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To ensure high standards of corporate governance, SPC regularly reviews its internal structures and processes in conjunction with the latest corporate governance developments. With this in mind, in 2008 the Board formed a new Board Risk Committee (RC) and transferred oversight of enterprise risk by the Executive Committee to this new committee. A Risk Group was established to administer middle office, risk and environmental, health, safety and security (EHSS) matters.

SPC also reviewed its Corporate Social Responsibility (CSR) programmes and initiatives. Corporate governance will be an integral part of its CSR efforts.

SPC is honoured to have been awarded the SIAS' Corporate Governance Award for the sixth consecutive year since 2003, achieving third place again in 2008 in a very competitive field. At the beginning of 2008, SPC also achieved a joint third placing for the Best Managed Board Award for 2007. In 2008, SPC was also recognised for its investor relations initiatives and efforts by winning its first ever investor relations award. SPC received the 'Most Progress in Investor Relations' award at the IR magazine South East

Asia Awards 2008. The Company also won the Energy Company of the Year (Gold Award) at the Energy Business Awards, Asia for the second time. Another accolade received was being named one of the top 250 global energy companies in Asia, by Platts in 2008.

SPC acknowledges with gratitude, the continued support and recognition of the business and social communities for its CSR and corporate governance programmes.

The Company confirms that it has complied with the spirit and requirements of the Listing Manual (Listing Manual) of the Singapore Exchange Securities Trading Limited (SGX-ST) and the Code of Corporate Governance 2005 (Code), unless otherwise stated.

The following describes SPC's corporate governance practices in compliance with the Code. There are other sections in this Annual Report that are relevant to corporate governance and as such, this corporate governance report (Report) should be read in conjunction with those sections.



Each year, the SPC Chairman presides over the AGM and is accompanied by fellow Board members, the CEO, the CFO and the Company Secretary.

Code of Corporate Governance 2005

Principles and guidelines

Principle or guideline	Page(s) reference
<p>Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters.</p>	Page 42
<p>Guideline 1.4 The number of Board and Board Committee meetings held in the year as well as the attendance of every Board member at these meetings.</p>	Page 44
<p>Guideline 1.5 The type of material transactions that require Board approval under internal guidelines.</p>	Page 42
<p>Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed.</p>	Page 44 to 45
<p>Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other.</p>	Page 46
<p>Guideline 4.1 Composition of the nominating committee.</p>	Page 47
<p>Guideline 4.5 Process for the selection and appointment of new directors to the Board.</p>	Page 43 to 45
<p>Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent.</p>	Page 45 to 47
<p>Guideline 5.1 Process for assessing the effectiveness of the Board as a whole, and the contribution of each individual director to the effectiveness of the Board.</p>	Page 45 to 48
<p>Guideline 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration, and link between remuneration paid to directors and key executives, and performance.</p>	Page 50 to 51
<p>Guideline 9.1 Composition of the remuneration committee.</p>	Page 47
<p>Guideline 9.2 Name and remuneration of each director. The disclosure of remuneration should be in bands of \$250,000. There will be a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives.</p>	Page 49 to 52
<p>Guideline 9.2 Name and remuneration of at least the top five key executives (who are not also directors). The disclosure should be in bands of \$250,000 and include a breakdown of remuneration.</p>	Page 49 to 51
<p>Guideline 9.3 Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceed \$150,000 during the year. The disclosure should be made in bands of \$250,000 and include a breakdown of remuneration.</p>	Page 49
<p>Guideline 9.4 Details of employee share schemes.</p>	Page 50 to 52
<p>Guideline 11.8 Composition of the audit committee and details of the committee's activities.</p>	Page 53 to 54
<p>Guideline 12.2 Adequacy of internal controls including financial, operational and compliance controls, and risk management systems.</p>	Page 54 to 55

Board Matters

The Board's Conduct of its Affairs

Principle 1

The functions and responsibilities of the Board are to:

- provide entrepreneurial leadership, set strategic goals, and ensure the Company has the necessary financial and human resources to meet its objectives;
- review management performance;
- establish prudent and effective system of internal controls, financial reporting, risk management, compliance and corporate governance processes;
- set standards and values to ensure that obligations to stakeholders are properly discharged at all times.

The Board regularly begins its meetings with a segment dedicated to discussion of corporate governance issues without the presence of management. Matters resolved are then conveyed to management.

To enhance SPC's risk management system, in the face of economic, commercial, geo-political and other risks that arise in the volatile oil industry, the Board established a Risk Committee in January 2008 comprising, Dr Audrey Chin as Chairperson, Mr Geoffrey King and Mr Cheng Hong Kok. Dr Chin and Mr King are independent directors.

Mr Goon Kok Loon, an independent director and member of the Audit Committee, was appointed Chairman of the Audit Committee (AC) on 30 January 2008 in place of Dr Chin, who remained on the committee as a member.

In May 2008, Dato Paduka Timothy Ong replaced Dr Chin in the Nominating and Remuneration Committee (NRC).

The EHSS concerns affecting global business has driven the Group's push for clean fuels at its refinery such as the diesel clean fuel project at SRC. This is consistent with SPC's endeavours to achieve its corporate objectives

in an environmentally responsible manner. EHSS issues affecting SPC's operations and business, will remain in focus through the newly formed RC and Risk Group.

The Board and management also recognised that while the Group had been immersed in various community and social efforts for several years, it was appropriate for the Company to re-align and re-focus its activities, in a sustainable manner. A CSR committee was formed in March 2008 to oversee its planning and development, along with other corporate initiatives.

In November 2008, SPC acquired its first Indonesian operatorship, the Mahakam Hilir PSC in East Kalimantan, furthering its plans to grow its portfolio of upstream assets. In the downstream sector, SPC will promote further growth of the lubricants business through Singapore Petroleum (Guangdong) Private Limited. This growth is in line with SPC's strategic vision, "To be an integrated oil and gas company with a premium brand in the Asia-Pacific region".

For the financial year 2008, the Group achieved a creditable performance with a turnover of \$11.1 billion resulting in a PATMI of \$229.7 million.

The upstream acquisitions and upgrading projects at the refinery described in this Annual Report were the result of the Board and Board Committee decisions based on management recommendations. Such recommendations were subjected to rigorous corporate governance processes at various levels within the organisation that ensured thorough assessment of financial, economic, legal, country risks and other considerations.

Board meetings are open and constructive with the Chairman actively encouraging debate and discussion among directors and management. The CEO and senior management

provide updates and information to the Board at meetings involving business operations or projects. The Board also receives financial reports on the performance of each business unit including significant developments. With such an active involvement in the Company's business and financial progress, the Board is better able to make informed decisions and exercise objective judgment in the best interests of the Company.

The NRC continued to carry out its annual Board Performance evaluation comprising a peer evaluation segment and a self assessment module. The questions ranged from the handling of strategic business issues to the performance of each Board member.

The delegations of corporate authority to the Board, Board Committees, management and officers were reviewed and updated in 2008. SPC has established two sets of delegation of authority for the day-to-day operations of the Company. These delegations are reviewed periodically and updated when required, to cater for changes in operations and organisational structure within the Group. The first, an executive delegation of authority, sets out guidelines on matters requiring Board approval and authority limits for the Executive Committee (ExCo) and management. The second is an internal delegation of authority with differing authority limits for management and staff.

