

CORPORATE GOVERNANCE REPORT

Nera Telecommunications Ltd (the “Company”) is committed to high standards of corporate governance so as to ensure greater transparency and protect the interests of its employees, customers and shareholders. The Board of Directors (“Board”) and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group’s businesses and performance.

To discharge its governance function, the Board and its committees have established policies and rules to govern their activities. The Board and its committees are guided by their respective Terms of References.

The Board is pleased to report to its shareholders on the Company’s corporate governance practices for the financial year ended 31 December 2022 (“FY2022”) with specific reference to each provision of the Code of Corporate Governance 2018 (the “Code”) issued in August 2018. The Board confirms that the principles and provisions of the Code have been adhered to and to the extent that the Company’s practices may vary from the provisions of the Code, the Company has explained in this report how its practices are consistent with the intent of the relevant principles of the Code.

BOARD MATTERS

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success. The Management plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Provision 1.1

Board’s Role

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting strategic objectives, monitoring Management’s performance, establishing a framework for prudent and effective control for risk management, safeguarding shareholders’ interests and the Company’s assets as well as setting values and standards (including ethical standards) for the Company. The Board is also mindful of the Company’s social responsibilities.

The Board sets the directions for the Company where ethics and values are concerned. This helps to nurture an environment where integrity and accountability are key.

The Board’s Conduct of Affairs

The principal functions of the Board include, inter alia:

- (a) Providing entrepreneurial leadership, setting key business and financial strategic objectives and strategies and ensuring necessary financial and human resources are in place for the Company to meet those objectives;
- (b) Approving the annual budget, major investments and divestments, and funding proposals;
- (c) Reviewing and monitoring Management’s performance;
- (d) Establishing a framework for the oversight of prudent and effective internal controls, risk management, financial reporting and compliance; and
- (e) Assuming responsibility for good corporate governance to protect the Company’s assets and enhancing the long-term value of the Company for its shareholders.

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Objective Decision Making

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Any Director who has a conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board is required to immediately declare his or her interest to the Board, remove himself or herself from the information flow and recuse from participating in any further discussion or voting on the subject matter.

Provision 1.2

Continuous Training and Development of Directors

Management and Professional Advisers keep the Directors up-to-date on pertinent developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters. Such periodic updates are provided to Directors to facilitate the discharge of their duties.

The Directors attend appropriate courses, conferences and seminars conducted by various Regulatory Authorities, Financial Institutions and Professional Consultants, including, Singapore Institute of Directors ("SID"), Singapore Stock Exchange, Accounting and Corporate Regulatory Authority (ACRA), Association of Chartered Certified Accountants (ACCA), Australian Institute of Company Directors (AICD), A.T. Kearney, Certified Practising Accountants (CPA) Australia, National Association of Corporate Directors (NACD), Stewardship Asia Centre (SAC), Singapore Institute of Directors (SID), PricewaterhouseCoopers (PwC) and Ernst & Young (EY). Funding is also provided in support of relevant training for Directors. During FY2022, the training hours recorded by all Directors are approximately 67 hours.

Directors are also encouraged to read and actively engage in informal discussions on subjects which are relevant to the Group's business.

Appointment Letter to new Director

Orientation programmes will be organised during the year for new incoming Directors to ensure that they are familiar with the Company's key businesses and corporate governance practices. This allows the new Director to get acquainted with Senior Management, thereby facilitating Board interaction and independent access to Senior Management. Directors may also at any time request further explanations, briefings and informal discussions on any aspect of the Company's operations or business.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

The Company has adopted internal guidelines governing matters that require the Board's approval.

Matters which are specifically reserved to the Board for approval are:

- (a) Strategic business plans and policies of the Group;
- (b) Annual budgets;

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- (c) Material acquisitions and disposal of assets;
- (d) Corporate or financial restructuring;
- (e) Share issuances, interim dividends and other returns to shareholders;
- (f) Matters involving a conflict of interest for a substantial shareholder or a director; and
- (g) Terms of reference of the Board and its Committees.

The matters which are specifically decided and approved by the Board are clearly documented in the minutes of meetings and kept with the Company.

Provision 1.4

Delegation of Authority to Board Committees

The Board is supported by a number of committees to assist it in the discharge of its responsibilities and also enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit and Risk Management Committee ("ARMC"). Each Board committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

Provisions 1.5 & 1.6

Meetings of Board and Board Committees

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. A schedule of meetings is provided in advance to each Director prior to the commencement of each Financial Year. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company. During the COVID-19 pandemic, the Board and its committees met by electronic means. To enable members of the Board and its committees to prepare for the meetings, agendas together with Board papers and related materials are circulated within five working days before the meetings.

The Board normally meets at least four times a year with additional meetings convened as and when necessary.

During FY2022, the Company held six (6) Board Meetings.

Multiple Board Representations

All Directors are required to declare their Board Representations. The NC has set guidelines on the maximum number of Board appointments in listed companies that Directors can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. The NC recommends that Independent Directors serve concurrently on no more than five listed company Boards, and that the Senior Management serve concurrently on no more than two listed company Boards besides the Company. The NC considers that the multiple Board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

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The Directors had committed considerable time towards the many Board meetings and Board committee meetings held in FY2022 and adjusted their schedules to ensure participation in Board and Board committee meetings for the deliberation of issues. The NC finds the Directors have committed their time effectively to discharge their responsibilities.

A record of the Directors' attendance at the Board and Board Committee meetings as well as General Meeting for the financial year ended 31 December 2022 is set out below:

2022 Meeting Attendance*	Board Meetings	Audit and Risk Management Committee Meetings	Remuneration Committee Meeting	Nominating Committee Meeting	General Meeting
Number of meetings held in FY2022	6	7	2	3	1
Name of Directors	Number of meetings attended				
Dr. Lim Puay Koon, Chairperson ¹	6/6	6/6	1/1	N/A	1/1
Ms. Wong Su-Yen ²	6/6	N/A	2/2	3/3	1/1
Mr. Chong Hoi Ming ³	4/4	N/A	N/A	N/A	1/1
Mr. Basil Chan	6/6	7/7	N/A	3/3	1/1
Mr. Tommy Teo Zhi Zhuang	6/6	6/7	N/A	N/A	1/1
Mr. Wong Chee-Yann ⁴	2/3	N/A	1/1	1/1	1/1
Ms. Kay Pang Ker-Wei ⁵	N/A	N/A	N/A	N/A	N/A
Dr. Lee Kwok Cheong ⁶	1/3	1/1	1/1	N/A	N/A
Mr. Tan Choon Hong ⁷	3/3	N/A	1/1	2/2	N/A
Mr. Beck Tong Hong ⁸	2/2	N/A	N/A	N/A	N/A

* Referred to meetings held/attended while each Director was in office in FY2022.

