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# Corporate Governance Report

## INTRODUCTION

Corporate governance is a journey and a continual work in progress. The Company recognises that good corporate governance is critical to corporate success and sustainable economic growth. Both the Board and Management of SingPost are committed to achieving highest standards of corporate governance and have always been proactive to promote the spirit of good governance throughout the Group.

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance (2018 Code) which would apply to annual reports covering financial years commencing from 1 January 2019. While the 2018 Code will not be applicable to the Company until its financial year commencing 1 April 2019, the Company has nevertheless complied with certain key revised provisions including the adoption of a Policy on Diversity and Inclusivity and Policy on Directors' Conflict of Interests.

For the financial year ended 31 March 2019, SingPost has complied in all material respects with the principles and guidelines set out in the Code of Corporate Governance 2012 (2012 Code). This report outlines SingPost's corporate governance framework with specific reference made to the principles and guidelines of the 2012 Code.

## A. BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

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

### Role of the Board

The principle role of the Board is to set the Company's vision and to regularly review its strategic direction. The Board is responsible for overseeing the corporate governance of the Company and Management's control and accountability framework. The Board sets the tone for the Company to ensure that its affairs are conducted with the highest standards of probity and in compliance with the law.

The Board provides leadership and guidance to Management on the Company's overall strategy and reviews Management's performance. The Board oversees the Company's overall performance objectives, key operational initiatives, risk management and corporate governance practices. The Board approves financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board also approves the financial results for release to the Singapore Exchange (SGX), the appointment of Directors and key Management personnel, and changes in the composition and terms of reference of Board Committees. In carrying out its duties, the Board is ultimately accountable to shareholders for the performance of the Company.

The role of the Board, as described above, is clearly defined in a document adopted by the Board entitled Success Profiles and Role Profiles for an Effective Board.

This is complemented by the Schedule of Matters Reserved for the Board's Decision which sets out a comprehensive list of matters which require Board approval. Types of material transactions which require the approval from the Board include the following:

- financial targets;
- entering new business sectors and geographies;
- annual business plan and budget;
- changes to share capital structure, corporate structure, operational structure;
- results, dividend policy and dividend payout;

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# Corporate Governance Report

- significant change in accounting policies;
- major capital projects and contracts not in the ordinary course of business;
- SGXNet announcements;
- appointments to Board and Board Committees;
- approval of terms of reference of Board Committees and changes thereto;
- appointment, remuneration and removal of senior management including Group Chief Executive Officer (Group CEO);
- appointment and removal of the Group Company Secretary; and
- delegation of authority.

Additionally, to optimise operational efficiencies, financial authorisation and approval limits have been established for operating and capital expenditure and the procurement of good and services. The Board approves transactions exceeding certain threshold amounts while delegating authority to Management for transactions below those limits.

Under the Code of Business Conduct and Ethics and the Policy on Directors' Conflicts of Interest, Directors must avoid any conflicts of interest with the Company. Where a Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of the Company, Directors must promptly disclose such interest at a meeting of the Directors or by sending a written notice to the Group Company Secretary containing details of the interest and the nature of the conflict and recuse themselves from participating in any discussion and decision on the transaction or proposed transaction in which the Director has an interest or is conflicted. This includes discussions at all levels within the Company, including, but not limited to, the Company's subsidiaries and any committees and sub-committees that are involved in the proposed transaction in order to prevent any risk of the Director acting in the interests or persons other than the Company, and will also prevent any appearance of impropriety on the part of the Company or the Director.

## Board Committees

The Board without abdication of responsibility has delegated authority to the following five Board Committees to assist the Board in discharging its responsibilities:

- Audit Committee (AC)
- Board Risk and Technology Committee (BRTC)
- Compensation Committee (CC)
- Finance and Investment Committee (FIC)
- Nominations and Corporate Governance Committee (NCGC)

Each Board Committee has written terms of reference which clearly set out the authority delegated by the Board to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. The terms of reference are reviewed from time to time to ensure relevance. Any changes to the terms of reference for any Board Committee require Board approval. To ensure role clarity, the role of each Board Committee chairperson is also documented in the Success Profiles and Role Profiles for an Effective Board.

The composition of all the Board Committees comprises non-executive Directors only. The appointment of Board Committee members is carried out carefully to ensure the Board Committees comprise Directors with the appropriate qualifications and skills, to maximise the effectiveness of the Board. Board Committee appointments require the approval of the Board.

#### *Audit Committee*

The AC comprises three members namely, Mrs Fang Ai Lian (Chairperson), Mr Bob Tan Beng Hai and Ms Chu Swee Yeok, all of whom including the chairperson are non-executive independent Directors, and have recent and relevant accounting or related financial management expertise or experience.

The AC assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management. During the financial year, the activities carried out by the AC included:

- (a) reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (b) reviewed the policies and arrangements by which staff and any other persons may, in confidence, have raised concerns about possible improprieties in financial reporting or other matters;
- (c) reviewed the quarterly and annual financial statements, the SGXNet announcements on the financial statements, and the significant financial reporting issues and judgments to ensure the integrity of the financial statements;
- (d) reviewed the scope and plans of the internal and external auditors and considered the effectiveness of the responses and actions taken by Management on the auditor's recommendations and observations;
- (e) reviewed the adequacy and effectiveness of the internal audit function;
- (f) reviewed the independence and objectivity of the external auditor annually, taking into account the nature and extent of non-audit services rendered by the external auditor;
- (g) recommended to the Board on the proposals to the shareholders on the reappointment of the external auditor, and approved the remuneration and terms of engagement of the external auditor; and
- (h) reviewed "interested persons transactions" as defined in Chapter 9 of the Listing Manual of the SGX and approved those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose.

#### *Board Risk and Technology Committee*

The Board established a separate board risk committee known as Board Risk and Technology Committee. The BRTC comprises Mr Steven Leonard (Chairperson), Mr Bob Tan Beng Hai and Ms Chu Swee Yeok.

The BRTC assists the Board in ensuring that Management maintains a sound system of risk management and material controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. During the financial year, the activities carried out by the BRTC included:

- (a) reviewed the Group's risk profiles, guidelines, and limits; and
- (b) provided risk advisory support to the Board on the Group's Top Risks.

#### *Compensation Committee*

In compliance with Guideline 7.1 of the 2012 Code, the CC comprises at least three members, the majority of whom including the chairperson are independent Directors and all the members are non-executive Directors. The members of the CC are Mr Bob Tan Beng Hai (Chairperson), Mrs Fang Ai Lian and Mr Simon Israel.