Matters that are specifically reserved for the Board are those involving annual budgets, fund raising proposals, investment and divestment proposals, strategic business initiatives and significant corporate actions of the Group.

To assist the Board in its functions, the Board established and delegated specific responsibilities to four Board Committees namely; the ExCo, the NRC, the AC, and the RC.

Board Committees



The new Risk Group established in April 2008, reports to the RC and is headed by Vice-President and Chief Risk Officer (CRO), Mr Gan Tiong Aik, formerly the General Manager, Internal Audit. His key areas of responsibility encompass enterprise risk management, middle office and EHSS. The Risk Group assists the RC in the review, evaluation and oversight of SPC's risk policies, profile and mitigation strategies to manage both identified and unanticipated risks. The RC meets on a quarterly basis and reports its work and recommendations to the Board at its formal meetings.

The management team headed by the CEO and comprising senior management, ensures the decisions and guidelines of the Board and Board Committees are implemented in the Group. The Board and, where appropriate, the Board Committees were consulted on urgent matters, in accordance with the delegations of authority and terms of reference of the Board Committees. The respective roles and responsibilities of the ExCo, the NRC, the AC and the RC are presented below.

In 2008, the Board met four times, principally for the review and release

of the quarterly financial results. The attendances at Board and Board Committee meetings are shown in Table 1.

Board and ExCo resolutions by circulation were passed using electronic and ordinary mail. Informal meetings of the Board and Board Committees were convened when required. The Company's Articles of Association allow Board and Board Committee meetings to be conducted by telephone, video conferencing or other electronic means.

The Board members kept in regular communication with the management. Directors have access to management and were able to discuss and clarify business and related issues. Further elaboration is provided under the section titled "Access to Information".

New directors when appointed, will as a practice, be briefed in an orientation programme on the Company's vision, mission, strategy and business. They will also be briefed on the Company's corporate processes. The head of each functional group provides such briefings. Corporate data is also given to new directors to familiarise them with the Group's business.

Executive Committee

The ExCo comprises four Board members. They are Messrs Choo Chiau Beng (Chairman), Koh Ban Heng, Cheng Hong Kok and Goon Kok-Loon.

The ExCo reviews and recommends to the Board:

- (1) Strategic business directions and plans of the SPC Group;
- (2) Substantial acquisitions and disposal of assets (including securities and business undertakings of the Group);
- (3) Significant joint ventures and matters requiring corporate disclosure under the Listing Manual;
- (4) Significant matters requiring Board recommendations affecting shareholders' interests in the Company.

In addition, the ExCo acts as an intermediate forum between the Board and management, facilitating timely review and endorsement of recommendations on the above business matters, subject to the delegations of authority and the final decision of the Board.

Table 1: Attendance at 2008 Board and Board Committee Meetings

Director	Committee				
	Board	Executive Committee	Nominating and Remuneration Committee	Audit Committee	Risk Committee
Choo Chiau Beng	4 of 4	5 of 5	4 of 4	–	–
Koh Ban Heng	4 of 4	5 of 5	–	–	–
Bertie Cheng Shao Shiong	4 of 4	–	4 of 4	4 of 4	–
Geoffrey John King	4 of 4	–	4 of 4	4 of 4	3 of 3
Timothy Ong Teck Mong	4 of 4	–	2 of 4*	–	–
Chin Wei-Li, Audrey Marie	4 of 4	–	2 of 4*	4 of 4	3 of 3
Goon Kok-Loon	4 of 4	5 of 5	–	4 of 4	–
Teo Soon Hoe	4 of 4	–	–	–	–
Cheng Hong Kok	4 of 4	5 of 5	–	–	3 of 3

* Dato Paduka Timothy Ong replaced Dr Audrey Chin in the NRC in May 2008.

In line with the recommendation of the Code, the Company has practised the issuance of formal appointment letters to new directors setting out their duties and obligations. SPC has also compiled its own Corporate Governance Manual (SPC Manual) to assist directors and management in the exercise of their legal, fiduciary and statutory duties. This manual was issued to new directors and is updated to keep pace with the developments and amendments in the Code, best practices, the Singapore Companies Act, Singapore securities legislation, and the Listing Manual. It provides guidance on conflict of interest issues and contains requisite forms and precedents for declarations of directors.

When Dato Paduka Ong was appointed to the NRC in 2008, he was provided with an overview of the NRC's function, briefed by the CEO and heads of Human Resource and Legal, Secretariat and Insurance departments on the Code where it concerned remuneration and appointment of directors and issues within the oversight of the NRC.

The SPC Manual is provided to the Board members as well as executives appointed to the various boards of the SPC Group of companies. This is to ensure that sound corporate governance principles and processes prevail throughout the Group. In

addition, the Company conducts briefing sessions, to educate and update its executives on the boards of SPC's subsidiaries, associate and joint venture companies on their duties and obligations, as well as corporate governance principles.

SPC recognises director training and professional development of directors as important. Nominee directors to SPC Group companies are also encouraged to attend external courses and continue education on salient subject matters, especially on corporate governance. In order to network and update themselves with the views of energy players and consultants, SPC's directors have attended company organised courses and conferences such as the Asia Pacific Petroleum and Energy Conference (APPEC), Australian Petroleum Production & Exploration Association (APPEA), Oil & Money, Asia Oil and Gas Conference (AOGC), "Paul Sarbanes in Singapore Forum", "Risk Governance for Board Directors", Price Waterhouse Coopers' "From Compliance to Performance – The Art of Effective Business", the Singapore Energy Conference, and the International Oil and Gas Industry Exhibition and Conference (OSEA 2008).

The CEO's regular briefing to the Board includes strategic business updates and updates on SPC operations.

In addition to in-house strategy workshops, external consultants have been engaged to run workshops for the Board and management. Directors are updated on regulatory and compliance issues by attending courses like the Financial Reporting Standards training programme, Temasek learning sessions, Singapore Institute of Directors (SID) courses and legal workshops offered by law firms. Relevant material on developments and updates are regularly disseminated to directors.

In the SPC strategic workshop held in June 2008, the Board and management interacted to re-evaluate and fine-tune the Company's strategic business plan. In this forum, reviews of the Group's business were made and participants who comprised the full Board and management, discussed strategic action plans, and their impact on the five-year financial performance of the Group. Insights to the oil and gas environment and industry trends were shared at the forum. The implications of various scenarios and the forecasts for the Group's funding needs were also discussed. The Board convened a separate strategy session without management to deliberate on the way forward in light of the materials presented on the first day of the workshop. The Board then met with senior management to continue the brainstorming process. The results of

these discussions were then presented to all the participants of the workshop at a plenary session.

Nominating and Remuneration Committee

The role and functions of the NRC are described on page 47.

Audit Committee

The role and functions of the AC are described on page 53.

Risk Committee

The role and functions of the RC are described on page 57.

Management Committee

The Management Committee is headed by the CEO and comprises senior management. The committee meets weekly to review strategic, business and operational issues, and determines policies of the SPC Group. The committee implements and communicates the directions and guidelines of the Board and Board Committees to relevant committees, departments and employees. These meetings ensure the smooth functioning of the Group to meet specific business needs.

Board Composition and Balance Principle 2

The Board comprises nine directors.

