



**THE STRAITS TRADING COMPANY LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 188700008D)

---

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

---

The Straits Trading Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following responses to queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 23 April 2021 in relation to the Company’s Annual Report for the financial year ended 31 December 2020 (the “**Annual Report**”):

**SGX-ST’s Query**

Provision 2.4 of the Code of corporate governance 2018 (the “**Code**”) states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide 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 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please state if the Company has a formal board diversity policy and 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 interests of the Company.

**Company’s Response**

As stated on page 42 of the Annual Report, the current Board comprises individuals who possess diverse expertise and experience in the areas such as accounting or finance, business or management experience, legal, private equity, real estate and industry knowledge, and strategic planning experience. Each Director has been appointed based on the strength of his or her calibre, experience and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group’s strategy and the performance of its business. The combined diverse skills sets and expertise of the Board provide core competencies necessary to lead and govern the Group effectively.

On gender diversity, the Board comprises two female Directors, which constitutes nearly one third of the Board. The current Board size and the well-balanced mix of expertise and experience of the Board facilitates effective decision-making for existing needs and demands of the Group’s businesses. The Board, assisted

by the Nominating Committee, will review the Board size and composition regularly to ensure its appropriateness in facilitating robust engagement and effective decision-making.

In the inaugural Singapore Board Diversity Index 2020, the Company ranked fifth in the Mid-Cap category (S\$300 million – S\$1 billion). The Singapore Board Diversity Index, which was developed by Willis Towers Watson in partnership with Singapore Institute of Directors and with support from BoardAgender, analysed 704 companies with primary-listing on the SGX and the companies were categorised into Large-Cap, Mid-Cap, Small-Cap and Real-estate Investment Trusts and Business Trusts in the ranking. The companies were benchmarked against eight attributes, which include gender, age, tenure, board independence, cultural ethnicity, international experience, domain expertise and industry knowledge based on data collected from annual reports, websites, director biographies and broader desktop research as at 30 June 2019.

The Board is of the opinion that it is sufficiently diverse for the needs of the Group, taking into consideration the scope and nature of the operations of the Group. Accordingly, the Board is of the view that the practices adopted as described above and in the Annual Report are consistent with the intent of Principle 2 of the Code.

### **SGX-ST's Query**

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

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel." (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide 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 8.1 of the Code with regard to the disclosure of the amounts of remuneration of each individual director and the CEO, and at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000. No explanations were provided for in the Company's 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 on Page 44 of its Annual Report the breakdown of the remuneration of the individual directors in bands no wider than S\$250,000, and the components of directors' remuneration (salary, bonus, benefits in kind and Directors' fees) and the total remuneration paid to the key management personnel

On page 43 of the Annual Report, the Company has disclosed the policies and practices adopted by the Company in arriving at the remuneration packages of Directors and key management personnel, which is a performance-based approach linking rewards to individual and corporate performances and is aligned with the interests of the stakeholders and promotes the long-term success of the Company.

As stated on page 44 of the Annual Report, given the sensitive nature of employee remuneration and possible pressures from both within and outside the Group upon disclosing such information, the Remuneration Committee has recommended and the Board has decided that the detailed disclosure of each Director's and key management personnel's remuneration is not in the interests of the Company.

The Company believes that shareholders' interest will not be prejudiced as a result of non-disclosure of each Director's and key management personnel's remuneration. The disclosures in pages 43 and 44 of the Annual Report provide sufficient insight into the remuneration paid and as such is consistent with the intent of Principle 8 of the Code.

**By Order of the Board**

Ngiam May Ling  
Company Secretary

27 April 2021  
Singapore