The CC assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract and retain talent. During the financial year, the activities carried out by the CC included:

- (a) reviewed and recommended for the Board's endorsement on the compensation of non-executive Directors, before shareholders' approval was sought;

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# Corporate Governance Report

- (b) reviewed and recommended for the Board's approval, any proposed appointment, promotion, termination, retirement, re-employment, extension of employment and remuneration of key Management personnel;
- (c) reviewed and approved the remuneration policies and guidelines which covered salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- (d) reviewed the Company's obligations arising in the event of termination of executive Directors' and key Management personnel's contracts of service, to ensure that such contracts of service contained fair and reasonable termination clauses which were not overly generous;
- (e) administered the options and share scheme(s) established by the Company from time to time; and
- (f) reviewed succession planning for key Management personnel and development plan for key senior executives as well as high potential talent of the Company.

## *Finance and Investment Committee*

The members of the FIC are Mr Simon Israel (Chairperson), Mr Chen Jun, Ms Elizabeth Kong Sau Wai, Ms Lim Cheng Cheng and Mr Steven Leonard.

The FIC provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies. During the financial year, the activities carried out by the FIC included:

- (a) reviewed and provided advisory support to the Board on mergers and acquisition transactions; and
- (b) evaluated and provided advisory support to the Board on financial offers and banking facilities.

## *Nominations and Corporate Governance Committee*

In compliance with Guideline 4.1 of the 2012 Code, the NCGC comprises three members, the majority of whom including the chairperson are independent Directors and the Lead Independent Director is a member. The members of the NCGC are Mrs Fang Ai Lian (Chairperson), Mr Simon Israel and Ms Elizabeth Kong Sau Wai.

The NCGC assists the Board in fulfilling its responsibilities on Board succession planning, Board evaluation, training of Board members and the selection, nomination, appointment and re-appointment of Directors to the Board of SingPost. The NCGC also has responsibility to recommend enhancements to the corporate governance principles applicable to SingPost and to uphold the same. During the financial year, the activities carried out by the NCGC included:

- (a) reviewed the composition of the Board and Board Committees and recommended the appointment, retirement and re-election of Directors;
- (b) determined the independence of Directors and providing its view to the Board;
- (c) proposed the adoption and implementation of Policy on Diversity and Inclusivity; and
- (d) led in the evaluation of the Board and Board Committees.

The terms of reference of each Board Committee are available on the Company's corporate website at <https://www.singpost.com/about-us/corporate-info/corporate-governance>.

## **Board and Board Committee Meetings**

The Board meets regularly. Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors to ensure optimal attendance rates. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. The Board is invited to participate in strategy workshops with Management to plan the Group's long-term strategy. When exigencies prevent Directors from attending in person, Directors participate by telephone or video-conference. Directors who are unable to attend a Board meeting can discuss related issues with the Chairman and the Group CEO and have the opportunity to provide their feedback on the materials and proposed resolutions. For the financial year ended 31 March 2019, five Board meetings were held.

The agenda of each Board and Board Committee meeting is set by the respective chairpersons in consultation with the Group CEO. A specific amount of time is pre-allocated to each agenda item to ensure sufficient attention is given to every agenda item. The agenda of every Board meeting includes an update from the chairperson of each Board Committee on significant matters relating to the scope of their respective Board Committees. Directors are provided with relevant information prior to each meeting by way of timely upload of the meeting materials via a secure portal accessible on tablet devices issued to every Director.

At every Board meeting, the Board sets aside time for discussion without the presence of Management. If there are situations of conflict of interest, the Director in question will recuse himself/herself from the discussion and abstain from participating in any Board decision.

Between Board meetings, Board approvals for matters in the ordinary course of business are obtained through the circulation of Directors' resolutions in writing. Management will, if requested by any of the Directors, schedule an opportunity to discuss and provide further information to Directors either in a group or one-on-one basis concerning the matter. For parity of information, comments received from any of the Directors are shared with all the other Directors. Additionally, to avoid any wrongful perception of undue influence, the Board Chairman will not be the first to sign on any resolution.

The attendance of each Director at Board meetings, Board Committee meetings and Annual General meeting (AGM) for the financial year ended 31 March 2019 is as follows:

Name of Directors	Board	Board Committees					Annual General Meeting
		AC	BRTC	CC	FIC	NCGC	
<b>Number of Meetings held</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>2</b>	
<b>Directors in service as at 31 March 2019</b>							
Simon Israel	5/5	–	–	3/3	7/7	2/2	√
Paul Coutts	5/5	–	–	–	–	–	√
Chen Jun	4/5	–	–	–	6/7	–	√
Chu Swee Yeok <sup>(1)</sup>	2/2	2/2	2/2	–	–	–	–
Fang Ai Lian <sup>(2)</sup>	5/5	4/4	–	3/3	–	2/2	√
Elizabeth Kong Sau Wai	5/5	–	–	–	7/7	2/2	√
Steven Leonard <sup>(3)</sup>	5/5	–	4/4	–	3/3	–	√
Lim Cheng Cheng	5/5	–	–	–	6/7	–	√
Bob Tan Beng Hai	5/5	4/4	4/4	3/3	–	–	√
<b>Director who left service as at 31 March 2019</b>							
Aliza Knox <sup>(4)</sup>	2/2	–	2/2	–	–	–	
Zulkifli Bin Baharudin <sup>(5)</sup>	1/2	1/1	–	1/2	–	1/1	

#### Notes

<sup>(1)</sup> Ms Chu Swee Yeok was appointed as Director of SingPost and as member of both the AC and BRTC on 1 September 2018.

<sup>(2)</sup> Mrs Fang Ai Lian was appointed as chairperson of the NCGC on 11 July 2018.

<sup>(3)</sup> Mr Steven Leonard was appointed as member of the FIC on 5 October 2018.

<sup>(4)</sup> Ms Aliza Knox retired from the Board following the conclusion of the AGM held on 11 July 2018. Upon her retirement, she ceased to be member of the BRTC.

<sup>(5)</sup> Mr Zulkifli Bin Baharudin retired from the Board following the conclusion of the AGM held on 11 July 2018. Upon his retirement, he ceased to be chairperson and member of the NCGC and member of both the AC and CC.

#### Board Induction, Training and Development

All Directors receive a formal letter upon appointment informing of their role and duties as Directors and advising on disclosure obligations under the Companies Act, Cap. 50 and the SGX listing rules. Together with the appointment letters, new Directors also receive a manual containing, *inter alia*, the terms of references of the Board Committees, Code of Business Conduct and Ethics, Policies on Directors' Conflicts of Interest, Board Renewal and Tenure, Proper Handling of Disclosure of Directors' Interest, Company's Constitution, Success Profiles and Role Profiles for an Effective Board and Schedule of Matters Reserved for the Board's Decision. These documents are uploaded to a tablet device issued to every Director for easy reference.

