issues, to ensure the integrity of the financial statements of the Company.
3. Reviewed the audited financial statements with Management, including discussion on the accounting policies applied and significant judgement affecting the financial statements.
4. Reviewed the findings of the internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls of the Company and its principal subsidiaries, including financial, operational, compliance and information technology controls and systems established by Management.
5. Reviewed the effectiveness of the internal audit functions of the Company and its principal subsidiaries.
6. Performed the review of the independence of the external and internal auditors.
7. Made recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.



8. Reviewed material and/or special related party transactions and the write-off of material related party transactions as may be required by the relevant regulatory authorities, and recommend to the Board for approval.

The GEH Group undertook a review of all relationships between the GEH Group and the external auditor (including non-audit services provided by the external auditor) for FY2017, and is satisfied that the provision of such non-audit services would not, in its opinion, affect the independence of the external auditor.

Taking into account the aforesaid and other factors such as the size and complexity of the Group and the adequacy of resources and experience of the external auditor, EY, the Audit Committee has nominated the re-appointment of EY at the forthcoming AGM.

The Company has also instituted a whistle-blowing policy whereby staff of the Company and external parties may raise concerns on possible improprieties in matters of financial reporting or other matters in confidence. All whistle-blowing incidents will be reported to the Audit Committee. Concerns expressed anonymously will be considered and investigated on the basis of their merits. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. If fraud is determined, appropriate remedial action will be taken and the Audit Committee updated regularly on its status. The whistle-blower will have protection against reprisals provided he has acted in good faith.

The Audit Committee, in performing its functions, met at least annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately. The auditors, both internal and external, have unrestricted access to the Audit Committee, and to information and such persons within the Company as necessary to conduct the audit.

## **INTERNAL CONTROLS**

The Board is responsible for ensuring that the Company's system of internal controls is adequate to safeguard shareholder's interest and the Company's assets. The Company has in place, self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their systems and processes of internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management executives. The Board has received assurance from the Group CEO and Group CFO on the effectiveness of the Company's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and financial positions.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management and Board Committees, the Board, with the concurrence of the Audit Committee and Risk Management Committee, is of the opinion that the system of internal controls, including financial,

operational, compliance and information technology controls as well as risk management systems, were adequate as at 31 December 2017, to address the risks which the Company considers relevant and material to its operations as at 31 December 2017.

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

## **INTERNAL AUDIT**

The internal audit function (“Group Internal Audit”) serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the system of internal controls established by Management, to ensure that transactions are promptly and accurately recorded and that the Company’s assets are safeguarded. Group Internal Audit resides in-house and is independent of the activities it audits. Its terms of reference are approved by the Audit Committee.

Group Internal Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Internal Audit involves the assessment of the adequacy and effectiveness of the Company’s risk management and internal control framework, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. Reviews conducted by Group Internal Audit also focus on the Company’s compliance with relevant laws and regulations, adherence to established policies and processes and whether Management has taken appropriate measures to address control deficiencies.

The Chief Internal Auditor reports primarily to the Board and administratively to the Group CEO. The Chief Internal Auditor’s annual remuneration, performance evaluation, appointment, resignation and removal are approved by the Board.

Group Internal Audit is staffed by executives with the relevant qualifications and experience, and the Audit Committee ensures that Group Internal Audit is adequately resourced. Group Internal Audit has unfettered access to the Board, the Audit Committee and senior management executives, where necessary, and has the right to seek information and explanations as well as access to all the Company’s documents, records, properties and personnel. Group Internal Audit meets or exceeds the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Group Internal Audit reports to the Audit Committee its annual or periodic plan and the proposed areas of audit focus, factors that adversely affect the Group Internal Audit’s independence, objectivity or effectiveness and material findings from audits conducted. During the year, Group Internal Audit carried out audits on selected significant business units in the Company, including an audit review of the IT systems. Group Internal Audit’s summary

of major findings and recommendations and Management's related responses were discussed at Audit Committee meetings. The Audit Committee ensures that procedures are in place to follow up on the recommendations by Group Internal Audit in a timely manner and to closely monitor any outstanding issues. The Audit Committee also reviews annually the adequacy and effectiveness of the internal audit function.

## **RISK MANAGEMENT AND RISK MANAGEMENT COMMITTEE**

The Board is responsible for the governance of risk. It sets the tone for the Company's risk culture and monitors, through the Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company.

The Company established the Risk Management Committee on 15 April 2017. The Risk Management Committee is required to comprise at least three Directors, a majority of whom (including the Risk Management Committee Chairman) are non-executive Directors. The MAS CG Guidelines further stipulate that the members of this Committee should be appropriately qualified to discharge their duties, with at least two having the relevant technical financial sophistication in risk disciplines or business experiences.

The Risk Management Committee comprises the following Directors:

- Mr Quah Wee Ghee, Chairman
- Mr Norman Ip, Member
- Mr Koh Beng Seng, Member

All the members are non-executive Directors and have the relevant technical financial sophistication in risk disciplines or business experience to enable them to discharge their duties effectively.

The Risk Management Committee is responsible for the oversight of market, credit, liquidity, insurance, operational, technology, regulatory and compliance risks to manage the financial and reputational impact arising from these risks. It reviews the overall risk management philosophy, including, the risk profile, risk tolerance level, and risk and capital management strategy, guided by the overall corporate strategy and risk appetite approved by the Board.