- 1 Dr. Lim Puay Koon appointed as the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee on 8 March 2022. Dr. Lim was further re-designated to the Chairperson of the Board on 23 December 2022.
- 2 Ms. Wong Su-Yen resigned as Independent Director, the Chairperson of the Board, the Chairperson of the Nominating Committee and a Member of the Remuneration Committee on 23 December 2022.
- 3 Mr. Chong Hoi Ming was appointed as Executive Director and Chief Executive Officer on 7 February 2022.
- 4 Mr. Wong Chee-Yann was appointed as Non-Executive Director, a member of the Nominating Committee and a member of the Remuneration Committee on 28 February 2022.
- 5 Ms. Kay Pang Ker-Wei was appointed as Independent Director, the Chairperson of the Nominating Committee and a member of the Remuneration Committee on 23 December 2022.
- 6 Dr. Lee Kwok Cheong resigned as Independent Director, the Chairperson of Remuneration Committee and a Member of the Audit and Risk Management Committee on 8 March 2022.
- 7 Mr. Tan Choon Hong resigned as Non-Executive Director, a member of the Nominating Committee and a member of the Remuneration Committee on 28 February 2022.
- 8 Mr. Beck Tong Hong resigned as Executive Director and Chief Executive Officer on 7 February 2022.

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Board's Access to information

The Board is supported by accurate, complete and timely information, and has unrestricted access to Management. Management places a high priority on providing timely and accurate information to the Board on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company, including updates on the Company's financials, cash flow positions and forecasts, budget variance reports, order in-take, order backlog and sales pipelines. The Board will also be updated on industry trends and developments.

Provision 1.7

Board's Access to Management and Company Secretary

The Board has at all times separate and independent access to the Management through electronic mail, telephone and face-to-face meetings and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key Management staff, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings.

The role of the Company Secretary includes the responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Further, the Company Secretary assists in coordinating the flow of information within the Board and Board Committees as well as between the Management and the Board. The Company Secretary also assists the Chairperson and the Board in implementing and strengthening corporate governance practices and processes.

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Board's Access to Independent Professional Advice

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice, paid for by the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1, 2.2 & 2.3

Independent Element of the Board, Composition of Independent Directors and Non-Executive Directors on the Board

As at the date of this Report, the Board comprises six (6) Directors, one (1) of whom is an Executive Director, two (2) of whom are non-Executive Directors and the remaining three (3) Directors are independent, thus providing a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. The Chairperson of the Board is an Independent Director.

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Independence of Directors

The NC, in its deliberation as to the independence of a Director, takes into consideration examples of relationships as set out in the Code, and considers whether a Director has business relationships with the Group, and if so, whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment.

The NC, having considered the assessment made by the Directors on the independent status of Dr. Lim Puay Koon, Mr. Basil Chan, Ms. Kay Pang Ker-Wei and other relevant factors, has determined that each has no relationship with the Company, its related corporations, its substantial shareholders or its officers and is also independent of the executive functions of the Company. In the discharge of their duties, they had exercised their independent business judgment in the best interest of the Company. In this respect, the NC affirmed that Dr. Lim Puay Koon, Mr. Basil Chan and Ms. Kay Pang Ker-Wei remain as Independent Directors of the Company and each abstained from the discussions and taking a decision in respect of their own independence.

The Board also confirms that none of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment. However, taking into consideration the need for Board renewal, the Board has undergone refreshment to ensure that the Board comprises the proper mix of Directors to meet both current and long-term needs of the Board by bringing in a new Executive Director and CEO, Mr. Chong Hoi Ming, Independent Directors, Mr. Basil Chan, Dr. Lim Puay Koon and Ms. Kay Pang Ker-Wei, and Non-Executive Director, Mr. Wong Chee-Yann.

Under Listing Rules of SGX-ST which took effect from 1 January 2022, an Independent Director will not be considered independent if he has served on the Board for more than nine years unless prior to 1 January 2022 he has had obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the Directors and the Chief Executive Officer and their associates.

On this basis, Dr. Lee Kwok Cheong and Ms. Wong Su-Yen resigned on 8 March 2022 and 23 December 2022 respectively at the end of their 9-year term from the date of their first appointment and did not undertake the two-tier voting to extend their terms.

On 11 January 2023, SGXRegCo announced that the two-tier vote mechanism for companies to retain long-serving Independent Directors who have served for more than 9 years will be removed with immediate effect. Therefore, the tenure for Independent Directors serving on the boards of listed issuers will be limited to 9 years.

Provision 2.4

Composition and Size of the Board

The Company's Board Diversity Policy endorses the principle that the Board should have an appropriate mix of skills, knowledge and experience required to effectively oversee and support the management of the Company. Selection of candidates will be based on a range of diversity perspectives, including the balance of skills, knowledge, experience, age and gender.

The NC conducts an annual review on the composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive and other aspects such as gender and age. Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the business operations of the Company.

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A summary of the composition of the Board and its Committees is set out below:

Director	Board	ARMC	NC	RC
Dr. Lim Puay Koon	Chairperson, Independent Director	Member	–	Chairperson
Mr. Chong Hoi Ming	Executive Director and CEO	–	–	–
Mr. Basil Chan	Independent Director	Chairperson	Member	–
Ms. Kay Pang Ker-Wei	Independent Director	–	Chairperson	Member
Mr. Wong Chee-Yann	Non-Executive Director	–	Member	Member
Mr. Tommy Teo Zhi Zhuang	Non-Executive Director	Member	–	–

The NC with the concurrence of the Board, is of the opinion that the current Board size of six (6) Directors, is appropriate and that the Board possesses the appropriate diversity. The NC also takes into account gender and age diversity in relation to the composition of the Board, as well as a mix of skills and core competencies of its members, to ensure a good balance and diversity of skills, knowledge and experience. Amongst the Directors are IT, accounting, finance, corporate governance, private equity and legal/law professionals who possess the relevant expertise and skill sets in their respective fields for effective decision making. Key information regarding the Directors is set out on pages 6 to 8 of this Annual Report.