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# Corporate Governance Report

New Directors will undergo an in-house induction programme organised by Management. The programme familiarises incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance by the Group CEO and Group Chief Financial Officer (Group CFO), and presentations by Management on their respective businesses, directions and corporate governance practices. If required, facility visits are arranged for Directors to better understand the Group's business operations. The induction programme not only serves its objective of thoroughly acquainting the incoming Directors with the nature and workings of the Group's business, but also serves as a platform for the new Directors to get to know members of Management and to ask questions.

The Board recognises the importance of ongoing professional development for the Directors. The NCGC is tasked to review and decide on training and professional development programmes for the Board. Depending on the individual Director's background and development needs, Directors are provided with opportunities to attend relevant courses and seminars to develop and maintain their skills and knowledge at the Company's expense. If required, briefings by external consultants or counsels will be organised for the Board. For new Directors who have no prior experience as a Singapore listed company director, comprehensive training will be arranged to help them understand the roles, duties and obligations as a listed company director.

During the financial year, courses and seminars attended by the Directors included Listed Company Director Essentials, Anticipating Risk and Precaution at the Board Level, Data and Insights-Driven Digital Innovation, Ninth Annual SID (Singapore Institute of Directors) Directors' Conference, Board Performance, Stakeholder Engagement, Audit Committee Essentials, Board Dynamics and Board Risk Committee Essentials. Directors also received training arranged by the Company on key changes to Code of Corporate Governance and SGX listing rules.

## **Principle 2: Board Composition and Guidance**

*There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

### **Board Composition**

The Board currently consists of nine members who collectively have a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including eCommerce, logistics, accounting, finance, legal, business and management, strategic planning and investments, information and communication technology, and global business experience. All are non-executives except for the Group CEO. The Board believes that the present Board size and composition are appropriate for the foreseeable requirements of the Group's businesses.

### **Review of Directors' Independence**

The Board, taking into account the views of the NCGC, determines the independence of each Director on an annual basis or as and when circumstances require, based on the guidelines provided in the SGX listing rules and the higher standard contained in the 2018 Code. Each Director is required to complete an independence checklist and to declare whether he/she considers himself/herself independent despite not having any of the relationships identified which are deemed to be non-independent based on the higher standards of independence in the 2018 Code. Such declarations are put before the NCGC which then determines the Directors' independence. Great importance is placed on Directors' independence such that it is also incorporated in the Board Evaluation.

Based on the recommendations of the NCGC, the Board treats the Board Chairman Mr Simon Israel as non-independent and considers Ms Lim Cheng Cheng, Mr Chen Jun and the Group CEO, Mr Paul Coutts as non-independent. The other five Directors are considered independent and make up a majority of the Board. In accordance with the Board's Code of Business Conduct and Ethics, each member of the NCGC and of the Board recused himself/herself from the deliberations on his/her independence.

Mr Simon Israel is the Chairman of the Board of Singapore Telecommunications Limited (Singtel), which is a substantial shareholder of SingPost. Mr Simon Israel is not appointed as a nominee Director of Singtel to the SingPost Board. Mr Simon Israel is also not directly associated with Singtel in that he is not accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of Singtel in relation to the corporate affairs of SingPost. Nevertheless, to provide added assurance to the Company's stakeholders, Mr Simon Israel is treated by SingPost as a non-independent Director and Chairman.

Ms Lim Cheng Cheng is the Group Chief Financial Officer of Singtel and a nominee of Singtel to the SingPost Board. Mr Chen Jun is a Vice President of Alibaba Group Holding Limited, which is a substantial shareholder of SingPost. Mr Chen Jun is a nominee of Alibaba group.

The Board Renewal and Tenure Policy provides that none of the Directors should serve more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate phasing or the retention of critical skills set. The Board recognises that board renewal is a continuous process. During the financial year ended 31 March 2019, two non-executive independent Directors namely Mr Zulkifli Bin Baharudin and Ms Aliza Knox had retired and a new non-executive independent Director namely Ms Chu Swee Yeok had been appointed. None of the Directors on the Board serves more than nine years in the financial year ended 31 March 2019.

Save for the Group CEO who is an executive Director, the other eight members of the Board are non-executive Directors. The strong proportion of non-executive Directors avoids undue influence of Management over the Board and ensures that appropriate checks and balances are in place.

Non-executive Directors are neither Management nor employees of the Company. The non-executive Directors are expected to be familiar with the Company's business and stay informed of its activities so that they may constructively challenge Management. They also review and assess Management's performance against pre-set goals as well as participate in appointment, reward and compensation of the Group CEO and key Management personnel.

In addition to the role and duties of the non-executive Directors, the independent Directors provide an independent and objective check on Management as well as safeguard the interests of minority shareholders. In certain cases, the independent Directors are required to make certain decisions and determinations under the SGX listing rules. For the financial year ended 31 March 2019, five of the nine Directors of the Company are independent.

The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

### **Board Diversity**

The Board recognises the benefit of diversity in fostering robust discussions and guarding against group thinking which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (four out of nine Directors) is one of the highest on the boards of companies publicly listed on the SGX. The Board is ethnically diverse and their ages range from 37 to 69.

The Company has put in place a Policy on Diversity and Inclusivity since May 2018 which commits to give due consideration to the benefits of diversity when seeking to appoint candidates to the Board and to senior Management. The Policy defines "diversity" to refer not only to gender but also to skill-sets, experience, ethnicity, age, background and other relevant personal attributes important in providing a range of perspectives, insights and challenge needed to support good decision-making. The Policy also requires that any professional bodies engaged to assist with the search process will be required to be given explicit instructions of the Company's commitment to diversity to ensure the search for talent is conducted accordingly. In furtherance of this commitment, the Board will exercise best endeavours to appoint at least one female Director to the NCGC and to the CC to safeguard against gender bias in the nomination process, and to advance the interest of female employees and support mentoring and development opportunities for female executives, ensuring unbiased career progression. Female Directors are represented on both the NCGC and CC.

### **Principle 3: Chairman and Chief Executive Officer**

*There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

### **Separation of the Role of Chairman and Group CEO**

The Chairman and the Group CEO are separate persons. Mr Simon Israel's appointment is a non-executive appointment totally separate from the office of the Group CEO, Mr Paul Coutts. The roles of Chairman of the Board and the Group CEO are deliberately kept distinct through a clear division of responsibilities to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no family relationship between the two.



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# Corporate Governance Report

The respective roles of the Chairman and Group CEO are clearly defined in the Success Profiles and Role Profiles for an Effective Board.

The Board and Management are mindful of the division of responsibilities between leadership of the Board and the executives responsible for managing the Company's business.

