



The Board of Directors is committed to ensuring that the highest standards of corporate governance are practiced throughout Civmec Limited and its subsidiaries.

The Board fully supports and seeks to comply with the Code of Corporate Governance issued by the Ministry of Finance.

Corporate Governance is divided into four main sections:

- Board Matters
- Remuneration Matters
- Accountability and Audit
- Communication with Shareholders

## **Board Matters**

### Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and Management remains accountable to the Board.

### Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

### Principle 3

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

### Principle 4

There should be a formal and transparent process for the appointment of new Directors to the Board

### Principle 5

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

#### Principle 6

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

## **Remuneration Matters**

#### Principle 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

#### Principle 8

The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive remuneration should be structured so as to link rewards to corporate and individual performance.

#### Principle 9

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

## **Accountability and Audit**

#### Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

#### Principle 11

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

#### Principle 12

The Board should ensure that the Management maintains a sound system of internal controls to

safeguard the shareholders' investments and the company's assets.

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Principle 13

The Company should establish an internal audit function that is independent of the activities it audits.

## **Communication and Shareholders**

Principle 14

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15

Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.