Competency of the Board

To assist the NC in its annual review of the Directors' mix of skills, knowledge and experiences that the Board requires for it to function competently and efficiently, the Directors complete a Board of Directors Competency Matrix form providing information on their areas of specialisation and expertise. The NC reviews and subsequently presents the results to the Board for further consultation, highlighting key areas for improvement.

Provision 2.5

Regular Meetings of Non-Executive Directors and Independent Directors

During the year under review, the Non-Executive Directors and Independent Directors communicate among themselves without the presence of Management as and when the need arises. The Chairperson of the meeting then provided feedback to the Board and/or Management, as appropriate. The Company also benefitted from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

PRINCIPLE 3: CHAIRPERSON AND CEO

Provisions 3.1 & 3.2

Roles and Responsibilities of Chairperson & CEO

The functions of the Chairperson and the CEO are assumed by two separate individuals so as to ensure effective supervision and maintenance of an appropriate balance of power and authority. There is a clear demarcation between the roles of the Chairperson and the CEO, which promotes increased accountability and a greater capacity of the Board for independent decision making.

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Dr. Lim Puay Koon is an Independent Director and was appointed as the Chairperson of the Board on 23 December 2022. He is responsible for the overall leadership of the Board and engages Senior Management regularly on pertinent issues. He approves the agendas for Board Meetings and promotes a culture of open and free discussion amongst the Directors. He also ensures that the Board receives timely and accurate information from Management, and provides valuable insight, guidance and advice on corporate governance systems and processes.

The CEO, Mr. Chong Hoi Ming leads the Management and has full executive responsibility for the overall management and performance of the Group's business. He translates the Board's decisions into executive action and is accountable to the Board.

Provision 3.3

The Independent Chairperson and the CEO of the Company are separately held by two unrelated individuals. In light of the foregoing, the Board has not appointed a lead Independent Director.

PRINCIPLE 4: BOARD MEMBERSHIP

Provisions 4.1 and 4.2

NC Membership and Terms of Reference

The NC comprises three members, majority of whom, including the Chairperson, are independent. The composition of the NC is as follows:

Ms. Kay Pang Ker-Wei, Chairperson	(Independent Director, appointed on 23 December 2022)
Mr. Basil Chan	(Independent Director)
Mr. Wong Chee-Yann	(Non-Executive Director)

Ms. Wong Su-Yen was the Chairperson of the NC during the FY2022; Ms. Wong stepped down on 23 December 2022 and in place, Ms. Kay Pang Ker-Wei was appointed on the same date.

During the year under review, the NC held three (3) meetings, which all members attended.

The principal functions of the NC are:

- (a) To identify candidates, review nominations for both appointment and reappointment of the Directors to the Board for its approval. For the appointment of new candidates to the Board, the proposed appointee's background, experience and other board memberships will be taken into consideration. The NC also reviews the Board's succession plans for the Directors, CEO, and Senior Management;
- (b) To review the Board structure, size, competencies including the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (c) To review the independence of each Director annually;
- (d) To decide whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when the Director has multiple Board representations;

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- (e) To assess the effectiveness of the Board and contribution of each Director to the effectiveness of the Board; and
- (f) To review suitable training and professional development programmes for the Board and its Directors.

NC Responsibilities

The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the provisions of the Constitution of the Company which stipulates that at each AGM, one-third of the Directors, (or, if their number is not three or a multiple of three, the number nearest to one-third), shall retire from office by rotation in accordance with the Constitution, and may stand for re-election.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in respect of matters in which he/she is interested.

In accordance with the Constitution of the Company, new Directors must submit themselves for re-election at the next Annual General Meeting of the Company and one third of the Directors must retire by rotation at each Annual General Meeting and they shall be available for re-election.

The NC has recommended the nomination of the following Directors retiring under Regulations 94 and 100 of the Constitution of the Company, for re-election at the forthcoming AGM:

- (i) Mr. Tommy Teo Zhi Zhuang (Regulation 94)
- (ii) Mr. Chong Hoi Ming (Regulation 94)
- (iii) Ms. Kay Pang Ker-Wei (Regulation 100)

Upon re-election as Director, Mr. Tommy Teo Zhi Zhuang will remain as a member of the Audit and Risk Management Committee; Mr. Chong Hoi Ming will remain as the Executive Director and CEO of the Company; Ms. Kay Pang Ker-Wei will remain as the Chairperson of the Nominating Committee and a member of the Remuneration Committee;

As at the date of this report, none of the Company's Independent Directors is appointed as Director on the Boards of the Group's principal subsidiaries in jurisdictions outside of Singapore.

Alternate Directors

There are no Alternate Directors on the Board.

Provision 4.4

Determining Directors' Independence

Each Director completes a checklist to confirm his/her independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above and satisfied that none of the Independent Directors and their immediate family members are related with its related corporations, its substantial shareholders or its officers.

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An Independent Director will not be considered independent if he has served on the Board for more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the Directors and the Chief Executive Officer and their associates under the Listing Rules of SGX-ST. However, SGXRegCo had on 11 January 2023 announced that the two-tier vote mechanism for companies to retain long-serving Independent Directors who have served for more than 9 years will be removed with immediate effect. Therefore, the tenure for Independent Directors serving on the Boards of listed issuers will be limited to 9 years.

In view of the above, the Board will ensure a maximum tenure for all Independent Directors of nine (9) years pursuant to the SGX-ST Listing Rules. If the NC has conducted an assessment of the Director who has served more than 9 years and considers that he has shown significant commitment to the Group and brought to the Board his experiences as director of the Company, the NC may recommend to the Board to re-designate such Independent Director to Non-Executive Director.

