

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 the Company are committed to achieving the highest standards of corporate governance and have always been proactive to promote the spirit of good governance throughout the Group.

This report outlines the Company's corporate governance practices for the financial year ended 31 March 2020 with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (2018 Code). For the financial year ended 31 March 2020, the Company has complied with all the principles of the 2018 Code and substantially all the provisions set out thereunder. Variations in practice from any provision of the 2018 Code are explained in this report. A summary of the Company's compliance with the 2018 Code is also provided on page 72.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Role of the Board

The principal role of the Board is to set the Company's vision and to regularly review its strategic direction, which includes appropriate focus on value creation, innovation and sustainability. The Board's key functions include:

- ensuring the necessary resources are in place for the Company to meet its strategic objectives as well as overseeing the corporate governance of the Company and Management's control and accountability framework
- setting the tone for the Company to ensure that its affairs are conducted with the highest standards of probity and in compliance with the law
- providing entrepreneurial leadership and guidance to Management on the Company's overall strategy, constructively challenging Management and reviewing Management's performance
- overseeing the Company's overall performance objectives, key operational initiatives and corporate governance practices
- approving financial plans, annual budgets, major funding proposals, and major investment and divestment proposals
- establishing and maintaining a sound risk management framework to monitor and manage risks, and to achieve an appropriate balance between risks and the Company's performance
- instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with such culture as well as ensuring transparency and accountability to key stakeholder groups
- approving 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 titled Success Profiles and Role Profiles for an Effective Board.

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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. Matters requiring Board approval are clearly communicated to Management in writing and include the following:

- setting and reviewing 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
- 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)
- succession planning for the Board and Management
- appointment and removal of the Group Company Secretary
- 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 goods 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 actual or potential conflicts of interest with the Company, including avoiding (as far as possible) situations which could result in an appearance of impropriety. Where a Director's personal or business interest or relationship interferes, or even appears to interfere, in any way with the interests of the Company, such Director must promptly disclose such interest at a meeting of the Directors or send a written notice to the Group Company Secretary containing details on the nature, character and extent of the conflict of the interest and recuse himself/herself 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 Group, 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 of persons other than the Company, and also to prevent any appearance of impropriety on the part of the Company or the Director.

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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 composition, authority and duties delegated by the Board to make decisions (including reporting back to the Board). 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 clarity of roles, the role of each Board Committee chairman is also documented in the Success Profiles and Role Profiles for an Effective Board.

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>.

The composition of all the Board Committees comprises non-executive Directors only. The appointment of Board Committee members is carried out carefully to ensure that the Board Committees comprise Directors with the appropriate qualifications and skills, to maximise the effectiveness of the relevant Board Committee. A Board Composition Matrix is used to assess whether the core competencies, skills and experiences of a potential candidate complements those of the existing Directors to ensure that as a group the Board Committees will have the appropriate balance to support the long-term success of the Company. Board Committee appointments require the approval of the Board.

Audit Committee

The AC comprises three members, all of whom (including the chairman) are non-executive independent Directors. The members of the AC are Mrs Fang Ai Lian (chairman), Mr Bob Tan Beng Hai and Ms Chu Swee Yeok. All members of the AC 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 the following:

- (a) review and reporting to the Board of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology (IT) controls, and risk management systems
- (b) review of the assurance from Group CEO and Group Chief Financial Officer (Group CFO) on the financial records and financial statements
- (c) review of the policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and by which such matters may be independently investigated and appropriately followed up on
- (d) review of the quarterly and annual financial statements, announcements relating to the Group's financial performance, and the significant financial reporting issues to ensure the integrity of the financial statements
- (e) review of the scope, plans and results of the internal auditors and considering the effectiveness of the responses and actions taken by Management on the auditor's recommendations and observations

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- (f) review of the adequacy, effectiveness and independence of the external audit and internal audit function
- (g) recommendation to the Board on the proposals to the shareholders on the re-appointment of the external auditor, and approval of the remuneration and terms of engagement of the external auditor, taking into consideration the performance of the external auditor against industry and regulatory standards, which included review of the following:
 - a. the performance, objectivity and independence of the external auditor taking into consideration of the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA)
 - b. the scope of audit plans and areas of focus, including the effectiveness of the responses and actions taken by Management on the external auditor's recommendations and observations
 - c. the nature and extent of the non-audit services provided by the external auditor
- (h) review of "interested persons transactions" as defined in Chapter 9 of the Listing Manual of the SGX and approval of those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose

Board Risk and Technology Committee

The BRTC comprises three members, all of whom (including the chairman) are non-executive independent Directors. The members of the BRTC are Mr Steven Leonard (chairman), 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 the following:

- (a) recommendation to the Board on the Group's levels of risk appetite and risk tolerance for different categories of risk
- (b) review and recommendation to the Board for approval of the risk strategy and policies for the management of material risks over a longer time horizon
- (c) review of the risks inherent in the Group's business model and strategy, including risks from external factors
- (d) monitoring of the Group's current material risk exposures against the risk tolerance levels approved by the Board
- (e) review of the Group's overall risk assessment process that supports informed Board decision making
- (f) overseeing Management in the design, implementation and monitoring of the Group's risk management system
- (g) review of policies, Management's processes and reports concerning the adequacy and effectiveness of the Group's risk management framework including strategic, operational, compliance and IT risks (but excluding the review of financial risks and compliance risks with financial impacts, and the adequacy and effectiveness of the Group's internal controls which are under the oversight of the AC)
- (h) review of the Group's framework, processes and resources to identify and manage new and emerging risks as a result of changes in country, technology, social or business conditions
- (i) monitoring of the implementation of the Group's risk mitigation plans
- (j) review of the robustness of the business contingency planning process within the Group for material risks
- (k) review of the adequacy of the insurance and other risk transfer arrangements
- (l) review of reports on material risk events together with adequacy of actions taken by Management

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- (m) consideration of the adequacy and effectiveness and security of the Group's technology infrastructure and data management framework to support the Group's vision
- (n) advising on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and IT
- (o) review and recommendation to the Board of plans, policies and proposals relating to matters pertaining to technology and IT, progress of major technology and IT investments

Compensation Committee

The CC comprises three members, the majority of whom (including the chairman) are independent Directors. All members of the CC are non-executive Directors. The members of the CC are Mr Bob Tan Beng Hai (chairman), 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, motivate and retain talent. The CC considers all aspects of remuneration, including termination provisions in service contracts, to ensure they are fair. During the financial year, the activities carried out by the CC included the following:

- (a) overseeing the design and governance of the Company's remuneration framework and policy to ensure continued relevance and competitiveness, long-term success of the Company and alignment to shareholders' interests
- (b) review and recommendation to the Board the remuneration for each non-executive Directors and key Management personnel of the Company
- (c) review of the Company's obligations arising in the event of termination of executive Directors' and key Management personnel's contracts of service
- (d) approval of the design of long-term incentive plans and to provide broad oversight of the rules, regulations, eligibility, terms and conditions relating to such plans
- (e) review of succession planning for key Management personnel (including Group CEO) and development plan for key senior executives as well as high potential talent of the Company and providing its views to the Board

Finance and Investment Committee

The FIC comprises five members. The composition of members of the AC and the FIC is mutually exclusive. The members of the FIC are Mr Simon Israel (chairman), 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 FIC reviewed and provided advisory support to the Board on the following:

- (a) mergers and acquisition transactions
- (b) exit of the U.S. businesses
- (c) financial offers, treasury and banking facilities
- (d) rationalisation of dormant subsidiaries of the Group
- (e) long-term strategic plan for the Group
- (f) operational transformation programme
- (g) establishment of treasury company for the Group

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Nominations and Corporate Governance Committee

The NCGC comprises three members, the majority of whom (including the chairman) are independent Directors. The members of the NCGC are Mrs Fang Ai Lian (chairman), Mr Simon Israel and Ms Elizabeth Kong Sau Wai. Mrs Fang is also the Lead Independent Director.

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

- (a) review of the composition of the Board and Board Committees and recommendation of the retirement and re-election of Directors to the Board
- (b) determination of the independence of Directors and providing its views to the Board
- (c) discussion of the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman and providing its views to the Board
- (d) review and recommendation to the Board of the training and professional development programmes for Directors
- (e) proposal of the adoption and implementation of the Policy on Professional Development to the Board
- (f) conduct the evaluation of the Board's and Board Committees' performance including the appraisal of the Chairman
- (g) review of relevant policies of the Board covering the corporate governance principle applicable to the Board

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 2020, six Board meetings and a Board Strategy Workshop were held.

The agenda of each Board and Board Committee meeting is set by the respective chairmen 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 chairman of each Board Committee on significant matters relating to the scope of the 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 (except the executive Director). Where necessary, the non-executive Directors also meet without any executives present, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate. For the financial year ended 31 March 2020, the non-executive Directors met up three times. This included a session facilitated by the Lead Independent Director to discuss the performance of the Chairman and the Group CEO. Mr Simon Israel, who is the Chairman, recused himself from participating in the discussion of his performance. 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. No material involving the issues of conflict is provided to such Director.