The non-independent and non-executive directors are Messrs Choo Chiau Beng (Chairman), Teo Soon Hoe and Cheng Hong Kok. The majority of the Board comprises non-executive independent directors, and they are Messrs Bertie Cheng, Geoffrey King, Dato Paduka Timothy Ong, Goon Kok-Loon and Dr Audrey Chin. Mr Koh Ban Heng is the sole Executive Director of the Company.

The nature of directors' appointments on the Board and details of their membership on Board Committees in 2008 are set out in Table 2.

The NRC annually determines the independence of Board members by having each of them complete a questionnaire crafted to test independence against standards established by the Code. The NRC has reviewed the independence of each director for 2008 and is satisfied that more than 50% of the Board consists of independent directors based on the Code's definition of independence and guidelines as to the existence of relationships which would deem a director to be not independent. This percentage is above the one-third recommended under the Code.

The NRC also examines the size and composition of the Board. It believes

that the present Board size and composition is appropriate in facilitating effective decision making.

The NRC is of the view that the Board comprises directors capable of exercising objective judgment on the corporate affairs of the Company, independently of management. The NRC considers that the directors, as a group, possess core competencies of and more pertinently, the right balanced mix of background and competencies in finance, business, legal, human resource and managerial experience with industry knowledge, risk management and strategic planning experience. All directors have regional and international business exposure and dealings critical to the sustainability, growth and governance of SPC. The NRC further considers that the directors are able to provide the commitment, in terms of time, to discharge their duties efficiently. This wealth of experience, affords the Board the ability to not only provide effective oversight and strategic direction but also the necessary checks and balances to facilitate effective governance.

The NRC noted that the non-executive directors had constructively challenged and assisted in developing proposals on strategy and reviewed

Table 2: Board and Board Committees

Director	Board	Committee			
		Executive Committee	Nominating and Remuneration Committee	Audit Committee	Risk Committee
Choo Chiau Beng	Chairman Non-Independent & Non-Executive	Chairman	Member	-	-
Koh Ban Heng	Executive Director	Member	-	-	-
Bertie Cheng Shao Shiong	Independent & Non-Executive	-	Chairman	Member	-
Geoffrey John King	Independent & Non-Executive	-	Member	Member	Member
Timothy Ong Teck Mong	Independent & Non-Executive	-	Member	-	-
Chin Wei-Li, Audrey Marie	Independent & Non-Executive	-	-	Member	Chairperson
Goon Kok-Loon	Independent & Non-Executive	Member	-	Chairman	-
Teo Soon Hoe	Non-Independent & Non-Executive	-	-	-	-
Cheng Hong Kok	Non-Independent & Non-Executive	Member	-	-	Member

the management's performance in achieving agreed goals and objectives.

The non-executive directors have had the opportunity to meet informally before and after Board and Board Committee meetings with and without the presence of management and also communicated through electronic means and at company-organised events to develop and discuss strategy and to monitor the reporting of performance. They helped to monitor management performance in meeting strategic goals and objectives.

The profiles and key information of the Board members are found in the Annual Report section titled "Board of Directors" on page 16 to 19.

Chairman and Chief Executive Officer

Principle 3

The roles and responsibilities of the Chairman and CEO in the Company are distinct and separate. The Chairman, Mr Choo Chiau Beng, is a non-independent and non-executive director, from the Keppel Group. He does not have any relationship with the CEO and SPC management that could interfere with his judgment and decision making.

The Chairman leads the Board in ensuring its effectiveness on all aspects of its function. To this end, he ensures that the Board receives accurate, timely and clear information. He also facilitates constructive interface between Board and management, and encourages the effective contribution of the other directors in their sessions, with or without the presence of management. The Chairman has openly interacted with the shareholders of the Company at its general meetings.

As Executive Director and CEO, Mr Koh Ban Heng plays a critical role in shaping business directions and decisions with the Board. As CEO, he leads the management team and directs the business of the Group in

alignment with strategic decisions and goals approved by the Board.

The Chairman and the Board together approve the schedule of Board meetings for the financial year with additional meetings called as and when required. The Board agenda is prepared by the Company Secretary after consultation with the Chairman, the CEO and senior management.

The CEO keeps in regular communication with the Chairman to update him of corporate issues and developments.

Mr Koh Ban Heng retired from SPC, effective 6 February 2009 in accordance with his employment contract. The NRC reviewed the matter and recommended to the Board, the re-appointment of Mr Koh as Executive Director and CEO on a mutually renewable contract basis. The Board accepted the NRC recommendation and Mr Koh's re-appointment as Executive Director and CEO took effect from 1 March 2009.

Board Membership

Principle 4

The NRC has the responsibility and objective of ensuring that there is a formal and transparent process in the nomination, appointment and re-appointment of directors to the Board. The NRC is also tasked to assess the effectiveness and contributions of the Board and its members, to the strategic growth and development of the Company. Consistent with the Code, the Chairman of the NRC is an independent director, not associated with any substantial shareholder.

In addition, the Company's Articles of Association had, from the onset, provided that one-third of the directors are to retire from office at its Annual General Meeting (AGM) every year.

Messrs Choo Chiau Beng, Teo Soon Hoe and Cheng Hong Kok having served longest since their last election, will retire at the AGM fixed for 22 April 2009 and offer themselves

for re-election. They were selected by lot in accordance with Article 110 of the Articles of Association of the Company. Mr Koh Ban Heng who was re-appointed as Executive Director under Article 119 will also be standing for re-election at the AGM.

Mr Bertie Cheng, who has reached 71 years of age, will also retire at the coming AGM and offer himself for re-election pursuant to Section 153(6) of the Companies Act.

The NRC has reviewed directors with multiple directorships and is of the view that sufficient time and attention had been given to the affairs of the Company through attendance at Board and Board Committee meetings and other meetings held on a less formal basis including electronic and telephone communications.

The NRC has encouraged directors to make every effort to attend Board and Board Committee meetings and other meetings either physically, or through electronic media. Full attendance for all formal Board and Board Committee meetings was recorded in 2008.

Throughout 2008, directors maintained dialogue with other Board members and management on matters within their purview, over and above their attendance at convened meetings.

Pursuant to its 2008 annual review of the performance of the Board and its skill sets, the NRC is of the view that the current Board has the necessary mix of capabilities, expertise and work experience to serve the Company and its shareholders.

The NRC is charged with the responsibility to evaluate the nomination of new candidates to the SPC Board. The NRC continues to hold the view that additional directors could be invited to join and further strengthen the Board, taking into consideration the growth of the Company's exploration and production business. Several candidates

Table 3: Date of Directors' Last Re-election

Name	Age	Position	Date of Initial Appointment/ Re-appointment	Date of Last Re-election
Choo Chiau Beng*	61	Chairman	3 May 1999	26 April 2006
Koh Ban Heng [^]	60	Executive Director	1 March 2009	–
Bertie Cheng Shao Shiong [#]	71	Director	18 July 1997	23 April 2008
Geoffrey John King	61	Director	1 August 2000	23 April 2008
Timothy Ong Teck Mong	55	Director	1 August 2001	25 April 2007
Chin Wei-Li, Audrey Marie	51	Director	1 August 2001	23 April 2008
Goon Kok-Loon	66	Director	30 July 2003	25 April 2007
Teo Soon Hoe*	59	Director	3 May 1999	26 April 2006
Cheng Hong Kok*	66	Director	3 May 1999	26 April 2006

* Mr Choo Chiau Beng, Mr Teo Soon Hoe and Mr Cheng Hong Kok will retire at the AGM fixed for 22 April 2009 and offer themselves for re-election. They were selected by lot in accordance with Article 110 of the Articles of Association of the Company.