## Role of the Chairman

The Chairman leads the Board to ensure its effective and comprehensive deliberations on matters brought to the Board, including strategic issues, talent management and succession planning. The Chairman sets the agenda for Board meetings and ensures complete and accurate information is provided to the Board to facilitate good decision-making in particular on strategic issues. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors and promotes high standards of corporate governance. The Chairman also monitors the translation of the Board's decisions and directions into executive action, providing guidance on the transformation of the Group. The Chairman maintains effective communication with shareholders and fosters good relationships with stakeholders such as the staff union, SingPost staff, government, regulators, customers and other partners. At shareholder meetings, the Chairman ensures constructive dialogue between shareholders, Directors and Management.

## Role of the Group CEO

The Group CEO, who is an executive Director, is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. He assumes the executive responsibility for the day-to-day management of the Group, with the support of Management.

When working with the Board, the Group CEO is expected to forge a productive and synergistic relationship, where both the Board and the Group CEO work in partnership for the long term success of the Company.

## Regulatory Approvals

The appointments of the Chairman, the Group CEO of the Company and any new Directors require the prior written approval of the Info-communications Media Development Authority of Singapore (IMDA) and the MAS. The Company duly sought and obtained the approvals of both regulators in respect of all new appointments.

## Role of the Lead Independent Director

As the Chairman Mr Simon Israel is a non-independent Director, Mrs Fang Ai Lian was elected by the independent Directors as the Lead Independent Director. The role of the Lead Independent Director is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Her responsibilities as set out therein include carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity, or if he is unable to do so. She ensures the affairs of the Board and the Company are managed in a manner that reflects effective corporate governance. She serves on the NCGC, leading the independent Directors in meetings periodically without the presence of the other Directors. She then provides feedback to the Chairman after such meetings. She will also be available to the shareholders of the Company to address any concerns relating to matters that would be inappropriate for the Chairman, the Group CEO or the Group CFO to resolve, or that such persons may not be able to resolve adequately.

## Principle 4: Board Membership

*There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

## Succession Planning and Nomination Process

The NCGC has the responsibility of establishing a formal and transparent search and nomination process for the selection, appointment and re-appointment of Directors. The NCGC also evaluates and reviews the Board succession plans for Directors, in particular, the Chairman and the Group CEO to ensure progressive renewal of the Board. When tasked to search for a new Director, the NCGC will first review the Company's emerging strategic priorities, then review the experience and expertise of the current Board composition in order to identify critical competency gaps that need to be filled that are aligned to the emerging strategic priorities of the Company. Potential candidates are then identified through professional search agencies,



and consultation with Directors and shareholders. The NCGC also considers recommendations received from shareholders and members of the public. After a candidate has been identified by the NCGC, the candidate will be evaluated whether his/her core competencies, skills and experiences of the candidate complements those of the existing Directors. The NCGC will then make its recommendation to the Board and arrange to meet with the shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected (including time commitment); and (iii) provide sufficient information for the candidates to make an informed decision on accepting the role. The Board will then deliberate on the recommendation of the NCGC. Upon the Board's approval, SingPost will seek IMDA's approval, in accordance with the requirement set out in the Postal Services Act, Cap. 237A, and MAS' approval in accordance with the requirement set out in the Money-changing and Remittance Businesses Act, Cap. 187.

The Board does not encourage the appointment of alternate Directors. No alternate Director has been or is currently appointed to the Board.

The review of succession plan for key Management personnel falls under the roles and responsibilities in the CC's terms of reference. The CC periodically reviews succession planning for the Group CEO, CEOs, the Group CFO and such other key positions in the Company with a formal review carried out prior to submission of the succession plan to the Board on an annual basis.

### **Directors' Time Commitment**

The NCGC is tasked with ensuring and determining that Directors who have multiple board representations and other principal commitments, have given sufficient time and attention to the affairs of SingPost and to decide if a Director has been adequately carrying out, and is able to continue carrying out the duties of a Director of the Company. In doing so, the NCGC considers the other directorships held by the Directors and their principal commitments. The NCGC also takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions when making this determination.

Accordingly, the Board has set as a general guidance, that the maximum number of listed company board representation which any Director holds should not exceed five. The Board however recognises that depending on the Directors' other principal commitments, the capacity of each Director may differ greatly. Therefore under the terms of the Policy on Directors' Conflicts of Interest, Directors are also to consult the Chairman of the Board and the chairperson of the NCGC prior to accepting any appointments to the boards of directors or advisory boards of any public or privately held company or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate governance guidelines. For the financial year ended 31 March 2019, the NCGC has determined that all the Directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. Inclusive of their appointment to the SingPost Board, none of the Directors hold more than five appointments on the boards of listed companies.

### **Rotation and Re-election/Re-appointment of Directors**

The Board subscribes to the principle that all Directors should stand for re-election at regular intervals and at least once every three years. SingPost's Constitution requires new Directors to retire and stand for re-election at the AGM immediately following their appointment (new Directors re-election rule). The Constitution also requires a Director to retire and stand for re-election at the AGM if, were he/she not to do so, he/she would at the next AGM have held office for more than three years. Finally, the Constitution requires one-third of the remaining Directors starting from those with the longest term in office since their appointment or re-election to retire from office by rotation at each AGM (1/3 rotation rule).

The NCGC deliberates the suitability of the Directors for re-election and takes into consideration their competencies, past contribution and performance. The NCGC's recommendations will then be made to the Board for their approval. Shareholders are provided with relevant information on the Directors who will be standing for re-election at each AGM.

At the forthcoming AGM, the NCGC has nominated and recommended Ms Chu Swee Yeok to retire pursuant to the new Director re-election rule, and Mr Chen Jun, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai to retire pursuant to the 1/3 rotation rule. All of them, being eligible for re-election, have offered themselves for re-election. The Board endorsed the recommendations of the NCGC.

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# Corporate Governance Report

Name	Retiring and standing for re-election pursuant to:
Ms Chu Swee Yeok <i>(appointed on 1 September 2018)</i>	new Directors re-election rule (Article 104)
Mr Chen Jun <i>(last re-elected on 20 July 2017)</i>	1/3 rotation rule (Article 98(b))
Ms Elizabeth Kong Sau Wai <i>(last re-elected on 20 July 2017)</i>	1/3 rotation rule (Article 98(b))
Mr Bob Tan Beng Hai <i>(last re-elected on 20 July 2017)</i>	1/3 rotation rule (Article 98(b))

The profiles of the Board of Directors are set out on pages 14 to 17 of this Annual Report. In addition, the Notice of AGM sets out the information of the Directors proposed for re-election at the AGM. Each of the retiring Directors has given his/her consent to stand for re-election.

## Principle 5: Board Performance

*There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

### Board Evaluation

The Board reviews its performance annually. Each year a process is undertaken by the NCGC to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

As in previous years, an external facilitator was appointed to carry out the evaluation for FY2018/19. Other than its role as assessor on Board effectiveness, Aon Hewitt, an international consulting firm is an independent service provider with no connection with the Company or with any of its Directors. As Aon Hewitt had conducted the Board evaluation previously, a factor in appointing Aon Hewitt was the consistency in having the same external facilitator to evaluate the performance for year on year comparison.