Provisions 4.3 and 4.5

Process for the Selection and Appointment of New Directors

The NC determines a suitable size and composition of the Board, and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company. For the appointment of a new Director, a rigorous search process is undertaken by the NC which evaluates the academic and professional qualifications, knowledge and experience in relation to the business of the Group, independence status and other directorships of the candidate(s). Subsequently, the NC makes a recommendation to the Board for approval of the new Director.

New Directors are at present appointed by way of Board resolution or at the Board meeting based on the evaluation and recommendation made by the NC. Before making a recommendation to the Board for approval, extensive searches are conducted and the NC ensures that the potential candidate possesses the necessary skills, knowledge, qualifications, working experience and other relevant factors that could facilitate the Board in making sound and well considered decisions. The incoming Director will also be required to undertake an assessment of independence.

A formal letter is sent to newly-appointed Directors upon his/her appointment stating his/her duties and obligations as director.

Key Information on Directors

Key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board committees, date of first appointment and last re-election, etc. can be found under the Directors' Profile section on pages 6 to 8.

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PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2

Board Performance

The Company has implemented a formal process to assess the Board as a whole, its committees, the Chairperson, and each individual Director in their ability to discharge their responsibilities in providing stewardship, corporate governance and oversight of Management's performance.

For the year under review, Directors participated in the evaluation by providing feedback to the NC in the form of completing an overall Board Performance Evaluation, Board of Directors Committee Evaluation and Board of Directors Individual Assessment. To ensure confidentiality and frank assessment, the evaluation returns completed by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

The Chairperson will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

Performance Criteria for Board Evaluation

The Board Performance Evaluation form is circulated and completed by each member of the Board annually. This involves scoring and an invitation for feedback on a number of key areas, including:

- (a) Board composition and size;
- (b) Board access to timely and accurate information;
- (c) Board processes;
- (d) Internal controls and risk management;
- (e) Board accountability to the shareholders;
- (f) Performance of each Board Committee;
- (g) Board interaction with CEO/Senior Management; and
- (h) Board's Standards of Conduct.

For FY2022, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

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Evaluation of Individual Directors

The performance of Individual Directors is also evaluated annually by the NC. A peer review process is carried out, assessing each Director's contribution to the Board on a number of key areas, including:

- (a) Understanding of the Company's mission, strategic plans and long-term objectives;
- (b) knowledge of the Group's business and operations;
- (c) business acumen;
- (d) knowledge of Corporate Governance and Committee work;
- (e) contribution and engagement;
- (f) communication and interaction;
- (g) integrity; and
- (h) any other special contributions made.

Following the foregoing assessment the Board is of the view that the Board and its Board Committees operate efficiently and that each Director is contributing to the overall effectiveness of the Board.

REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and employees who are related to the controlling shareholders and/or Directors (if any) are handled by the RC whose primary functions include development of formal and transparent policies on remuneration matters in the Company.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1, 6.2 and 6.3

Remuneration Committee and Terms of Reference

The Remuneration Committee ("RC") comprises the following Directors, all of whom are Non-Executive and the majority, including the Chairperson, are independent:

Dr. Lim Puay Koon, Chairperson	(Independent Director)
Ms. Kay Pang Ker-Wei	(Independent Director, appointed on 23 December 2022)
Mr. Wong Chee-Yann	(Non-Executive Director)

Ms. Wong Su-Yen was a member of the RC during the FY2022; Ms. Wong stepped down on 23 December 2022 and in place, Ms. Kay Pang Ker-Wei was appointed on the same date.

During the year under review, the RC held two (2) meetings, which all members attended.

The RC is guided by its written Terms of Reference, which set out its authority and duties.

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The principal functions of the RC are:

- (a) To review and recommend to the Board a general framework for remuneration for the Directors, CEO and Senior Management of the Company;
- (b) To recommend the remuneration of the Non-Executive Directors to the Board for approval at the Annual General Meeting;
- (c) To determine specific remuneration packages for each Executive Director, CEO, Senior Management and any relative of a Director and/or its substantial shareholders who is employed in a managerial position by the Company;
- (d) To review the Company's obligations arising in the event of termination of the Executive Directors, CEO and Senior Management's service contracts and to ensure that these service contracts contain fair and reasonable termination clauses which are not overly generous; and
- (e) To review the remuneration packages of employees related to Executive Director, CEO and substantial or controlling shareholders of the Group and to ensure that the remuneration of such employees are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Provision 6.4

RC's Access to Advice on Remuneration Matters

The RC has access to professional advice of external experts in the area of remuneration, where required and paid for by the Company.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Provision 7.1

Remuneration of Executive Director and Key Management Personnel

The Company's remuneration structure for its Executive Director and Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Group/Company's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

For the purpose of assessing the performance of the Executive Director and Key Management Personnel, key performance indicators ("KPIs") are set out for each year.

Link between Remuneration and Performance

In determining the remuneration of the Executive Director and Key Management Personnel, the RC reviewed their respective KPIs achievement and assessed their performance for the year.

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The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Group's risk policies. For FY2022, the RC has evaluated the extent to which the Executive Director and each of Key Management Personnel has delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation for the Executive Director and Key Management Personnel which were subsequently endorsed by the Board.

Contractual Provisions

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. Hence, the Company should be able to avail itself to remedy against the Executive Director in the event of such breach of fiduciary duties.

Provision 7.2

Remuneration of Non-Executive Directors

Non-Executive Directors have no service agreements with the Company. Each of the Non-Executive Directors receives a basic fee for serving on the Board. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairperson of the Committees receiving a higher fee in respect of their service as Chairperson of the respective Board Committees.