[^] Mr Koh Ban Heng, who retired effective 6 February 2009, and re-appointed on 1 March 2009 will offer himself for re-election pursuant to Article 119 of the Articles of Association of the Company.

[#] Mr Bertie Cheng Shao Shiong, who has reached 71 years of age, will retire at the AGM fixed for 22 April 2009 and offer himself for re-election pursuant to Section 153(6) of the Companies Act.

have been considered and the matter continues to be under review. In accordance with the terms of reference of the NRC, new candidates will be assessed based on criteria such as background, academic and professional qualifications, relevant experience, independence and track record.

Board Performance

Principle 5

At the close of financial year 2008, the NRC reviewed the performance of the Board as a whole and the performance

of each director through questionnaires tailored to the Company's business and requirements. Each director was asked to return written responses on the Board's performance for the year and of the performance of each of the other directors. The returns were made known only to the NRC Chairman, Mr Bertie Cheng and Board Chairman, Mr Choo Chiau Beng. As part of regular efforts to keep current with corporate governance developments, the NRC will continue to review and update the evaluation questionnaire.

A report of the findings of the 2008 Board performance review was presented to the NRC by its Chairman. Upon its endorsement, the report was presented to the Board for discussion and endorsement during the corporate governance segment of the Board meeting earlier described in this Report. The individual performance ranking of each director was advised separately to the Board Chairman.

Nominating and Remuneration Committee

The NRC has four Board members, the majority of whom are independent. They are Messrs Bertie Cheng Shao Shiong (Chairman), Choo Chiau Beng, Geoffrey John King and Dato Paduka Timothy Ong. Dato Paduka Ong replaced Dr Audrey Chin on 15 May 2008.

The NRC's principal functions are as follows:

- (A) On evaluation, appointment, nomination and re-appointment of a director, the committee:
 - (1) Reviews the background, academic and professional qualifications of nominees;
 - (2) Ensures that all directors submit themselves for re-nomination and re-election at least once in every three years;
 - (3) Determines the independence of the directors annually;
 - (4) Evaluates the performance of each member of the Board and as a whole.
- (B) On the remuneration of directors and key employees of the Company, the committee:
 - (1) Establishes a competitive remuneration framework to attract, retain and motivate directors and key employees;
 - (2) Reviews the Company's relative performance and the performance of individual directors and key executives and considers their remuneration in totality with long-term incentive schemes such as share option and share-based schemes;
 - (3) Assesses the performance of the Executive Director;
 - (4) Administers and implements the share option and share-based schemes of the Company in accordance with the rules of such schemes and determines offers of options or awards of share grants to directors and key employees.

The nominating and remuneration committees were merged in April 2004 to form the NRC.

The assessment parameters included overall contribution by each Board member, attendance and performance at Board and Board Committee meetings, knowledge of the industry and the Group's business activities. The peer evaluation addressed issues such as whether a director continued to contribute effectively, the dedication and commitment demonstrated as well as whether insightful issues were raised. The evaluation parameters for the 2008 Board performance review incorporated the guidelines and directions of the Code and the feedback received from the previous year's evaluation exercise. These factors are also taken into consideration for re-appointments.

In its review, the NRC used a variety of financial indicators to measure the Company's performance and took into account the business environment for the year 2008. These included return on assets (ROA), return on capital employed (ROCE), total shareholder's return (TSR), return on equity (ROE), return on investment (ROI), economic value added (EVA) and earnings per share (EPS).

The 2008 Board performance review found that the directors have made strong contributions to the Board. Directors scored well on areas such as commitment, industry awareness, providing valuable inputs, knowledge and understanding of finance and accounts, risk management, meeting preparation and raising insightful issues. The NRC also took note of the continued in-depth and open discussions at Board and Board Committee meetings.

In addition to the above, the NRC assessed the performance of the CEO, Mr Koh Ban Heng, for the financial year 2008 according to the performance criteria approved by the NRC earlier in the year. The NRC feedback on Mr Koh's performance was considered against the backdrop of the business environment of 2008 before deciding

on the variable component in his remuneration. The review process on Mr Koh was instrumental in the decision to re-appoint Mr Koh as CEO and Executive Director.

More information on the remuneration of Mr Koh and other key executives is on page 51.

Access to Information

Principle 6

SPC's management updated the Board regularly on the Group's business and performance through financial and other reports. Such updates and reports covered background and explanatory notes, and included disclosure statements, documents, budgets and forecasts.

The Board was kept updated on strategic business developments concerning the SPC Group at its quarterly meetings by the CEO and senior management. The information provided contained important business developments, significant investments/divestments, and projects including reports on financial performance and other performance indicators. Directors had affirmed in the 2008 Board performance evaluation that timely, clear, concise and pertinent information concerning the Board agenda items had consistently been provided to directors.

The reports were also intended to keep directors advised of key concerns and issues affecting the oil and gas industry including the challenges faced by and opportunities open to the SPC Group. Such information aided the Board in making informed, sound and appropriate decisions.

Board and Board Committee papers were sent to directors approximately seven days prior to the meetings for their review. SPC's management was invited to attend and present the papers/updates at Board meetings and to discuss issues which the directors raised. Directors have access to

management to discuss the Group's operations and business.

In addition, the Board has separate and independent access to senior management including the Company Secretary, who attended all the scheduled Board meetings in the year 2008. The Company Secretary is also secretary to the ExCo and the NRC.

The Company Secretary has the responsibility to ensure that Board procedures are followed and, that applicable rules and regulations established by the Board and Board Committees are complied with. The Board and Board Committees acknowledged in the 2008 Board performance review that there were good information flows within the Board, Board Committees and management. Directors were also invited from time to time to attend seminars pertaining to corporate governance and strategic business affairs.

On company matters, consistent with the delegation of authority of the Board, directors have the discretion, whether as a group or individually, to obtain or require independent professional advice. The NRC has sought professional advice from independent legal, financial and audit consultants on various issues.

Remuneration Matters Procedures for Developing Remuneration Policies

Principle 7

Level and Mix of Remuneration

Principle 8

Disclosure on Remuneration

Principle 9

SPC's Remuneration Policy

The Company's focus on ongoing creation and enhancement of stakeholder value emphasises the importance of having a committed and motivated workforce. This is where SPC's remuneration policy continues to be of critical importance to drive the Company's workforce towards performance excellence. The policy is

anchored by its key principles to:

- attract, motivate and retain high potential and high performing individuals;
- align employees' interest with those of the Company's stakeholders.

The policy is supported by the Company's performance review and assessment programme. This programme provides a platform for the Company and its employees to set targets, develop and implement initiatives focused on performance and competency enhancements (see below).

The Company applies the Balanced Scorecard (BSC) matrix to set goals and targets, as well as develop and implement action plans, to help realise its vision and strategies. This matrix would align the workforce to deliver from the perspectives shown in diagram 'Balanced Scorecard' on page 50.

The process involves regular discussions between managers and their respective group leaders on the progress towards achieving their performance goals and targets, as well as identifying and reviewing enhancements and modifications of business and corporate processes, models, practices, and people capabilities required to keep pace with challenges in the marketplace. It concludes in a formal year end performance assessment for each employee across all levels. The performance ratings are built into the performance incentive matrix for consideration by the Company's senior management for remuneration purposes.