The external facilitator proposed the approach and evaluation criteria which was endorsed by the NCGC and approved by the Board. The approved evaluation methodology covered the same measures that the Singapore Governance and Transparency Index is based on namely board size, board independence, CEO-chairman separation, board competencies, board duties and responsibilities, board and committee meeting (e.g. times and attendance), selection of Directors (e.g. transparency of the process), succession planning process, appraisal of Directors, remuneration and shareholders/investor relations, communications and transparency.

The process involved Directors first completing a comprehensive online questionnaire covering various aspects of board processes and effectiveness encompassing, amongst others, board and committee evaluation, board strategy and priorities, Directors self/peer evaluation and Chairman evaluation. The responses from the Directors are then collated and a gap analysis conducted by Aon Hewitt to confirm that the Board has met its performance objectives. The Board Chairman will act on the results of the evaluation in consultation with the NCGC.

## Principle 6: Access to Information

*In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Board members require timely access to complete and adequate information in order to be effective. Meeting materials are provided to Directors via a secure portal accessible on tablet devices prior to each meeting. In general, the materials are provided a week in advance of meetings and the Directors can access Board and Board Committee papers prior to, at and post meetings. Minutes of Board Committee meetings are also circulated to the Board to keep all Directors updated on the activities of each Board Committee.

Management staff attend Board and Board Committee meetings to respond to any queries that Directors may have. Directors are encouraged to, and do seek additional information from Management as and when needed to make informed decisions. Management does its best to meet such requests in a timely manner. The Group CEO and Management provide the Board with updates on significant events relating to the Company, analyst reports on the Company and information concerning industry-related developments.

Directors have separate and independent access to Management and the Group Company Secretary. Procedures are in place for Directors and Board Committees to seek independent professional advice if necessary at the Company's expense.

### **Role of the Group Company Secretary**

The Group Company Secretary has a direct reporting line to the Board Chairman and serves as a focal point for communication with the Board, Group CEO, Management and SingPost's various stakeholders. The role is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Core duties as set out therein include acting as a channel of communication and information to executive and non-executive Directors and attendance at all Board meetings as far as possible. The Group Company Secretary is also responsible for ensuring the Company's compliance with its Constitution and applicable rules and requirements under the Companies Act and the SGX listing rules. The appointment and removal of the Group Company Secretary is a matter requiring the approval of the Board.

## **B. REMUNERATION MATTERS**

### **Principle 7: Procedures for Developing Remuneration Policies**

*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.*

The CC meets yearly to discuss the specific remuneration package for the Group CEO, and these recommendations are submitted to the Board for approval. The CC also reviews and approves the remuneration of key Management personnel, as well as annual increment and variable bonus for employees.

Directors' fees are recommended by the CC and submitted to the Board for endorsement. Directors' fees are subject to the approval of shareholders at the AGM.

The CC has access to both internal and external expert advice on human resource matters whenever there is a need to consult. During the financial year ended 31 March 2019, Mercer (Singapore) Pte Ltd and Willis Towers Watson Consulting (Singapore) Pte Ltd were engaged as remuneration consultants to provide advice on market practices and benchmark data. The Company does not have any relationship with the remuneration consultants which would affect their independence and objectivity.

### **Principle 8: Level and Mix of Remuneration**

*The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

Non-executive Directors' remuneration takes into account the effort and time spent, and responsibilities of the Directors. These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committee meetings. The Directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders at the AGM.

The Group CEO, who is an executive Director, is not paid Directors' fees. The Group CEO's terms of employment and rewards, including long-term incentives in the form of SingPost shares, are reviewed by the CC and approved by the Board.

The level and structure of remuneration of the Directors, Group CEO and key Management personnel are disclosed in Principle 9. The Company can reclaim certain incentive components of remuneration from the Group CEO and key Management personnel in situations such as the inaccurate assessment of financial targets and performance attained and misconduct resulting in financial loss to the Company.

# Corporate Governance Report

## Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

## Directors' Remuneration

The Directors' compensation for the financial year ended 31 March 2019 is as listed below:

Name of Directors	Fixed Component <sup>(1)</sup> (S\$'000)	Variable Component <sup>(2)</sup> (S\$'000)	Directors' Fees (S\$'000)	Provident Fund <sup>(3)</sup> (S\$'000)	Benefits <sup>(4)</sup> (S\$'000)	Total Compensation <sup>(5)</sup> (S\$'000)	SingPost Share Option Scheme <sup>(6)</sup>		SingPost Restricted Share Plan <sup>(6)</sup>	
							No. Awarded & Accepted ('000)	Value (S\$'000)	No. Awarded & Accepted ('000)	Value (S\$'000)
<b>\$2,000,000 to below \$2,250,000</b>										
Paul Coutts	1,000.0	835.0	–	–	233.0	2,068.0	–	–	1,930.4	1,886.5
<b>\$250,000 to below \$500,000</b>										
Simon Israel	–	–	255.4	–	–	255.4	–	–	–	–
<b>Below \$250,000</b>										
Chen Jun	–	–	102.0	–	–	102.0	–	–	–	–
Chu Swee Yeok <sup>(7)</sup>	–	–	70.7	–	–	70.7	–	–	–	–
Fang Ai Lian <sup>(8)</sup>	–	–	155.4	–	–	155.4	–	–	–	–
Elizabeth Kong Sau Wai	–	–	121.8	–	–	121.8	–	–	–	–
Steven Leonard <sup>(9)</sup>	–	–	121.5	–	–	121.5	–	–	–	–
Lim Cheng Cheng	–	–	103.2	–	–	103.2	–	–	–	–
Bob Tan Beng Hai	–	–	149.2	–	–	149.2	–	–	–	–
Aliza Knox <sup>(10)</sup>	–	–	28.7	–	–	28.7	–	–	–	–
Zulkifli Bin Baharudin <sup>(11)</sup>	–	–	39.9	–	–	39.9	–	–	–	–

### Notes

<sup>(1)</sup> Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2019.

<sup>(2)</sup> Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2019.

<sup>(3)</sup> Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund (CPF).

<sup>(4)</sup> Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, housing benefits and pension allowance, where applicable.

<sup>(5)</sup> Total Compensation excludes the value of share options and restricted shares.

<sup>(6)</sup> The option/share valuation adopted simulation methodologies consistent with assumptions applied under the Monte Carlo Model and Cashflow Discounting Model.

<sup>(7)</sup> Ms Chu Swee Yeok was appointed as Director of SingPost and as member of both the AC and BRTC on 1 September 2018.