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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 a discussion to discuss and provide further information to Directors either in a group or on a 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 Chairman will not be the first to sign on any resolution.

The attendance of each Director at Board meetings, Board Committee meetings and the Annual General Meeting (AGM) held in respect of the financial year ended 31 March 2020 is as follows:

Name of Directors	Board ⁽¹⁾	Non-Executive Directors	Board Committees					AGM
			AC	BRTC	CC	FIC	NCGC	
Number of Meetings held	7	3	4	4	3	6	3	
Directors in service as at 31 March 2020								
Simon Israel	7/7	3/3	–	–	3/3	6/6	3/3	✓
Paul Coutts ⁽²⁾	7/7	–	4/4	4/4	3/3	6/6	3/3	✓
Chen Jun ⁽³⁾	6/7	3/3	–	–	–	3/6	–	–
Chu Swee Yeok	7/7	3/3	4/4	4/4	–	–	–	✓
Fang Ai Lian	7/7	3/3	4/4	–	3/3	–	3/3	✓
Elizabeth Kong Sau Wai	7/7	3/3	–	–	–	6/6	3/3	✓
Steven Leonard	7/7	3/3	–	4/4	–	6/6	–	✓
Lim Cheng Cheng	7/7	3/3	–	–	–	4/6	–	✓
Bob Tan Beng Hai	7/7	3/3	4/4	4/4	3/3	–	–	✓

Notes:

- (1) Board meetings include Board Strategy Workshop attended by Directors.
- (2) Mr Paul Coutts attended meetings of the Board Committees as appropriate, although he is not a member of the Board Committees.
- (3) Mr Chen Jun recused himself from attending two FIC meetings and one Board meeting due to his conflicts of interests with the matters for discussion at such meetings.

Access to Information

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 attends Board and Board Committee meetings to respond to any queries that Directors may have. The Board is briefed and updated on the execution of the Company's strategic plan, performance of its investments, financing plan, variance in budgets, etc. Directors are encouraged to, and do seek additional information from Management as and when needed to make informed decisions. Management responds to such requests in a timely manner. The Group CEO and Management provides 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.

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Role of the Group Company Secretary

The Group Company Secretary has a direct reporting line to the Chairman and serves as a focal point for communication with the Board, Group CEO, Management and the Company'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.

Board Induction, Training and Development

The NCGC ensures that new Directors are made aware of their duties and obligations. All Directors receive a formal letter upon appointment informing them 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, Schedule of Matters Reserved for the Board's Decision, Market Disclosure Policy and Policy on Diversity and Inclusivity. These documents are uploaded to a tablet device issued to every Director for easy reference.

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 the 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, and has a Policy on Professional Development. 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. Unless the NCGC is of the view that training is not required because he/she has other relevant experience, a new Director who has no prior experience as a director of an issuer listed on the SGX will be required to undergo training in his/her roles and responsibilities as prescribed by the SGX.

During the financial year, the development/training programmes, courses and seminars for the Directors included the following:

- Fireside chat with Emeritus Senior Minister Goh Chok Tong organised by Singapore Institute of Directors (SID)
- Seminar on Being a Board Director in the Age of Social Media
- Seminar on Business Transformation through Design Thinking
- SID Directors Conference 2019
- Briefing on Digital Trends and Developments by Bain & Company
- Briefing on Singapore Budget by KPMG Singapore

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BOARD MATTERS

Principle 2: Board Composition and Guidance

Board Composition

The Board 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, digital and information technology, and global business experience. All are non-executives except for the Group CEO. The Board believes that the present size and composition of the Board and Board Committees 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 requirements under the SGX listing rules and the 2018 Code. Each Director is required to complete an independence checklist and declare whether he/she considers himself/herself independent based on the criteria under the SGX listing rules and the 2018 Code. Such declarations are put before the NCGC which then determines the Directors' independence. Such great importance is placed on Directors' independence that it is also incorporated in the Board Evaluation.

Based on the recommendations of the NCGC, the Board considers the Chairman Mr Simon Israel as non-independent and considers Ms Lim Cheng Cheng, Mr Chen Jun and Mr Paul Coutts (who is the Group CEO) 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 the Company. 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 the Company. Nevertheless, to provide added assurance to the Company's stakeholders, Mr Simon Israel is treated by the Company as a non-independent Director.

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 Senior Vice President of Alibaba Group Holding Limited, which is a substantial shareholder of the Company. Mr Chen Jun is a nominee of Alibaba Group to the SingPost Board.