The framework for Non-Executive Directors' fees for FY2022 is set out below:

	Chairperson \$	Member \$
Board of Directors (Non-Executive Director only)	60,000	30,000
Audit and Risk Management Committee	18,000	12,000
Nominating Committee	12,000	6,000
Remuneration Committee	12,000	6,000

In view that the Directors' fees have not been adjusted since 2013 and to ensure that remuneration of Non-Executive Directors is set at a level which is fair and reflective of their current role and responsibilities, the Company has engaged a third-party remuneration consultant, Robinson Consulting Pte Ltd to review and make recommendations on the remuneration framework and level of Directors' fees for the Non-Executive Directors. After considering the assessment by the remuneration consultant, the RC proposed the following framework for Non-Executive Directors' fees for the financial year ending 31 December 2023, to be payable quarterly in arrears:

	Chairperson \$	Member \$
Board of Directors (Non-Executive Director only)	65,000	30,000
Audit and Risk Management Committee	30,000	15,000
Nominating Committee	14,000	7,000
Remuneration Committee	14,000	7,000

CORPORATE GOVERNANCE REPORT

The RC confirmed that the appointed remuneration consultant is free from any relationships with the Company which might affect their objectivity and independence. No member of the RC or Director was involved in deciding his or her own remuneration.

The Board concurred with the RC that the proposed Directors' fees for the financial year ending 31 December 2023 is appropriate and not excessive taking into account factors such as effort and time spent for serving on the Board and Board committees, and the increasingly onerous responsibilities of the Directors. The Board recommended the same for approval by the shareholders at the AGM of the Company.

The RC will consider to implement the scheme of Non-Executive Directors' holding shares in the Company, where appropriate, to encourage alignment of interests with shareholders.

Provision 7.3

Remuneration Framework

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and Key Management Personnel of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant.

During the year under review, the RC considered and approved the CEO's remuneration package which included salary, bonus and benefits-in-kind. In addition, the RC reviewed the performance of the Key Management Personnel and considered the CEO's recommendation for bonus and remuneration for the Key Management Personnel.

Short-term Incentive Scheme

To build a strong performance-based culture across the Company, a short-term incentive ("STI") scheme has been implemented to reward the achievement of Executive Directors and Key Management Personnel based on the targeted corporate and individual performance identified at the beginning of the performance cycle. It is also devised to motivate employees to achieve the Company's business goals, attract and retain talented senior executives critical to the success of the Company.

Employee Share Scheme

The Employee Share Scheme approved at an extraordinary general meeting held on 29 April 2014, was put in place to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No share awards were issued in FY2022.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Provisions 8.1 and 8.3

Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented in the following table.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

The fees of the Independent and Non-Executive Directors will only be paid upon approval by the shareholders at the Annual General Meeting.

The breakdown (in dollar terms) for the remuneration and fees of the Directors for the year ended 31 December 2022 is as follows:

Remuneration and Fees/Name of Directors	Fees (\$)	Salary (\$)	Bonus (\$)	Total ⁽¹⁾ (\$)
\$750,000 to \$1,000,000				
Remuneration paid to Executive Director/CEO				
Mr. Chong Hoi Ming ⁽¹⁾	–	536,740	265,020	801,760
\$250,000 to \$500,000				
Remuneration paid to Executive Director/CEO				
Mr. Beck Tong Hong ⁽¹⁾⁽²⁾	–	326,439	–	326,439
Below \$250,000				
Fees paid to Independent and Non-Executive Directors				
Dr Lim Puay Koon	50,403	–	–	50,403
Mr. Basil Chan	54,000	–	–	54,000
Mr. Wong Chee-Yann ⁽³⁾	35,195	–	–	35,195
Mr. Tommy Teo Zhi Zhuang	42,000	–	–	42,000
Ms. Kay Pang Ker-Wei ⁽³⁾	1,184	–	–	1,184
Ms. Wong Su-Yen ⁽³⁾	76,291	–	–	76,291
Dr. Lee Kwok Cheong ⁽³⁾	9,913	–	–	9,913
Mr. Tan Choon Hong ⁽³⁾	6,790	–	–	6,790
Total Directors' Remuneration and Fees	275,776 20%	863,179 61%	265,020 19%	1,403,975 100%

Notes:

- (1) Executive Director/CEO does not receive Director's fee. His salary and bonus disclosed above include employer's CPF contributions for FY2022.
- (2) Mr. Beck Tong Hong last day of service was on 06 August 2022.
- (3) Director's fee was pro-rated for the period he/she served on the Board during FY2022.

Under Listing Rules of SGX-ST which will take effect for annual report prepared for the financial year ending on or after 31 December 2024, listed companies are required to disclose remuneration paid to individual Directors and CEO by the Company and its subsidiaries.

On this basis, the Company has decided to continue to disclose remuneration paid to its individual Directors and CEO of the Company in detail.

CORPORATE GOVERNANCE REPORT

Remuneration of Key Management Personnel

Top five highest paid key Management Personnel of the Company who received remuneration in the \$250,000 and \$500,000 band and below \$250,000 (in percentage terms) during the calendar year are set out below:

Name and Position of Key Management Personnel	Salary ⁽¹⁾	Bonus ⁽²⁾	Total	Remuneration Bands of \$250,000 to \$500,000 and below \$250,000
Ms. Tan Geok Leng Jacqueline Chief Financial Officer	70%	30%	100%	\$250,000 – \$500,000
Mr. Loh Weng Leong Alex ⁽³⁾ Senior Vice President, Sales (APAC)	70%	30%	100%	\$250,000 – \$500,000
Mr. Phil Jeon ⁽³⁾ Vice President of Cybersecurity	76%	24%	100%	\$250,000 – \$500,000
Mr. Yong Keh Soon ⁽³⁾ Senior Vice President, Solutions and Services	77%	23%	100%	Below \$250,000
Mr. Tan Boon Cheong Richard Vice President of EMEA and Global Head of Wireless Infrastructure Networks (WIN)	84%	16%	100%	Below \$250,000
Mr. Tan Cham Khain Orlando ⁽⁴⁾ Chief Commercial Officer	95%	5%	100%	Below \$250,000
Mr. Pantoja, Rodolfo Paguia ⁽⁴⁾ Country Manager, Philippines	94%	6%	100%	Below \$250,000
Total Remuneration of Top 5 Key Management Personnel	78% \$1,369,699	22% \$381,314	100% \$1,751,013	

Notes:

(1) Salary includes allowances, benefits in-kind and statutory contributions.

(2) Bonus includes statutory contributions.

(3) Mr. Phil Jeon joined on 18 April 2022; and Mr. Loh Weng Leong Alex and Mr. Yong Keh Soon joined on 06 May 2022.

(4) Mr. Tan Cham Khain Orlando and Mr. Pantoja, Rodolfo Paguia's last day of service was on 31 July 2022.