<sup>(8)</sup> Mrs Fang Ai Lian was appointed as chairperson of the NCGC on 11 July 2018.

<sup>(9)</sup> Mr Steven Leonard was appointed as member of the FIC on 5 October 2018.

<sup>(10)</sup> Ms Aliza Knox retired from the Board following the conclusion of the AGM held on 11 July 2018. Upon her retirement, she ceased to be member of the BRTC.

<sup>(11)</sup> Mr Zulkifli Bin Baharudin retired from the Board following the conclusion of the AGM held on 11 July 2018. Upon his retirement, he ceased to be chairperson and member of the NCGC and member of both the AC and CC.

No employee of the Company and its subsidiary companies is an immediate family member of a Director and the Group CEO, and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2019.

## **Executives' Remuneration**

The Company adopts a remuneration strategy that supports a pay-for-performance philosophy. The Company's executives participate in an annual performance review process that assesses the individual's performance against set performance targets. Performance against these targets is a key factor determining their remuneration.

The remuneration structure for the Group CEO and key Management personnel consists of the following components:

### *Fixed Component*

Fixed pay comprises basic salary and Annual Wage Supplement.

### *Variable Component*

This component refers to the variable bonus that is paid based on the Group's and individual's performance. To ensure rewards are closely linked to performance, the percentage of variable component is higher for the Group CEO and key Management personnel than other employees.

For FY2018/19, not all performance conditions were met fully, due to unanticipated downturn in the US businesses.

### *Long-term Incentives*

Long-term incentives are granted to align staff's interests with that of shareholders, and these are granted in the form of restricted shares rather than share options. These long-term incentives are granted with reference to the desired remuneration structure target and valued based on the Monte Carlo Model and Cashflow Discounting Model. Details of the long-term incentive schemes can be found in the "Directors' Statement" section of the Annual Report.

### *Provident Fund*

This component is made up of statutory contributions to post-employment benefits plans such as Singapore CPF.

### *Benefits*

Benefits provided are consistent with market practice and include medical, flexible benefits, and car allowance. Eligibility for these benefits will depend on individual job grade and scheme of service. Housing benefits and pension allowance are provided to only a few where applicable.

The employment contracts of the Group CEO and key Management personnel do not contain any special or exceptional clauses providing for additional compensation payments in the event of termination.

# Corporate Governance Report

The following information relates to the remuneration of the Company's key Management personnel (not being Director) for the financial year ended 31 March 2019:

Name of Executive	Fixed Component <sup>(1)</sup> %	Variable Component <sup>(2)</sup> %	Provident Fund <sup>(3)</sup> %	Benefits <sup>(4)</sup> %	Total Compensation <sup>(5)</sup> %	SingPost Restricted Share Plan <sup>(6)</sup>	
						No. Awarded & Accepted ('000)	Value (S\$'000)
<b>S\$750,000 to below S\$1,000,000</b>							
Woo Keng Leong <i>Postal Advisor</i>	65	27	1	7	100	138.8	154.5
<b>S\$500,000 to below S\$750,000</b>							
Lai Tak Loi <sup>(7)</sup> <i>Group Chief Financial Officer</i>	90	0	3	7	100	–	–
Tan Kia Hwee <i>Group Chief Digital &amp; Technology Officer</i>	78	13	2	7	100	119.9	133.4
Lim Jui-l <i>Group Chief Transformation Officer</i>	77	12	3	8	100	125.5	139.7
<b>S\$250,000 to below S\$500,000</b>							
Linda Hoon Siew Kin <sup>(8)</sup> <i>Group General Counsel &amp; Group Company Secretary</i>	90	0	3	7	100	–	–

Aggregate compensation of the above top five key Management personnel which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants is approximately S\$2.8 million. Aggregate compensation for two former key Management personnel<sup>(9)</sup> which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants is approximately S\$1.4 million.

## Notes

- <sup>(1)</sup> Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2019.
- <sup>(2)</sup> Variable Component refers to variable bonus paid in the financial year ended 31 March 2019.
- <sup>(3)</sup> Provident Fund represents payment in respect of statutory contributions to post-employment benefits plan such as Singapore CPF.
- <sup>(4)</sup> Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, pension allowance, long service awards and housing benefits, where applicable.
- <sup>(5)</sup> Total Compensation excludes the value of restricted shares.
- <sup>(6)</sup> The restricted shares valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cashflow Discounting Model. It comprised of restricted shares granted in the financial year ended 31 March 2019.
- <sup>(7)</sup> Mr Lai Tak Loi joined SingPost on 27 August 2018.
- <sup>(8)</sup> Ms Linda Hoon Siew Kin joined SingPost on 6 August 2018.
- <sup>(9)</sup> Mr Lim Sing Hok Mervyn (former Deputy Group CEO (Corporate Services) & Group CFO) and Mr Paul Demirdjian (former CEO, US Businesses) were the two key Management personnel who left SingPost during FY2018/19.

## C. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

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

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting the Group's annual and quarterly financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Management provides the Board with management accounts and other financial statements on a monthly basis.

### **Principle 11: Risk Management and Internal Controls**

*The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board and Management ensure that the Group implements and maintains a sound system of risk management and internal controls. The Group's policy is to establish an organisational philosophy and culture that ensures that effective risk management is an integral part of its activities and a core management capability. The Board is responsible for the governance of risk across the Group. The BRTC assists the Board in the oversight of the Group's risk management framework and policies.

The BRTC has scheduled meetings which are attended by the Group CEO, the Group CFO, the Group Chief Digital & Technology Officer and Senior Vice President (Group Internal Audit), as well as key Management staff.

Management Committee meetings are held on a monthly basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the BRTC.

The Group has in place a structured and systematic approach to risk management, and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure the strategic, business, operational, financial, reporting, compliance and information technology (IT) risk exposures are identified and appropriately managed.

At least once a year, the Group undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and IT controls. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the BRTC to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

The key internal controls of the Group include:

- establishment of risk management systems and policies;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- documentation of key processes and procedures;
- segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected;
- safeguarding of assets;
- maintenance of proper accounting records;
- ensuring compliance with appropriate legislation and regulations; and
- having qualified and experienced persons to take charge of important functions.

The Board has received written assurance from the Group CEO and the Group CFO that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2019 to address the risks which the Group considers relevant and material to its operations and finances. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, and assurances received from the Group CEO and Group CFO.

The Board notes that the internal controls and risk management systems provide 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 judgement in decision-making, human errors, fraud or other irregularities.