Role of the NRC in SPC's Remuneration Policy

The NRC leverages the Group's performance and assessment reviews to determine the performance reward for the CEO and senior management. The NRC, when required, engages external consultants to advise the latest trends and recommend best practices in executive remuneration philosophy SPC's management, in consultation with the NRC, reviews, plans and when appropriate, introduces new measures to the Company's remuneration practices to enhance its competitiveness in attracting, motivating and retaining talent, and aligning employees' interests to that of the Company's stakeholders.

The NRC also reviews appointments, promotions and succession plans of senior management, as well as SPC management's development plans for the Company's high potential individuals. This is to ensure that the Company has a readily available pool of talents for future leadership renewal, to sustain the success of the Group.

Remuneration of Non-Executive Directors

Non-executive directors do not have any service contracts with the Company. Their terms of appointment are governed by the Company's Articles of Association and the requirements of the Listing Manual.

Non-executive directors are paid an annual basic retainer fee with additional fees for serving on Board Committees. They are participants in the Restricted Share Plan (RSP) of the Company. Non-executive directors are required

to hold the awarded shares for three years or the duration of their term as Board members, whichever is shorter.

A breakdown, showing each director's fee proposed for the year 2008 is in Table 4. The table also reflects the fees paid to directors for the year 2007. The CEO and Executive Director, Mr Koh Ban Heng, is remunerated as a member of management and does not receive director's fees.

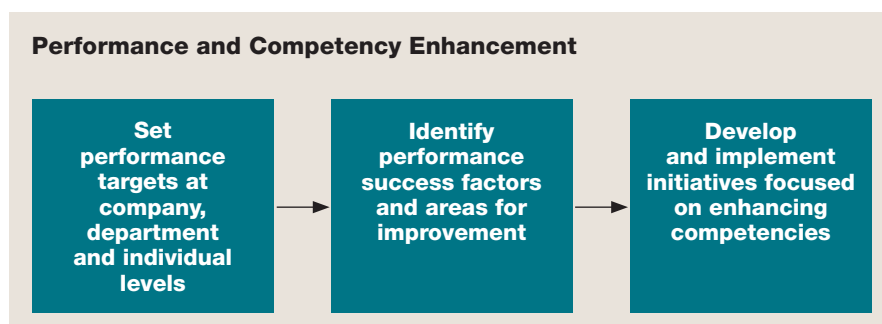
There is no employee in the SPC Group who is an immediate family member of a director on the SPC Board, or CEO, and whose remuneration exceeded \$150,000 during the year.

Details of awards of share options and shares under the SPC Share Option Scheme 2000 (the Scheme) and the RSP and Performance Share Plan (PSP) (collectively, the Share Plans) to the CEO/ Executive Director and non-executive directors are described in the Directors' Report to the Financial Statements. The Scheme was suspended in 2004 with the launch of the Share Plans.

Remuneration of Key Executives

The NRC applies a stringent performance focused remuneration philosophy to the remuneration of key executives. The remuneration package for each financial year varies and is largely governed by the extent to which performance targets of the Group are achieved. In essence, it comprises primarily the fixed and variable performance based components. The pay-for-performance principle is also applied across all levels of employees.

The fixed component is made up of the base salary and the annual wage supplement of one month salary. The variable performance based component is made up of an annual performance bonus and share grants. The awards of these variable incentives are based on the extent of the corporate and individual performance achievements relative to pre-determined goals.



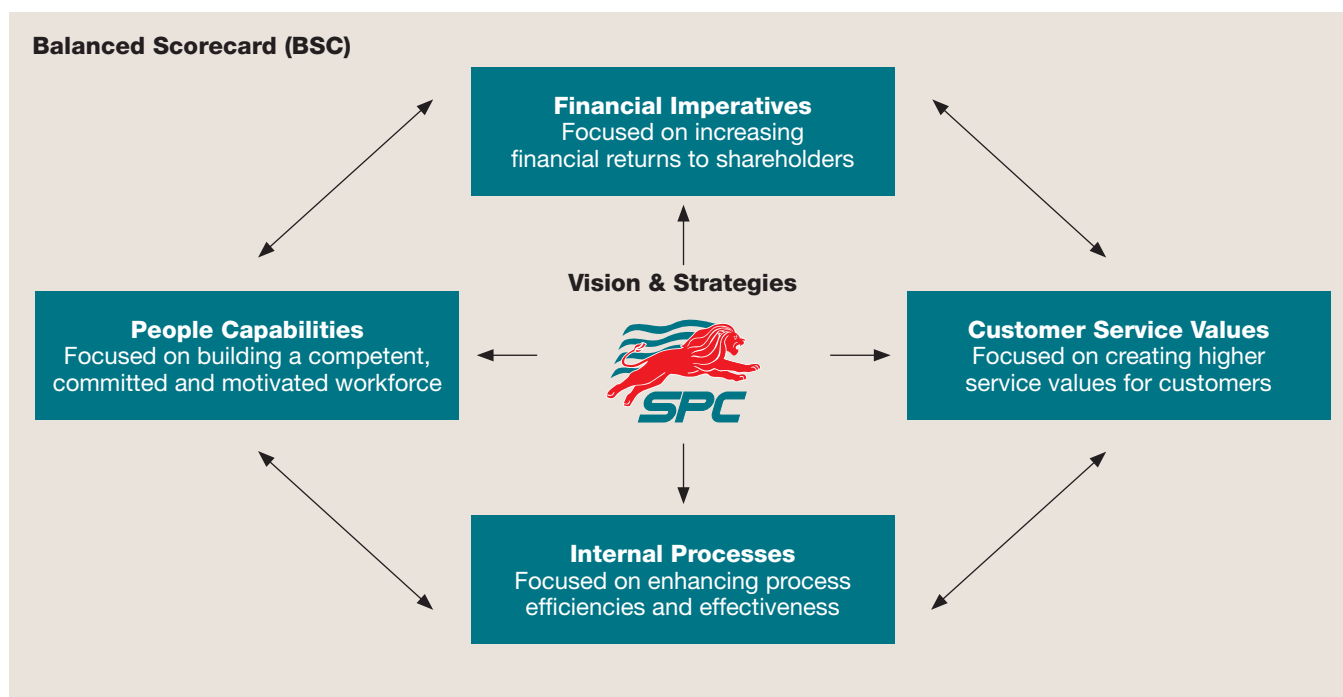


Table 4: Directors/Board Committees' Fees*

Name	2008 [#]	2007
Choo Chiau Beng	58,000	58,000
Koh Ban Heng [^]	–	–
Bertie Cheng Shao Shiong	38,000	38,000
Geoffrey John King	37,500	32,000
Timothy Ong Teck Mong	23,750	20,000
Chin Wei-Li, Audrey Marie	39,750	38,000
Goon Kok-Loon	37,500	32,000
Teo Soon Hoe	20,000	20,000
Cheng Hong Kok	31,500	26,000
Total	286,000	264,000

* Excludes share options and awards under the Restricted Share Plan which are disclosed in the Directors' Report.

The total fee (rounded to the nearest thousand) is subject to shareholders' approval at the AGM for the financial year 2008.

[^] The Executive Director is compensated in his executive compensation package.

Note: The proposed basic director's fee is \$20,000 per annum same as in 2007.

The level and mix of remuneration of key executives is disclosed in Table 5.