The Code recommends the disclosure of the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).

Provision 8.2

Employee Related to Directors/CEO/Substantial Shareholders

There is no employee who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company, whose remuneration exceeded \$100,000 during FY2022.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1

Risk Management and Internal Controls System

The Board recognises the importance of maintaining sound systems of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The ARMC oversees and ensures that the Company's risk management and internal controls system have been appropriately implemented and monitored.

A summary of the Company's risk management and internal controls system is appended below.

Risk Management

The Group adopts a comprehensive and systematic approach towards Enterprise Risk Management ("ERM") to help identify, measure, prioritise and respond to risks challenging its objectives, initiatives, and day-to-day operating activities.

As part of ERM, the Group has conducted on an annual basis a Risk Assessment exercise where a total of ten key risks have been identified and evaluated. In addition, the Group evaluates its risk exposure by adopting a Four-by-Four Matrix Model where risks are assigned risk exposure ratings based on the likelihood and consequences of each risk identified.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team.

Internal Controls

An internal control system has been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

ERM has become an essential part of the Group's business planning and monitoring process and has been incorporated into its business cycle. The Group engages a professional services firm PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC") to conduct internal audit reviews based on the plan approved by the ARMC.

During the year under review, the ARMC reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls. These reports covered the year 2022.

CORPORATE GOVERNANCE REPORT

Board's Comment on Adequacy and Effectiveness of Risk Management and Internal Controls

The Board is satisfied that the Company worked closely with the internal and external auditors to implement the recommended measures and procedures and strived to achieve high standards in risk management and internal controls.

Based on the framework of risk management and internal controls established and maintained in the Group, the work performed by the internal auditors, statutory audit review undertaken by the external auditors, the Board with the concurrence of the ARMC, is of the opinion that the risk management and internal control systems that the Group has put in place to address the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2022 to meet the needs of the Group's current business environment. The Board, has received written assurance from the CEO and the Chief Financial Officer that:

- (a) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective.

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

Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARMC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required.

PRINCIPLE 10: AUDIT AND RISK MANAGEMENT COMMITTEE

Provision 10.1

Roles, Responsibilities and Authorities of ARMC

The ARMC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, recommendation on the appointment/re-appointment/removal of external auditors and their remuneration.

The key functions of the ARMC are:

- (a) Review the adequacy and effectiveness of financial, operational, compliance controls and risk management;
- (b) To consider the appointment and re-appointment of the external auditors, audit fees and matters relating to the removal of the auditors;

CORPORATE GOVERNANCE REPORT

- (c) To review the audit plans and reports of the internal and external auditors and consider the effectiveness of the actions taken by Management on the auditors' recommendations, review and evaluate the Group's internal accounting controls system;
- (d) To review the assurance from the CEO and Chief Financial Officer on the financial records and financial statements;
- (e) To review the half year and annual financial statements for recommendation to the Board for approval, focusing in particular, on:
 - (i) Significant financial reporting issues and judgments
 - (ii) Changes in accounting policies and practices
 - (iii) Major risk areas
 - (iv) Significant adjustments resulting from the audit
 - (v) Going Concern statement
 - (vi) Compliance with accounting standards
 - (vii) Compliance with statutory and regulatory requirements
- (f) To review any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;
- (g) To review Interested Persons Transactions and Related Party Transactions;
- (h) To review the scope and results of the internal audit procedures; and
- (i) To review the assistance given by the Management to the auditors.

The ARMC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has had the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

On a half-yearly basis, the ARMC reviewed the interested person transactions, if any, and financial results announcements of the Company before their submission to the Board for approval.

The ARMC has explicit authority to investigate any matter including whistle-blowing reports within its Terms of Reference. All whistle-blower complaints were reviewed by the ARMC to ensure independent and thorough investigation and adequate follow-up action as well as arrangements for staff or third party to raise concerns and improprieties in confidence. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents were reviewed by the ARMC at its quarterly meetings and closed appropriately. There were no whistle-blowing reports received during FY2022.

CORPORATE GOVERNANCE REPORT

Minutes of the ARMC meetings are routinely tabled at Board meetings for information.

The ARMC had reviewed the external auditor's audit plan for FY2022 and agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARMC's review of the financial statements of the Group for FY2022, it had discussed with Management the accounting principles that were applied and their judgment of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARMC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2022.

KAM	HOW THE ARMC REVIEWED THESE MATTERS AND WHAT DECISIONS WERE MADE
Revenue recognition	The ARMC reviewed the policy and basis for revenue recognition with Management and concurred with their determination of the revenue. The ARMC discussed with the auditors on their audit procedures performed including the Group's basis for identification of performance obligations and whether they were satisfied over time or at a point in time, review of contract revenues recognised and project costs incurred, as well as Management's estimate of the costs to complete. The ARMC was satisfied with the appropriateness of the revenue recognised in the consolidated financial statements of the Group for the financial year ended 31 December 2022.
Recoverability of trade receivables and contract assets	The ARMC assessed the recoverability of specific long overdue trade receivables and potential impairment of contract assets. The ARMC noted that the audit procedures performed by the auditors included evaluating Management's assumptions and inputs used in the computation of historical credit loss rates and reviewing the data and information that management had used to make forward-looking adjustments as well as requesting for confirmations and obtaining evidence of receipts subsequent to the year end from selected customers. It concurred with Management on the adequacy of the provision for trade receivables and impairment of contract assets for the financial year ended 31 December 2022.

The Management reported to and discussed with the ARMC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

ARMC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the ARMC is kept up to date by the Management, external and internal auditors on changes to accounting standards, SGX-ST Listing Rules and other codes and regulations which can have an impact on the Group's business and financial statements.

Independence of External Auditors

The ARMC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors is subject to shareholders' approval at each AGM of the Company.

CORPORATE GOVERNANCE REPORT

The ARMC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the ARMC was of the view that the non-audit services (namely for tax compliance services) provided by the external auditors in FY2022 did not prejudice their objectivity and independence.