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# Corporate Governance Report

## **Principle 12: Audit Committee**

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

The AC currently comprises three Directors, all of whom are non-executive independent Directors. At least two members, including the AC chairperson, have recent and relevant accounting or related financial management expertise and experience. The AC does not comprise members who were partners or Directors of the incumbent external auditor, Deloitte & Touche LLP within the period of two years commencing on the date of their ceasing to be a partner or director of Deloitte & Touche LLP. The AC also does not comprise any member who has any financial interest in Deloitte & Touche LLP. The AC's key responsibilities are outlined in the "Board Committees" section of this Annual Report.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and the full cooperation of Management. It also has full discretion to invite any Director or executive officer to attend its meetings. In addition, the AC has direct access to the external auditor. If required, the AC has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal and other professional advice and services.

The Group's Internal Audit Department (IAD) performs detailed work to assist the AC in the evaluation of material internal controls of the Group. The external auditor, in the course of conducting its normal audit procedures on the statutory financial statements of the Group, also reviews the Group's material internal controls to the extent of their scope as laid out in their audit plan. If any material internal control weaknesses are noted by the external auditor, these weaknesses and the external auditor's recommendations are reported to the AC.

The AC reviews the overall scope of both internal and external audits and the assistance given by the Group's officers to the auditors. It meets with the Group's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The AC also meets with the internal and external auditors, without the presence of Management, at least annually.

The AC has reviewed the quarterly and annual financial statement of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2019, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

The AC has also reviewed with Management all the non-audit services provided by the external auditor to SingPost and the Group in the financial year ended 31 March 2019. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC.

During the financial year, the AC has reviewed with the Group CFO and the external auditor on changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.

The AC has reviewed the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2019, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The AC has discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	<p>The AC considered the approach and methodology applied to the valuation models used in the goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets.</p> <p>The AC reviewed the recoverable amounts of the cash-generating units (CGUs) which involves significant judgment about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.</p> <p>Given the extent of the impairment to the Group's investment in the US businesses, details on the impairment charge are separately set out in "Impact from strategic review of US businesses".</p> <p>The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Refer to page 87 of the Annual Report.</p>
Impact from strategic review of US businesses	<p>The AC considered the approach and methodology applied to the valuation models used in the goodwill, intangible and tangible assets, the collectability of the trade receivables of US businesses and the appropriateness of the restructuring provisions recorded.</p> <p>The AC reviewed the recoverable amounts of CGUs which involves significant judgments about the future cash flow projections, the successful execution of the key restructuring plans and the realisation of key assumptions applied in the value in use computations, which involve significant judgments and estimates. The AC also reviewed the collectability of the trade receivables by understanding and collaborating with management the nature of delays for the overdue receivables.</p> <p>The impairment review of US businesses was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Refer to page 88 of the Annual Report.</p>

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# Corporate Governance Report

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Valuation of investment properties	<p>The AC considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties.</p> <p>The AC reviewed the data, estimates and assumptions used in each valuation model as well as the independence and competence of the valuer appointed to perform the valuations.</p> <p>The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Refer to page 89 of this Annual Report.</p>
Classification, recognition and measurement of retained interest in Shenzhen 4PX Information and Technology Co., Limited (4PX)	<p>The AC reviewed the relevant factors which include changes in rights of the Group, business rationale and basis that resulted in loss of significant influence over 4PX as well as management's assessment on the timing of loss of significant influence.</p> <p>The AC has also reviewed the qualifications and competence of the external valuer as well as the basis of valuation techniques and assumptions applied to the valuation of retained interest in 4PX at the point when loss of significant influence was deemed to have occurred and to the valuation of retained interest in 4PX as at 31 March 2019.</p> <p>The assessment of whether and when the Group lost significant influence over 4PX and the valuation of the retained interest involved significant management judgement and estimates.</p> <p>The assessment of classification, recognition and measurement of retained interest in 4PX was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Refer to page 90 of this Annual Report.</p>

## Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group has put in place whistle-blowing policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties including concerns about the Group's accounting, internal controls, auditing matters and the conduct of officers or staff including Management and Directors. The AC reviews these policies and arrangements. Details of the whistle-blowing policy, arrangements and procedures for raising such concerns are posted on SingPost's corporate intranet and corporate website for easy reference by staff and any other persons. New staff are briefed on these during the staff orientation programme.

All reportable incidents including allegations of fraudulent practices are brought to the attention of the chairperson of the AC and the Chairman of the Board and are investigated promptly, professionally, fairly and honestly.

In respect of the Board, the Code of Business Conduct and Ethics requires Directors to communicate any suspected violations promptly to the Chairman of the Board and the chairperson of the NCGC. If the suspected violations involve the Chairman of the Board or the chairperson of the NCGC, communication should be made to the chairperson of the AC whereupon suspected violations will be investigated by the Board of Directors or by a person or persons designated by the Board of Directors and appropriate action will be taken in the event it is determined that any violation has occurred.

### **Principle 13: Internal Audit**

*The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Group's IAD covers the audits of the Company and its subsidiaries. The IAD's objectives, scope of authority and responsibilities are defined in the Group's Internal Audit Charter, which has been approved by the AC. The IAD is independent of the activities it audits, and does not undertake any operational responsibility or authority over any of the activities within its audit scope.

The IAD is headed by Senior Vice President (Group Internal Audit) and staffed by suitably qualified and experienced executives. Its primary line of reporting is to the chairperson of the AC, although it would also report administratively to the Group CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

Under the Group's Internal Audit Charter, the IAD has unfettered access to all of the Group's documents, records, properties and personnel, including direct access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis. The AC ensures that the IAD is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively. The IAD adopts the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA).

Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to IAD staff to achieve and maintain their certification and relevant professional accreditations (e.g. Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor, Chartered Accountant, etc.). IAD staff also attend external trainings and seminars conducted by reputable public accounting and auditing firms, and professional associations such as IIA, Association of Certified Fraud Examiners, and Singapore Accountancy Commission.

## **D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

### **Principle 14: Shareholder Rights**

*Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

SingPost treats all shareholders fairly and equitably and is committed to upholding a practice of fair, transparent and timely disclosure. SingPost publicly releases all price-sensitive information prior to any meetings with individual analysts or investors.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings.

Shareholders are duly informed of the rules including voting procedures that govern the general meetings.

### **Principle 15: Communication with Shareholders**

*Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

SingPost proactively engages its shareholders and strives to ensure effective communication with the investment community, with the aim of helping investors make timely and informed decisions.

The Company's investor relations activities and conduct are guided by SingPost's Market Disclosure Policy, which contains the principles, guidelines and procedures governing market disclosure, and upholds a high standard of investor communication to ensure transparent, fair and equitable treatment of all shareholders, and protection of shareholders' interests.

To keep shareholders informed, the Company posts its disclosures, including SGXNet announcements, circulars and investor presentations, on the investor relations section of the corporate website ([www.singpost.com](http://www.singpost.com)) and maintains regular dialogue with the investment community.

