

## PROCURRI CORPORATION LIMITED

(Company Registration No. 201306969W)  
(Incorporated in the Republic of Singapore)

---

### RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT 2020

---

The Board of Directors (the “**Board**”) of Procurri Corporation Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 April 2021 in respect of the Company’s annual report for the financial year ended 31 December 2020 (“**AR2020**”). Terms used in this announcement shall bear the meanings ascribed to them in AR2020 unless the context otherwise requires. The responses of the Company are set out as follows:

#### Query #1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

#### Company’s response:

The Board currently comprises six (6) directors, of which two (2) are executive directors, one (1) is a non-executive director and three (3) are independent non-executive directors. The independent non-executive directors therefore make up half of the Board.

Principle 2 of the Code requires the Board to have 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.

**Independence** - As disclosed on page 51 of AR2020, the Nominating Committee (the “**NC**”) assesses the independence of the independent non-executive directors guided by the Code and looks at factors such as the director’s relationship with the Company, its related corporations, its substantial shareholders and whether these relationships interfere with such director’s business judgement. Each independent non-executive director is also required to complete confirmation forms annually to confirm his independence as disclosed on page 48 of AR2020.

The independence of the independent non-executive directors is also evident from the fact that they meet amongst themselves without the presence of the management of the Company (the “**Management**”) and the executive directors to discuss and evaluate, among others, the performance of the Management. Where applicable, the feedback and views expressed by the independent non-executive directors is communicated by the lead independent director to the Executive Chairman and Chief Executive Officer (“**CEO**”) and/or other members of the Management after such meetings. This is disclosed on page 49 of AR2020.

In addition to the above, the executive directors make up a minority on the Board while the non-executive directors form the majority. The non-executive directors, who make up a majority of the Board, always constructively challenge and help develop proposals on strategy and review the Management’s performance in meeting agreed goals and objectives and monitor the reporting of the Management’s

performance. As such, the majority of the Board is independent from the Management, and the NC is of the view that the relevant Board members have not conducted themselves in a manner that would cause the NC to believe that they are not independent from the Management in the making of their decisions.

**Diversity of thought and background in composition** - As disclosed on pages 49 to 52 of AR2020, the Company recognises and embraces Board diversity as an essential element in the achievement of business objectives and sustainable development.

The Board had considered the background and core competencies of each member of the current Board. This includes backgrounds in finance, accounting, legal, business and industry knowledge. The Board had also looked into the background of the current independent directors, and considered them competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. In reviewing the composition of the Board, the NC had considered the benefits of diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. Additional information on the directors including, inter alia, their working experience for the past 10 years has also been disclosed in AR2020.

Apart from the abovementioned, as disclosed on page 49 of AR2020, the Board is of the view that diversity is not merely limited to gender or any other personal attributes, but rather the benefits of Board diversity are harnessed when the directors adopt an independent mindset when carrying out their responsibilities. In order to leverage on diverse perspectives, the Board strives to cultivate an inclusive environment where all directors are able to speak and participate in decision-making. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business.

**Conclusion:**

Having considered the factors and considerations listed above, the Board is of the view that the Board demonstrates an appropriate level of independence and diversity of thought and background in its composition so as to be consistent with the intent of Principle 2 of the Code.

**Query #2:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 3 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

**Company's response:**

Mr. Sean Murphy has been instrumental in the history of the Group, and is knowledgeable in its business, operations as well as reputable in the industry within which the Group operates. As such, Mr. Sean Murphy's appointment as both Chairman and CEO provides strong and consistent leadership for the Group. Furthermore, while Mr. Sean Murphy is responsible for the day-to-day running of the Group and exercising of control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders of the Company, the business development, investments, strategic direction and planning of the Group, as well as all major decisions made by Mr. Sean Murphy in his capacity as the CEO, are reviewed by the Board regularly. The Board, together as a whole, has

regular meetings, as well as ad-hoc meetings and/or calls when appropriate. Mr. Sean Murphy is cognisant that the Board functions as a collective body (subject to the delegation of relevant matters to the appropriate board committees and/or individuals) and performs his duties as the Chairman bearing this mind. All important and major decisions relating to the operations and management of the Group are made jointly and collectively by the Board. The Board is of the view that the current board matters have thus far been conducted on a collective and transparent basis, including relevant members of the Board adding to board or board committee agenda items, as well as requesting or convening meetings and/or calls as appropriate, and is also of the view that nothing has come to its attention that would cause it to believe that this would no longer be the case in the future. Furthermore, there is a balance of power and authority within the Board as the Audit, Nominating and Remuneration Committees are chaired by independent directors.