In respect of the audit quality indicators, the ARMC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

A breakdown of the fees paid to the Group's external auditor (including its member firms) is disclosed in the table below:

External Auditor Fees for FY2022	\$'000	% of Total Fees
Total Audit Fees	353	78
Total Non-Audit Fees	101	22
Total Fees	454	100

The ARMC had recommended and the Board had accepted proposing to the shareholders, the re-appointment of Ernst & Young LLP as the independent auditors for the Group in the ensuing year. The Company has complied with Rules 712, 715 and 716 of the listing manual of the SGX-ST ("Listing Manual") in relation to the Company's appointment of its auditors.

Whistle-blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has implemented a Whistle-blowing Policy. The policy provides a mechanism by which concerns about; plausible improprieties in matters of financial reporting, dishonest practice, suspected fraud, bribery and corruption, may be raised. A Whistle-blowing Committee ("WBC") had been established for this purpose.

The Company's Whistle-blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

Assisted by the WBC, the ARMC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARMC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARMC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle-blowing Committee ("WBC")

The WBC consists of:

- ARMC
- Internal auditors of the Group, PwC Risk Services Pte Ltd

CORPORATE GOVERNANCE REPORT

The WBC is empowered to:

- look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARMC);
- make the necessary reports and recommendations to the ARMC or the Board for their review and further action, if deemed required by them; and
- access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns on the integrity and honesty of its employees very seriously. The Whistle-blowing Policy as well as whistle-blowing communication channel, has been disseminated to all staff via email and also posted on the Company's corporate website. A copy of the Policy is also made available at the Company's internal shared drive for staff reference. This is to encourage staff to report any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle-blowers can also email members of the ARMC directly at auditcommittee@nera.net in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed on the existence of the Policy during their induction programme.

It has also been a standard item in the agenda of the quarterly meeting of the ARMC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle-blowing Policy is reviewed by the ARMC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The last review was performed in January 2023.

Provision 10.2

ARMC Membership

The ARMC comprises the following Directors, all of whom are Non-Executive and the majority, including the Chairperson, are independent:

Mr. Basil Chan, Chairperson	(Independent Director)
Dr. Lim Puay Koon	(Independent Director)
Mr. Tommy Teo Zhi Zhuang	(Non-Executive Director)

During the year under review, the ARMC held seven (7) scheduled meetings, which were attended by majority of the members.

CORPORATE GOVERNANCE REPORT

Provision 10.3

Expertise of ARMC Members

The ARMC members bring with them invaluable professional expertise in the accounting and financial management domains.

The Chairperson of the ARMC, Mr. Basil Chan, is a Chartered Accountant and is a fellow member of the Institute of Chartered Accountants in England and Wales (“ICAEW”), a fellow member of the Institute of Singapore Chartered Accountants (“ISCA”) and a Fellow of the Singapore Institute of Directors (“FSID”). The other members of the ARMC have many years of experience in business management and finance services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise and experience to discharge the ARMC functions.

Cooling-off Period for Partners or Directors of the Company’s Auditing Firm

None of the ARMC members (i) is a former partner or director of the Company’s existing auditing firm or auditing corporation in the previous 2 years and (ii) holds any financial interest in the auditing firm or auditing corporation.

Provision 10.4

Internal Auditors

The ARMC’s responsibilities over the Group’s internal controls and risk management are complemented by the work of the internal auditors (“IA”).

The Company has engaged PricewaterhouseCoopers Risk Services Pte. Ltd. (“PwC”) to conduct internal audit reviews based on the plan approved by the ARMC. The ARMC assesses the adequacy of the IA function through the review of PwC’s internal audit plan and the quality of its report. The IA has unrestricted access to all the Company’s documents, records, properties and personnel, including access to the ARMC. The IA’s primary line of reporting is to the Chairperson of the ARMC.

Internal Audit Function

The Company’s internal audit function is independent of the activities it audits. The IA, PwC, is staffed with professionals with relevant qualifications and experience. Our engagement with PwC stipulates that its work shall comply with the PwC’s Internal Audit Services Methodology which is aligned with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The internal audit was conducted based on a two-year internal audit plan that was approved by the ARMC. The two-year internal audit plan entails a review of the major functions or business units of the Group.

Having reviewed the audit plan of PwC, the ARMC is satisfied that the Company’s internal audit function is independent, effective and adequately resourced to perform the work for the Group.

CORPORATE GOVERNANCE REPORT

Adequacy and Effectiveness of Internal Audit Function

The ARMC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARMC also reviews the IA's reports and remedial actions implemented by Management. The ARMC was satisfied that the internal audit function was adequate and effective.

Provision 10.5

Meeting with External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARMC meetings and make presentations as appropriate. They also met separately with the ARMC without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Provision 11.1

Sufficient Information to Shareholders

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that may have a material impact on the price or value of its shares.

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of General Meetings through notices published in the newspaper and the Company's announcements via SGXNET and the reports/circulars sent to all shareholders. All resolutions tabled at General Meetings are put to vote by poll voting.

Shareholders are also informed of the rules and voting procedures governing such meeting.

Effective Shareholders' Participation

To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders. All shareholders of the Group receive annual report, circulars and notices of all shareholders' meetings. The notices are made available on SGXNET and the Company's corporate website.

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

CORPORATE GOVERNANCE REPORT

However, in view of the COVID-19 outbreak, the COVID-19 (Temporary Measures) Order 2020 sets out the alternative arrangements in respect of holding of General Meetings of companies. As a consequence, the Company held its last AGM in respect of FY2020 and FY2021 on 27 April 2021 and 29 April 2022 respectively, by way of electronic means, through a “live” audio-visual webcast and a “live” audio-only stream.

Shareholders participated in the AGM via electronic means, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company had received questions from a few shareholders and the Company had on 21 April 2022 published on the SGXNET and on the Company’s website the Company’s responses to all questions submitted in advance by the shareholders.

As per the Regulator’s Column dated 23 May 2022, General Meetings which are conducted virtually on or after 1 October 2022 and annual General Meetings for financial years ending 30 June 2022 onwards, will need to provide both (i) real-time electronic voting and (ii) real-time electronic communication.