The Board Renewal and Tenure Policy provides that no Director should serve more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate the transition or the retention of critical skills set. The Board recognises that board renewal is a continuous process. None of the Directors on the Board has served for more than nine years as at 31 March 2020.

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. Nevertheless, 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 deliberations relating to the 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 2020, five of the nine Directors of the Company are independent.

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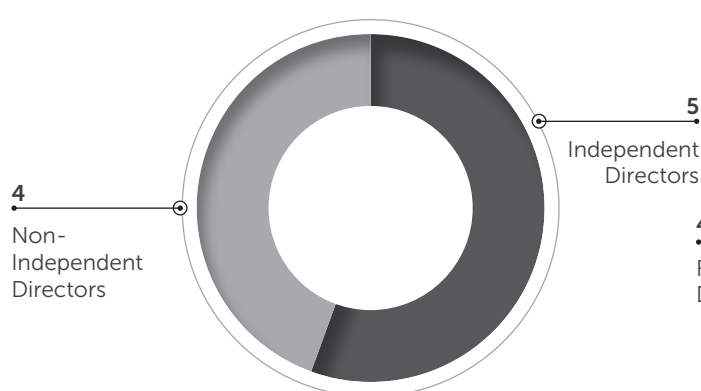
The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with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

Board Diversity

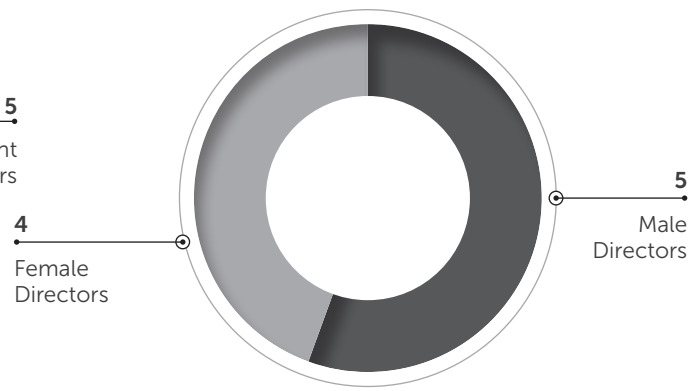
The Board recognises the benefit of diversity in fostering robust discussions and guarding against groupthink which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (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 38 to 70.

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. The Board has maintained its target for the financial year ended 31 March 2020 as female Directors are represented on both the NCGC and CC.

BOARD INDEPENDENCE



BOARD GENDER DIVERSITY



BOARD MATTERS

Principle 3: Chairman and Chief Executive Officer

Separation of the Role of Chairman and Group CEO

The Chairman and the Group CEO are separate persons. Mr Simon Israel's appointment as Chairman is a non-executive appointment totally separate from the office of the Group CEO, which is held by Mr Paul Coutts. The roles of Chairman 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.

The respective roles of the Chairman and the 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.

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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 Directors and the Group CEO require the prior written approval of the Information Communications Media Development Authority of Singapore (IMDA). The Company duly sought and obtained the approval of IMDA in respect of all new appointments.

The Company ceased the remittance business with Western Union in September 2019 and the approval of the Monetary Authority of Singapore for any appointment of Directors and/or the Group CEO is no longer required under the Payment Services Act 2019 (formerly required under Money-changing and Remittance Businesses Act, Cap. 187).

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. The responsibilities of the Lead Independent Director 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 the Chairman is unable to do so, and playing an additional facilitative role within the Board. The Lead Independent Director ensures the affairs of the Board and the Company are managed in a manner that reflects effective corporate governance. The Lead Independent Director also meets with the non-executive Directors without the Chairman present at least annually and leads the appraisal on the Chairman's and the Group CEO's performance on such other occasions as are deemed appropriate, as well as helps the CC designs and assesses the Chairman's remuneration.

The Lead Independent Director serves on the NCGC, leading the independent Directors in meetings periodically without the presence of the other Directors, and provides feedback to the Chairman after such meetings. The Lead Independent Director is also available to the shareholders or other stakeholders 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. The Lead Independent Director also facilitates communication between the Board and shareholders or other stakeholders of the Company.

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BOARD MATTERS

Principle 4: Board Membership

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, 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. Taking into account the commitment for diversity, 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, a Board Composition Matrix is used to assess whether the 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.

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 Group 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 chairman 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 2020, 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 as at 31 March 2020.

CORPORATE GOVERNANCE REPORT

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. The Company's Constitution requires new Directors to retire and stand for re-election at the AGM immediately following their appointment. 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 (over three years re-election rule). 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). Retiring Directors are eligible for re-election.