The Risk Management Committee performs its functions pursuant to its Board-approved terms of reference. Such terms of reference include the review and approval or endorsement of enterprise risk management framework, major policies, charters and strategies for effective risk management, investment management and asset-liability management. The terms of reference also include the review and approval of major risk management initiatives, and the approval of significant investment, property and other financial transactions that exceed the authorisation limits of the Management Committees that the Risk Management Committee oversees. Material investment-related activities and transactions are reviewed and approved by the Risk Management Committee and reported to the Board for information, endorsement or approval, as applicable.

The Board approves the appointment and annual appraisal of the Group CRO, who reports directly to the Risk Management Committee and the Group CEO. The appointment of the Group CRO also requires the prior approval of MAS.

The Group CRO is responsible for establishing and implementing the Group's risk management framework and processes of identifying, assessing, measuring, controlling, mitigating, monitoring and reporting risks.

The Group Risk Management Department has adequate resources and is staffed by experienced and qualified personnel who are sufficiently independent to perform their duties objectively. The Group Risk Management Department regularly engages senior management executives to develop enterprise-wide risk controls and risk mitigation procedures.

The Risk Management Committee held a total of four meetings in 2017.

The Company's enterprise risk governance, risk management objectives and policies and other pertinent details are disclosed in the notes to the Financial Statements.

## **TECHNOLOGY TRANSFORMATION PROGRAMME WORKING GROUP**

The Technology Transformation Programme Working Group was formed in March 2017 to review and advise on the technology transformation strategy and goals, and implementation programmes proposed by Management so as to harness digital technology strategically to transform and position the Company for the future. The membership of the Technology Transformation Programme Working Group comprised non-executive Directors of the Company, GEH and the Group CEO. The Technology Transformation Programme Working Group was chaired by Mr Thean Nam Yew, a Director of GEH, and the Directors of the Company who were members of the Technology Transformation Programme Working Group were Ms Mimi Ho, Mr Leo Mun Wai and Mr Quah Wee Ghee. The other members of the Technology Transformation Programme Working Group were Mr Lee Fook Sun, Mr Samuel N. Tsien and Mr Soon Tit Koon, all of whom are Directors of GEH. The Technology Transformation Programme Working Group completed its review in September 2017.

## **COMMUNICATION WITH SHAREHOLDERS**

The Company recognises that regular, effective, timely and fair communication with its shareholder, GEH, is essential to enable the shareholder to make informed decisions about the Company. The Company ensures that timely and adequate disclosures of material information on the Company are available to its shareholder, including periodic financial results with balanced and comprehensive assessments of the performance and position of the Company.

One of the key roles of the Company's Brand and Communications and Investor Relations Departments is to keep the market apprised of the Company's major corporate developments through regular media releases, briefings and meetings with the media. The public can access the website of the Company for media releases and other corporate information on the Company.

## **SHAREHOLDER RIGHTS AND CONDUCT OF SHAREHOLDER MEETINGS**

For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-election of Directors, proposed Directors' fees and recommendation of final dividend. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

## **RELATED PARTY TRANSACTIONS**

The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring and, where necessary, writing off such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflicts of interest are excluded from the approval process of granting and managing related party transactions. Material and/or special related party transactions and the write-off of material and/or special related party transactions are reported to the Audit Committee for review and to the Board for approval.

## **ETHICAL STANDARDS**

The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Company. The Company has adopted a Code of Conduct which sets out the guiding principles and minimum standards expected of its employees such as the highest standards of conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet. The Group Human Capital Department provides an annual attestation to the Audit Committee that the Code of Conduct has been properly disseminated to all staff.

The Company has a suite of policies in place for proper governance and management that staff has to comply with. All policies are prepared in accordance with the Company's risk management and internal control systems and processes, including Management self-assessment and independent audits.

The Company treats feedback and complaints from its customers seriously and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website.

**GREAT EASTERN GENERAL INSURANCE LIMITED**

(Incorporated in Singapore)  
(Company Registration No. 192000003W)

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Koh Beng Seng, Chairman  
Mimi Ho  
Norman Ip  
Leo Mun Wai  
Quah Wee Ghee

**AUDIT COMMITTEE**

Leo Mun Wai, Chairman  
Mimi Ho  
Norman Ip

**RISK MANAGEMENT COMMITTEE**

Quah Wee Ghee, Chairman  
Norman Ip  
Koh Beng Seng

**GROUP CEO**

Khor Hock Seng

**APPOINTED ACTUARY**

Cheung Kwok Kei

**COMPANY SECRETARY**

Jennifer Wong Pakshong

**REGISTERED OFFICE**

1 Pickering Street #16-01  
Great Eastern Centre  
Singapore 048659  
Telephone : (65) 6248 2000  
Facsimile : (65) 6438 3889  
Website: [www.greateasternlife.com](http://www.greateasternlife.com)  
Email: [wecare-sg@greateasternlife.com](mailto:wecare-sg@greateasternlife.com)

**AUDITOR**

Ernst & Young LLP  
One Raffles Quay  
Level 18 North Tower  
Singapore 048583  
Partner In Charge: Mak Keat Meng  
(since financial year 2013)

As at 30 April 2018