SPC Annual Performance Bonus, RSP and PSP

SPC's success in motivating employees and inculcating a mindset of engagement and ownership is to a large extent attributed to the short-term, annual performance bonus and the long-term share ownership

incentive schemes of RSP and PSP adopted by the Company.

Each of these incentive schemes has an intended purpose to motivate employees to strive for performance excellence. A summary is provided in Table 6.

In line with the ownership philosophy, the CEO and key executives are required to hold a certain percentage,

ranging from 30% to 50% of the total PSP and RSP awards vested during their tenure with the Company, based on seniority.

The number of new shares to be issued under the Share Plans and the Scheme is subject to the existing maximum limit of 15% of the Company's total issued share capital, as approved by shareholders.

Table 5: Remuneration Band & Name of Key Executives

Remuneration Band & Name of Key Executive	Base/Fixed Salary (%)	Variable or Performance Related Income/ Bonuses (%)	Restricted/ Performance Share Plan* (%)
\$3,000,000 to \$3,250,000 Koh Ban Heng	20	47	33
\$1,000,000 to \$1,249,999 Lee Chiang Huat	27	39	34
Woo Siew Cheng	26	39	35
Helen Chong nee Chia Foong Lan	25	37	38
\$750,000 to \$999,999 Foo Jang See	30	40	30
\$500,000 to \$749,000 Gan Tiong Aik	35	38	27
\$250,000 to \$499,999 Tay Lee Kiang, Vincent	44	37	19

[§] In 2008, no share options were issued and vested pursuant to the Scheme.

* 2005 RSP awards – 1st tranche released in 2006, 2nd tranche vested in 2007 and 3rd tranche vested in 2008. Share valued at \$5.75 on contingent award date.
 2006 RSP awards – 1st tranche released in 2007, 2nd tranche vested in 2008 and 3rd tranche vests in 2009. Share valued at \$5.00 on contingent award date.
 2007 RSP awards – 1st tranche released and vested in 2008, 2nd tranche vests 2009 and 3rd tranche vests in 2010. Share valued at \$5.75 on contingent award date.
 2008 RSP awards – 1st tranche vests in 2009, 2nd tranche vests in 2010 and 3rd tranche vests in 2011. Share valued at \$7.28 on contingent award date.
 2005 PSP awards – Vesting of the performance shares subject to achievement of pre-determined performance targets for the three-year cycle (2005 – 2007). Vested in 2008. Share valued at \$4.98 on contingent award date.
 2006 PSP awards – Vesting of the performance shares subject to achievement of pre-determined performance targets for the three-year cycle (2006 – 2008). Share vests in 2009. Share valued at \$5.00 on contingent award date.
 2007 PSP awards – Vesting of the performance shares subject to achievement of pre-determined performance targets for the three-year cycle (2007 – 2009). Share vests in 2010. Share valued at \$5.75 on contingent award date.
 2008 PSP awards – Vesting of the performance shares subject to achievement of pre-determined performance targets for the three-year cycle (2008 – 2010). Share vests in 2011. Share valued at \$7.28 on contingent award date.

The Share Plans were approved by shareholders on 27 April 2004 and will be in force for a period of up to 10 years unless extended for further periods with the approval of shareholders at a general meeting and subject to any other relevant approvals that may be required.

In 2008, 1,229,100 shares were vested in tranches to employees pursuant to the Company's RSP awards in consideration of performance for 2005 to 2007. There were also 239,800 shares vested pursuant to the Company's PSP awards in consideration for the performance period of 2005 to 2007. The number of shares vested pursuant to the RSP and PSP included the vesting of 140,000 shares to a former senior executive following his retirement from SPC in September 2008. The Company applied treasury shares from its 2008 share buyback exercise to satisfy the RSP and PSP share awards vested

in 2008. Details of the share awards vested are disclosed in Table 7.

In 2008, the Company acquired 2,100,000 SPC shares from the market under its share buyback mandate for purposes of Share Plan awards in 2009. A total of 87,100 share awards lapsed in 2008 due to attrition.

Details of awards under the Share Plans for the financial year ended 31 December 2008 are described in Note 30(c) of the Notes to the Financial Statements.

Share Options Scheme

The grants of share options under the Scheme to employees were based on the individual's BSC and competency ratings.

The Scheme was approved by shareholders of the Company on 16 May 2000 and will be in force for a period up to 10 years unless extended for further periods with the approval of

shareholders at a general meeting and subject to any other relevant approvals that may be required. An option granted under the Scheme may, except in certain special circumstances, be exercised at any time after a vesting period of two years but no later than the expiry date. Options granted under the Scheme were made to all eligible employees of the SPC Group.

No share options were granted to employees in 2008, as grants were suspended in 2004, in favour of RSP and PSP Share awards.

At the end of 2008, there were 294,000 options outstanding, details of which are shown in Note 30(b) of the Financial Statements. None of the employees and non-executive directors received 5% or more of the total number of share options available under the Scheme.

	Annual Performance Bonus	Restricted Share Plan (RSP)	Performance Share Plan (PSP)
Purpose	To motivate employees to deliver high levels of performance on Company and individual performance goals.	To encourage a culture of ownership and engagement among employees.	To motivate and drive the CEO and key executives to grow and strengthen the Company's financial performance over a long-term period.
About the incentive scheme	Award is based on: (i) corporate performance relative to corporate targets approved by the NRC; and (ii) individual performance relative to individual performance targets.	Eligible participants are awarded contingent restricted shares. Release of awards is based on: (i) corporate performance relative to corporate targets approved by the NRC; and (ii) individual performance relative to individual performance targets.	Eligible participants are awarded contingent performance shares. Contingent performance shares are linked to pre-determined corporate targets, covering a three-year performance period, approved by the NRC. Release of awards is based on corporate performance relative to the targets set for the relevant performance period.
About the corporate performance targets	Based on the BSC matrix of financial and non-financial targets.	(i) PATMI (ii) ROCE	Average over three-year performance period of: (i) EVA spread (ii) EPS (iii) Absolute TSR as a multiple of Cost of Equity
About the individual performance targets		Overall achievement of performance goals and competencies.	
Determination of final award to individuals	Corporate and individual performance achievements relative to performance targets set. Managed and moderated by the CEO and senior management.	Corporate and individual performance achievements relative to performance targets set. Managed and moderated by the CEO and senior management.	Corporate performance achievements relative to performance targets set. Release of awards is based on a computation formula, to be reviewed and approved by the NRC.
Release of award	Annual cash payment.	Award is vested over a three-year period.	Award is vested in the year following the end of the performance period.

Table 7: RSP and PSP awards for employees vested in the year ended 31 December 2008

Type of RSP/PSP awards for employees	For performance in year	No. of shares vested in 2008*	No. of shares to be vested	To vest in
2005 RSP	2005	408,600	–	–
2006 RSP#	2006	249,600	213,700	2009
2007 RSP#	2007	570,900	950,600	2009 & 2010
		1,229,100	1,164,300	
PSP#	2005–2007	239,800	–	–

* Approximate representation of the Company's issued share capital as at 31 December 2008 (based on 514,200,257 shares after deducting 2,163,100 treasury shares, i.e. 516,363,357 – 2,163,100 = 514,200,257)

2005 RSP = 0.0795% 2006 RSP = 0.0485% 2007 RSP = 0.1110%

2005 – 2007 PSP = 0.0466%

This includes the vesting in September 2008 following the retirement of a former senior executive.