In view that Singapore is exiting acute phase of the COVID-19 pandemic by return to Dorscon green level with effect from 13 February 2023, this has made the return to normalcy and the resumption of General Meetings in the physical face-to-face format practised pre-COVID possible. The Company’s forthcoming AGM in respect of FY2022 will be held physically at Temasek Club, 131 Rifle Range Road, Singapore 588406 and be convened pursuant to the Guidance on the Conduct of General Meeting Amid Evolving COVID-19 Situation released by SGXRegCo on 4 February 2022.

Provision 11.2

Separate Resolutions at General Meeting

At the shareholders’ meeting, the Board ensures that separate resolutions are proposed for approval on each distinct issue at General Meetings. Shareholders can vote either in person or through proxies. Where the resolutions are “bundled”, the Company explains the reasons and material implications in the notice of meeting.

Proxies for Nominee Companies

The Constitution of the Company allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend General Meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at the General Meeting of the Company as their CPF agent banks’ proxies.

Provision 11.3

Attendees at General Meeting

The Chairperson of the Board and its committees attend all General Meetings to address issues raised by shareholders. The Company’s external auditors are also present to address any relevant queries from shareholders on the conduct of the audit and the preparation and contents of the auditors’ report. Appropriate key management executives are also present at the General Meeting to respond, if necessary, to operational questions from shareholders.

The Directors’ attendance at the General Meeting can be found on page 40 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Provision 11.4

The Company, however, has not implemented measures to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues remain a concern.

Provision 11.5

Minutes of the General Meeting

The minutes of the General Meeting which incorporate substantial comments or queries from shareholders relating to the agenda of the meeting, response from the Board and Management, are available to shareholders at the registered office of the Company at 19 Tai Seng Avenue, #06-01, Singapore 534054 during normal business hours upon written request. The minutes of General Meeting will be published on the SGXNET and the Company's corporate website at <http://nera.net/agm-egm-minutes.html>.

Provision 11.6

Dividend Policy

As at the date of this Report, the Company does not have a formal dividend policy in place. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

The Company does not propose a dividend for FY2022 as it incurred a loss for the year and intends to conserve cash for its operations.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provisions 12.1, 12.2 and 12.3

Communication with Shareholders

In line with the continuous disclosure obligations under the listing rules of the SGX-ST and the Singapore Companies Act 1967, the Board informs shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Material information on the Group is being released to the public through the Company's announcements via the SGXNET.

Timely Information to Shareholders

The Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET including the financial statements announcements of the Company and the Group, which are published through the SGXNET on a half-yearly basis. In between half-yearly financial results, the Company provides business updates to its shareholders to keep them abreast of the Company's development and environment.

CORPORATE GOVERNANCE REPORT

In addition, in line with the Company's corporate social responsibility initiatives and sustainability strategy, the Company has implemented the use of electronic communications since year 2021 and shareholders can download its Annual Report from the Company's website. Nevertheless, shareholders who wish to receive a printed copy of the Annual Report could complete and forward the Annual Report Request Form (which could be downloaded from the SGXNET) to the Company within the stipulated timeframe.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. The Company provides regular briefings to analysts on its half yearly and full year results.

Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's General Meeting. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation.

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders. An independent scrutineer, Corporate Republic Advisory Pte. Ltd. has been appointed by the Company to ensure the satisfactory procedure of the electronic polling process and to direct and supervise the counting of votes during the last Annual General Meeting held in 2022.

Regular Dialogue with Shareholders

General Meeting have been and are still the principal forum for dialogue with shareholders. The Company also communicates with its shareholders, both institutional and retail, on a regular basis. Annual Reports and Notices of the General Meeting are forwarded to all shareholders of the Company.

All Directors, including chairpersons of the ARMC, NC and RC are encouraged to be present at the General Meeting. At the General Meeting, shareholders are given the opportunity to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. To further enhance its communication with investors, the Company maintains a corporate website which includes a dedicated Investor Relations section. (<http://www.nera.net/>).

In view of the COVID-19 pandemic, Notice of the AGM, Letter to Shareholders detailing the alternative arrangements for the AGM held in 2021 and 2022 and Annual Report Request Form were published on both SGXNET and the Company's website. Shareholders could request for printed copy of the Annual Report by submitting the Request Form to the Company.

The Chairperson, CEO and Chief Financial Officer were present in person at the virtual 2022 AGM proceedings, while the rest of the Directors joined the 2022 AGM by way of video conference. The Minutes of the AGM was published on both SGXNET and the Company's website after the AGM.

The Company's website also contains the latest and past annual reports, quarterly results and results' presentation slides as presented to analysts. The Company's Investor Relations contact is also reflected on the website, to enable shareholders to contact the Company, if required.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2

Relationship with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. During FY2022, the Company's strategy and key areas of focus in relation to the management of stakeholder relationships can be found under the Sustainability Report on pages 17 and 18.

Provision 13.3

Communications with Stakeholders

The Company's Investor Relations contact is reflected on the website, to enable stakeholders to contact the Company, if required.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

Dealings in Securities - Rule 1207(19) of the Listing Manual

The Company has adopted a policy on securities dealing by Directors and officers of the Company and its subsidiaries (comprising Directors and Key Personnel) in the form of a Code of Best Practices on Security Dealings (the "Code") to govern and regulate transactions relating to securities in the Company. The Code is based on the best practices on dealings in securities issued by SGX-ST and has been circulated to all relevant parties.

The Company issues circulars informing them that they, while in possession of price-sensitive information, must not trade in the listed securities of the Company one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of such results. They are also informed not to deal in the Company's securities on short-term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

The Directors and Senior Management are aware, and a new Director or Senior Management staff will be briefed, that the Company should comply with the best practice pursuant to Rule 1207(19)(c) of the Listing Manual in not dealing in its securities during the restricted trading periods. The Company has complied with Rule 1207(19)(c) of the Listing Manual.

CORPORATE GOVERNANCE REPORT

Material Contracts

Pursuant to Rule 1207(8) of the Listing Manual, no material contract had been entered into by the Company or its subsidiaries involving the interests of the CEO, each Director or Controlling Shareholder.

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the ARMC and the transactions are carried out at arm's length and under normal commercial terms. There are no interested person transactions for FY2022.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity and professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always act in the best interests of the Group and avoid situations that may create conflicts of interest.