In addition to the above, as provided in the response to Query #1, the Board is of the opinion that the Board displays an appropriate level of independence for the reasons mentioned in the same response, in particular that the Board has a majority of non-executive directors (four (4) members), of whom three (3) are independent, and all of whom are independent of Mr. Sean Murphy.

In addition, Mr Peter Ng, who is an independent director and also the Audit Committee Chairman, was appointed as the lead independent director of the Company to address the concerns, if any, of the Company's shareholders on issues that may not be appropriately dealt with by the Chairman and CEO. As highlighted in the response to Query 1, the independent directors meet amongst themselves without the presence of the Management (including the executive directors) to discuss and evaluate, among others, the performance of the Management. Where applicable, the feedback and views expressed by the independent non-executive directors is communicated by the lead independent director to the Chairman and CEO and/or other members of the Management after such meetings.

#### **Conclusion:**

Taking into account the foregoing, the Board is of the view that the Company's practices in this regard are consistent with the intent of Principle 3 of the Code as there is a clear division of responsibilities between the leadership of the Board and Management and no one individual of the Board has unfettered powers of decision-making.

In addition, the NC would, from time to time, review whether it would be in the best interest of the Company to separate the roles of Chairman and CEO and will make its recommendation to the Board, as appropriate.

#### **Query #3:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 and 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

#### **Company's response:**

The Company has disclosed the reasons for deviating from Provision 8.1 and 8.2 of the Code on page 63 of AR2020, being the commercially sensitive and confidential nature of such information and disadvantages that this might bring, including the risk of employee poaching which may potentially result in the Group being exposed to unnecessary commercial and operational risks. Further, given the competitive pressures of a specialised industry in which the Company operates, the names and the breakdown of remuneration of the top five key management personnel ("KMP"), as well as the precise

remuneration of the executive directors and non-executive directors have not been disclosed in the interest of maintaining good morale and a strong spirit of teamwork within the Group. In addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontentment and may, in certain cases, give rise to recruitment and talent retention issues – this rationale would equally apply to the disclosure of the aggregate remuneration paid to our Executive Director and CEO.

Principle 8 of the Code requires the Company to be transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Notwithstanding the abovementioned reasons for deviations, the Company is of the view that the level of information that had been disclosed is consistent with the intent of Principle 8 of the Code, for the following reasons:

- (1) **Transparency on remuneration policies** – the remuneration policies of the Company have been disclosed on pages 61 to 63 of AR2020, not only as part of its compliance with Principle 8 but also in respect of Principle 7. In particular, the Company has elaborated on the compensation philosophy governing the remuneration of executive directors and KMP and the factors taken into account for the remuneration of the non-executive directors. The Company has also disclosed the remuneration paid to each director, the Chairman and the KMP using bands of S\$250,000 for transparency.
- (2) **Level and mix of remuneration** – the level and mix of remuneration has also been disclosed on pages 61 to 63 of AR2020, where:
  - (aa) notwithstanding that the actual remuneration of the executive directors and non-executive director were not disclosed, these have been disclosed in bands of no wider than S\$250,000 and the breakdown of the components of their remuneration – Fixed (Salary) and Variable (director’s fees and fair value of share awards vested pursuant to the Company’s Performance Share Plan for FY2020) – were disclosed on page 62 of AR2020; and
  - (bb) the KMP’s remuneration have been disclosed in bands of S\$250,000 and the aggregate remuneration of the KMP have been disclosed on page 63 of AR2020.
- (3) **Procedure for setting remuneration** – the procedure for setting remuneration has been disclosed on pages 61 to 62 of AR2020.
- (4) **Relationships between remuneration, performance and value creation** – the relationships between remuneration, performance and value creation are disclosed through the Company’s disclosure on its compensation philosophy, as well as the disclosed remuneration. Please refer to the Company’s response (above) on transparency on remuneration policies in this regard.

#### **Conclusion:**

The Board is of the view that, in light of the above, the Company’s disclosures are aligned and consistent with the intent of Principle 8, and the deviations arise because the Company seeks to balance such intent with legitimate commercial concerns, such as information being exploited by competitors in a specialised industry and maintaining confidentiality on remuneration matters.

BY ORDER OF THE BOARD  
**PROCURRI CORPORATION LIMITED**

Thomas Sean Murphy  
Chairman and Global Chief Executive Officer

27 April 2021