SPC Online Share Option and Share Plan System

The Company continues to leverage its SPC Online Share Option and Share Plan System in administering its share awards. The Company's ongoing efforts to improve on the system's capabilities, together with the system's external developers, have significantly enhanced participants' access and execution as well as tracking and reporting of Share Plans data.

Accountability and Audit

Accountability

Principle 10

The Board is committed to present a balanced and understandable assessment of the Company's performance, position and prospects in order to inform and engage its stakeholders. The Board's review of the Company's quarterly, half-yearly and full year financial results and its

presentation is an integral part of its Board meetings and undergoes full review and discussion before final approval and release.

The Company issues timely and balanced financial information and announcements of important transactions to its shareholders via SGX-ST's SGXNet to facilitate transparency and the building of trust and confidence in the Company.

The Company continued to report quarterly financial results in the year 2008. These results are available on the Company's corporate website. Information on new initiatives of the SPC Group is disseminated via SGXNet and news releases.

Audit Committee

Principle 11

The AC assists the Board through

reviewing and recommending the release of the quarterly SPC financial statements. It is vested with the authority to investigate matters with or without management's knowledge including matters of impropriety in financial reporting or other company related issues.

The AC reviews and ensures compliance with the requirements of the Listing Manual which pertains to the AC's functions and follows the guidelines set out in the Code when performing its duties and responsibilities.

The AC meets four times annually and holds additional meetings when required, in order to assist the Board to fulfill its fiduciary and statutory responsibilities relating to financial management and corporate accountability to the shareholders of SPC. The AC communicates through electronic methods in addition to their meetings. The Board has found the AC to possess the appropriate skills and qualifications to discharge its responsibilities. The members of the AC have financial, accounting, business and legal backgrounds to fulfill their function and responsibilities. The AC met four times in 2008.

The Company had in 2005, established a Whistleblower Policy for the SPC Group which provides whistleblowers with clearly defined channels and processes to report suspected reportable conduct including a direct channel to the Manager, Internal Audit and/or the AC Chairman. This policy is intended to facilitate the reporting in good faith by employees and relevant external parties of suspected reportable conduct while maintaining confidentiality of the information and the identities of the persons involved in resultant reviews. It also aims to protect, to the extent reasonably practicable, the whistleblower and persons involved in reviews initiated under this policy, against reprisals. This policy forms part of the SPC Code of Conduct.

Audit Committee

The AC comprises four independent directors, Mr Goon Kok-Loon (Chairman), Dr Chin Wei-Li, Audrey Marie, Messrs Bertie Cheng Shao Shiong and Geoffrey John King. Mr Goon Kok-Loon, an existing Audit Committee member was appointed Chairman on 30 January 2008 in place of Dr Chin who assumed the Chair of the Risk Committee. Dr Chin remains a member of the committee.

The AC's principal functions are summarised as follows:

- (1) Reviews and ensures compliance with the requirements of the Listing Manual pertaining to the AC's functions;
- (2) Follows the guidelines set out in the Code when performing its duties and responsibilities, wherever possible;
- (3) Reviews Interested Person Transactions;
- (4) Reviews reports received pursuant to the provisions of the SPC Whistleblower Policy, and undertakes the proceedings as prescribed;
- (5) Reviews with the internal and external auditors their respective audit plans, scope, reports, findings and actions taken by management;
- (6) Serves as an independent party to review the financial statements presented by management to shareholders, regulators and the general public;
- (7) Reviews the independence of the external auditors annually and recommends the appointment and remuneration of the external auditors;
- (8) Maintains, by holding regular meetings, open lines of communication with the Board, the internal and external auditors to exchange views and information as well as to affirm their respective roles and responsibilities;
- (9) Investigates any matter within its terms of reference, with full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC maintains open lines of communication among the Board members, management, the Company's internal and external auditors, to exchange views and information as well as to affirm their respective roles and responsibilities.

The AC is supported in its functions by the internal and external auditors. During the year, the AC reviewed the SPC Group's Interested Person Transactions (IPT) and quarterly, half-yearly and full year financial statements.

Pursuant to the requirements of the Code, the AC reviewed the non-audit services provided by the external auditors, Messrs Deloitte & Touche during 2008, and had received confirmation of their independence. The AC was satisfied with the independence and the objectivity of the external auditors and had recommended to the Board their re-appointment as external auditors for the year 2009, at a fee to be determined at a later date.

The AC reviewed the external auditor's 2008 statutory audit plan, scope, findings and management's responses to the findings. It also reviewed the internal audit plans and the quarterly internal audit summary reports and ensured the adequacy of the internal audit function.

At year end, the AC met with the external and internal auditors without the presence of management, to discuss amongst other issues, the SPC Group's internal controls. These include the Company's system of financial, operational and compliance controls established by the management. The external and internal auditors reported that the Group's overall system of internal controls and procedures were functioning effectively.

Save as disclosed in the Notes to the Financial Statements on IPT, there were no material contracts involving the interests of the CEO, each director

or the controlling shareholders and their subsidiaries.

Management reported that the methods and procedures for determining IPT had not changed since the date of the last AGM, at which time the shareholders' mandate for IPT was last renewed. Management accordingly recommended that the Company not appoint an independent financial advisor to review the IPT methods and procedures. Pursuant to the provisions under SGX-ST Listing Rule 920(1). The AC concurred with management's recommendations.

Internal Controls

Principle 12

The Company believes that the SPC Group's framework of internal financial controls, operational compliance controls and enterprise risk management policies are reasonable and well placed within a steadfast control environment to meet the needs of its operational requirements.

The SPC Group has a clearly delineated operating structure based upon its delegations of authority and reporting structures, codes of conduct and other documented procedures in place that cover management accounting, financial reporting, information technology systems security and project appraisal. Enterprise risk management now falls under the purview of the RC assisted by the Risk Group. The details regarding the functions and activity of this committee can be found on page 57.

The control systems in place are intended to provide reasonable assurance with regard to the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with applicable legislation, regulations and sound management of business risks.

The Company's internal and external auditors conducted their 2008 review in accordance with their respective audit plans on the effectiveness of the Company's system of internal controls

including financial, operational and compliance controls. Audit findings, recommendations and actions taken by management on the recommendations were reported to the AC.

Based on the reviews performed by the internal and external auditors during the financial year, the AC is of the opinion that there are adequate internal controls in the SPC Group.

Internal Audit

Principle 13

The Company has an Internal Audit Department (IAD) headed by the Manager, Internal Audit, Mr Tan Ho Kheong who took over leadership of the department in April 2008 from Mr Gan Tiong Aik, who was promoted to Vice-President of the Risk Group. The Manager, Internal Audit, reports directly to the Chairman of the AC on audit matters and to the CEO on administrative matters.

During the year, the IAD conducted its audit reviews based on the approved internal audit plans. Upon completion of each audit assignment, the IAD reported its findings and recommendations to management who would respond on the actions to be taken. The IAD submitted quarterly internal audit summary reports to the AC on the status of the audit plan and on audit findings and actions taken by management on the findings. The IAD reported that the Group's overall system of internal controls and procedures functioned effectively during the year under review.

The IAD is a member of the Singapore branch of the Institute of Internal Auditors Inc (IIA), which has its headquarters in the United States. The IAD is guided by the Standards for Professional Practice of Internal Auditing developed by the IIA.