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# Corporate Governance Report

The Company respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

The Company makes timely disclosures of new material information to all shareholders on SGXNet in compliance with the requirements of the Listing Manual. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible via SGXNet.

Management and the investor relations team regularly engage investors via various platforms to keep them updated on our business strategy as well as operational and financial performance. These include one-on-one and group meetings, conference calls, site visits, investor conferences and non-deal roadshows.

The Company also organises annual meetings for retail shareholders with the Securities Investors Association Singapore (SIAS), which is attended by Management. These annual meetings provide opportunities for our retail shareholders to interact with Management.

Shareholders and potential investors can contact the investor relations team directly with any queries via the contact details published on the investor relations section of the Company's corporate website. In addition, they are able to sign up for an email alert service, and be updated whenever there are any announcements.

Based on the above, the Company has in place a framework which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

To further enhance the Company's communication policy and to be in compliance with the 2018 Code, the Company has adopted a standalone investor relations policy.

The Company's dividend policy is based on a payout ratio ranging from 60% to 80% of underlying net profit for each financial year. The dividend policy is published on the investor relations section of the Company's corporate website at <https://www.singpost.com/about-us/investor-centre/dividend-information>.

## **Principle 16: Conduct of Shareholder Meetings**

*Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company encourages shareholder participation at general meetings, which serve as a good platform for engagement with the Board and Management.

The Company disseminates information on its general meetings through notices sent to shareholders and published in the local press following the issuance via SGXNet. Annual Reports and Letters/Circulars are sent to shareholders at their written request as well as posted on the Company's corporate website. The meetings are held in a central location in Singapore to ensure convenient access for shareholders.

Under the Company's Constitution and pursuant to the Companies Act, the CPF Board and relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote on their behalf. A registered shareholder who is unable to attend may appoint up to two proxies, who need not be shareholders of the Company, to attend and vote on his or her behalf.

The Company employs electronic polling at its general meetings. The voting procedures are carefully explained to the shareholders by the independent scrutineer at the start of the meeting together with a test run to ensure familiarity with the electronic polling device and procedure. All resolutions are put to vote by poll.

Board members and the respective chairpersons of all the Board Committees, together with Management, are present and available at general meetings to address shareholders' queries. The Company's external auditor is also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditor's report. Shareholders also have the opportunity to communicate with the Directors and Management after the meeting.

At each AGM, the Group CEO and the Group CFO present an update to shareholders on the Company's progress, performance and prospects. Presentation materials are also released via SGXNet and posted on the Company's corporate website for the benefit of shareholders.

Separate resolutions are proposed on each substantially separate issue. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on. To ensure transparency in the voting process, the detailed results of all resolutions put to vote, showing the number of votes cast for and against each resolution, and the respective percentages, are tallied and disclosed live on-screen to shareholders immediately after the vote has been cast. The results are also announced via SGXNet after the conclusion of the meeting.

Minutes of the general meetings are posted on the Company's corporate website which minutes include substantial and relevant comments or queries from shareholders and responses from the Chairman, Board members and Management. Minutes are also available to shareholders upon their request.

Voting in absentia by mail, email or fax is currently not permitted under the Company's Constitution until security, integrity and other pertinent issues are satisfactorily resolved.

### **Engagement with Stakeholders**

The Company has put in place arrangements to enable it to engage its stakeholders so as to better understand and take action to address their needs and interests. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 70 to 72 of the Sustainability section of this Annual Report.

### **DEALINGS IN SECURITIES**

In line with the rules of the Listing Manual of the SGX, the Company has in place a policy and guidelines on dealings in the Company's securities, which have been disseminated to employees of the Group and Directors of the companies within the Group.

The policy and guidelines provide that Directors and officers of the Group should not deal in the Company's securities during the periods commencing one month before the announcement of the Company's annual results, and two weeks before the announcement of its quarterly results, and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished price-sensitive information on the Group. Directors and officers are also required to comply with insider trading laws at all times even when dealing in the Company's securities outside the prohibited trading period. The policy and guidelines also discourage trading on short-term considerations.

The Company issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealings in the Company's securities.

### **CORPORATE GOVERNANCE DISCLOSURE GUIDE**

In line with the Company's commitment towards corporate governance and disclosure compliance, the Company has completed the Corporate Governance Disclosure Guide developed in January 2015 by the SGX.

Corporate governance is a continuing journey. The Board and Management of the Company are fully committed to putting in place leading practices of corporate governance to ensure that the Company's performance and compliance are conducive towards the enhancement of shareholder value.

# Corporate Governance Report

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes. Complied.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to Principle 1 of the Corporate Governance Report at pages 45 and 46.
<b>Members of the Board</b>		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 51.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Yes. Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 51.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 51 in particular on details of the Policy on Diversity and Inclusivity adopted by the Board.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Refer to Principle 4 of the Corporate Governance Report at pages 52 and 53. Refer in particular to: <ul style="list-style-type: none"> <li>(i) the sub-topic "Succession Planning and Nomination Process" on the process for selecting and appointing of new Directors; and</li> <li>(ii) the sub-topic "Rotation and Re-election/Re-appointment of Directors" on the process for re-electing incumbent Directors.</li> </ul>



Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Refer to Principle 1 of the Corporate Governance Report under the sub-topic "Board Induction, Training and Development" at pages 49 and 50.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Five. Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 53.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 53.
<b>Board Evaluation</b>		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to Principle 5 of the Corporate Governance Report under the sub-topic "Board Evaluation" at page 54.
	(b) Has the Board met its performance objectives?	Yes.
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Refer Principle 2 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Review of Directors' Independence" at pages 50 and 51.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.

# Corporate Governance Report

Guideline	Questions	How has the Company complied?
<b>Disclosure on Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Directors' Remuneration" at page 56.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at pages 57 and 58.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 58.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. Refer to Principle 9 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Directors' Remuneration" at page 56.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 57.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Principles 7 and 8 at page 55 of the Corporate Governance Report as well as Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 57.
	(c) Were all of these performance conditions met? If not, what were the reasons?	No. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 57.

Guideline	Questions	How has the Company complied?
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Refer to Principle 6 of the Corporate Governance Report at pages 54 and 55.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Refer to Principle 13 of the Corporate Governance Report at page 63.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Refer to Principle 11 of the Corporate Governance Report at page 59.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. Refer to Principle 11 of the Corporate Governance Report at page 59.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Refer to page 208.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Non-audit fees amount to 23% of the total fees paid/payable to the auditors of the Company. The AC is of the opinion that the non-audit services provided by the auditors would not affect their independence.
<b>Communication with Shareholders</b>		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Refer to Principle 15 of the Corporate Governance Report at pages 63 and 64.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, SingPost has a dedicated Investor Relations team which performs the role.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Refer to Principle 15 of the Corporate Governance Report at pages 63 and 64.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.