The AC annually reviews the adequacy of the internal audit function and is of the view that it is adequately resourced. The AC is also of the view that the

internal audit function is of appropriate standing within the Company and continues to maintain its independence during the year under review.

Communication with Shareholders Regular, Effective and Fair Communication with Shareholders Principle 14

The SPC Group is committed to providing regular, effective and fair communication with its shareholders and the investing public. To this end, the SPC investor relations and communications unit actively plans, manages and handles communications with all stakeholders.

Disclosure of information by the SPC Group is made through communication channels such as corporate announcements via the SGX-ST's SGXNet broadcast network, the publication of Annual Reports and circulars to shareholders as well as the holding of shareholders' meetings including the AGM. In addition, SPC publishes the Group's corporate announcements and publications on its corporate website to ensure that the latest corporate information is available to all interested persons.

All financial results, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. In addition to the issue of the Notice of AGM together with the Annual Report, the Notice is also advertised in a major local newspaper and posted on the Company's website.

In the spirit of corporate transparency, SPC voluntarily issues SGXNet announcements of significant transactions, notwithstanding that some of these transactions may not require disclosure. These voluntary efforts are in line with the Company's commitment to engage in open and fair communication with its stakeholders.

Apart from open and fair communication, SPC provides investors, both institutional

and retail, with clear, balanced and useful information to aid them in their investment decisions. Specific to corporate development updates and direction, the Company furnishes project details, essential background information including future activities and plans. SPC's financial statements are accompanied by analyses of business performances, discussions of prevailing operating conditions as well as performance outlook.

SPC has a proactive investor relations programme to foster rapport with analysts, fund managers and the investing community. The CEO, Chief Financial Officer (CFO) and the investor relations team conduct regular meetings and conference calls with analysts and investors, local and overseas, and participate in conferences organised by brokerage firms. In 2008, SPC received the 'Most Progress in Investor Relations' award at the IR Magazine South East Asia Awards 2008.

Actively engaging its retail investors as well, 2008 saw SPC partnering with SIAS in its Shareholder Communication Services Programme. This programme is aimed at equipping retail investors with essential investment insights and skills to better manage their investment portfolio, through corporate updates and information dissemination forums including the SIAS Corporate Profile Seminar. The SIAS' programme successfully enabled SPC to elevate its corporate profile among retail investors during the year.

To engage international investors globally, SPC convenes quarterly analyst earnings conference calls, which is made available through webcasts on the Company's corporate website. Since its implementation in January 2007, the share registry analysis has been beneficial in providing insight to the shareholding spread, shareholders' investing styles and the basis of their support for SPC shares. The analysis may also highlight the

investment portfolio, holding strength, value growth priorities and other investment concerns of the existing shareholders. With an appreciation of its shareholders, the Company is thus in a better position to meaningfully engage them in various forums.

Apart from the issuance of corporate updates and meetings held as part of its proactive communications platform with shareholders, SPC's investor relations team is contactable by electronic mail or telephone to provide clarifications on corporate information in the public domain with due consideration to SGX-ST's rules on fair disclosure and ensuring a level playing field for investors.

In 2008, SPC refreshed its corporate website and improved its dedicated "Investor Centre" section to cater to the information needs of the investing public. Designed to ensure that investors and the interested public have good and regular access to information, the Investor Centre serves as a one-stop web-based communication centre, complete with earnings and presentation webcasts, corporate announcements, annual reports, financial calendar, corporate directory and corporate governance guidelines. SPC's share price information is also provided on its website, with share price information and related security information displayed via a live data-feed from SGX-ST.

Greater Shareholder Participation **Principle 15**

The Company is guided by the provisions of the Code with regard to communication with shareholders.

Shareholders are given timely notice of the Company's AGM and accordingly, the opportunity to attend or be represented at the Meeting. The Company's Articles of Association allows a member of the Company to vote in absentia by appointing a proxy to attend and vote on his behalf while the Singapore Companies Act provides a corporate shareholder with the option to appoint a corporate representative to attend and vote on its behalf.

Each year, the Chairman presides over the AGM and is accompanied by fellow Board members, the CEO, the CFO, the Company Secretary, and other key executives. The external auditors, Messrs Deloitte & Touche are also present to address queries from the shareholders. The Chairpersons of the AC and the NRC have consistently been present at the AGMs.

At the Meeting, the Chairman discusses the progress and performance of the SPC Group and encourages meaningful and effective shareholder participation. Directors and management also endeavour to address all issues raised in a transparent and open manner.

The Company adopts separate resolutions on each distinct issue presented to shareholders and voting is taken systematically with proper recording of the votes cast and the resolutions adopted. The Company's practice is consistent with the Code's recommendation that companies avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Minutes of general meetings of the Company are available to shareholders upon their requests as provided under the Companies Act.

Over the past years, SPC has witnessed an increase in attendance at its AGMs. In 2008, a total of 299 voting shareholders and proxies attended the meeting.

The Company has not implemented the suggestion in the Code that the Company allows absentia voting methods and proxies for shareholders who use nominee companies. The Company has to be confident that the integrity of any system catering for their use is assured, before actual implementation.

Other Corporate Governance Matters

Dealing in Securities

In keeping with high standards of corporate governance, the Group has adopted the SGX-ST's best practices guide with regard to dealings in the securities of the Company.

Directors and employees are advised not to deal in SPC's securities during the period commencing two weeks before the SPC Group's quarterly and half-yearly results and one month before the announcement of the SPC Group's full year results and ending on the date of the announcement. Furthermore, when the Company is involved in major corporate activities such as investment or divestment that could be price-sensitive in relation to the Company's securities, officers involved are advised not to deal in the Company's securities.

Code of Conduct and Practices

SPC recognises the importance of fairness, integrity and professionalism in the conduct of its business activities. It has entrenched these values in the SPC Code of Conduct.

Employees are expected to embrace and practise these values in their everyday conduct especially with customers, suppliers and the public.

Employees are to act in the best interest of the Group and avoid situations that may present a potential conflict of their interests.

The policy also addresses the issues of dealings in securities, insider trading and compliance with the relevant legislations. Directors and employees are regularly reminded to observe best conduct practices, particularly in securities trading.

As part of the Company's ongoing efforts to foster good corporate governance, regular in-house corporate governance related forums were held in 2008, led by company officers, external advisers or consultants. There were structured learning sessions on the Company's corporate governance practices, policies, internal structures and processes. Specialists were also invited to share legal, regulatory and other market related developments to help keep the focus on corporate governance developments and compliance. SPC's internal corporate governance principles and framework were cascaded to SPC nominated directors in its subsidiaries and associate companies via specific sessions for such purposes. All directors and employees were also encouraged to attend external courses on the subject.

Corporate Social Responsibility

Towards building a sustainable enterprise, SPC is committed to integrating CSR with its business operations. In 2008, a cross-functional CSR committee was set up to spearhead the management framework for promoting CSR. With quarterly updates to the Board, the committee is tasked to establish a structured CSR programme for the Group.

The SPC Group appointed an external consultant to conduct a comprehensive benchmarking and gap analysis study of SPC's current CSR programme. The study which involved an assessment of the Group's CSR initiatives was completed in December 2008.

SPC plans to grow a structured CSR programme in the years ahead. The completion of this programme will facilitate the formalisation of the Group's CSR strategy development.