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 Lim Cheng Cheng, Mr Paul Coutts and Mr Steven Leonard to retire pursuant to the over three years re-election rule, and Mr Simon Israel and Mrs Fang Ai Lian 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 has endorsed the recommendations of the NCGC.

Name	Retiring and standing for re-election pursuant to:
Ms Lim Cheng Cheng <i>(last re-elected on 20 July 2017)</i>	over three years re-election rule (Article 98(a))
Mr Paul Coutts <i>(last re-elected on 20 July 2017)</i>	over three years re-election rule (Article 98(a))
Mr Steven Leonard <i>(last re-elected on 20 July 2017)</i>	over three years re-election rule (Article 98(a))
Mr Simon Israel <i>(last re-elected on 11 July 2018)</i>	1/3 rotation rule (Article 98(b))
Mrs Fang Ai Lian <i>(last re-elected on 11 July 2018)</i>	1/3 rotation rule (Article 98(b))

The profiles of the Directors are set out on pages 14 to 17 of this Annual Report. In addition, the Notice of AGM sets out information on the Directors proposed for re-election at the AGM. Detailed information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX) can be found in the "Additional Information on Directors Seeking Re-Election" section on pages 224 to 235 of this Annual Report.

BOARD MATTERS

Principle 5: Board Performance

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 the financial year ended 31 March 2020. 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 consistency in having the same external facilitator to evaluate the performance for year on year comparison.

CORPORATE GOVERNANCE REPORT

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, Chairman evaluation, risk management and corporate social responsibility. The responses from the Directors were then collated and a gap analysis was conducted by Aon Hewitt to confirm that the Board had met its performance objectives. The Chairman will act on the results of the evaluation in consultation with the NCGC.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The objective of the Company's remuneration framework is to attract, reward, motivate and retain a talented and high performing workforce that it needs in order to achieve the Group's business objectives and to attract and motivate Directors to provide good stewardship of the Company.

In performing the duties as required under its terms of reference, the CC ensures that the remuneration practices are in line with the Group's long-term strategy, performance and corporate values.

The CC is responsible for reviewing and recommending to the Board for approval a general framework of remuneration (including termination terms) and the specific remuneration packages for each Director (including the Group CEO) and key Management personnel. No individual Director is involved in deciding his/her own fees. Each year, the CC also approves the annual increment pool and variable bonus pool for distribution to all eligible employees.

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 2020, 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.

Succession planning and leadership development remain as one of the key focus areas for the CC. On an annual basis, the CC conducts a succession planning review of the Group CEO and key management positions to review potential successors for their readiness as well as their corresponding development plans.

REMUNERATION MATTERS

Principle 7: Level and Mix of Remuneration

The remuneration of non-executive Directors takes into account factors such as the the effort and time spent, contributions and respective responsibilities of the Directors. These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for attending Board and Board Committee meetings. The Directors' remuneration is reviewed yearly against peer companies to ensure its competitiveness and the quantum of the fees will only be paid upon approval by the 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 non-executive Directors, Group CEO and key Management personnel are disclosed under Principle 8. 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

REMUNERATION MATTERS

Principle 8: Disclosure on Remuneration

Remuneration of Non-Executive Directors

The fees for non-executive Directors comprised a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for attending Board and Board Committee meetings and Board Strategy Workshop. The framework for determining non-executive Directors' fees for the financial year ended 31 March 2020 was the same as the previous financial year and is set out below:

Basic Retainer Fee	S\$ (per annum)
Chairman	\$165,000
Director	\$65,000
Fee for appointment to Audit Committee and Finance and Investments Committee	
Committee Chairman	\$40,000
Committee Member	\$25,000
Fee for appointment to Board Risk and Technology Committee	
Committee Chairman	\$30,000
Committee Member	\$20,000
Fee for appointment to Nominations and Corporate Governance Committee and Compensation Committee	
Committee Chairman	\$20,000
Committee Member	\$15,000
Attendance fee for Board/Board Committee meeting (per meeting)	\$1,200
Attendance fee for Board Strategy Workshop	\$3,000

The aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 is S\$1,180,800. Details are set out in the table below:

Name of Directors	Directors' Fees (S\$'000)
Simon Israel	259.6
Chen Jun	102.6 ⁽²⁾
Chu Swee Yeok	129.8
Fang Ai Lian	162.2
Elizabeth Kong Sau Wai	126.0
Steven Leonard	142.2
Lim Cheng Cheng	105.0 ⁽³⁾
Bob Tan Beng Hai	153.4
Total	1,180.8 ⁽¹⁾

Notes:

- (1) Based on the non-executive Directors' remuneration framework, the aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 would have been S\$1,180,800. However, the Board of Directors of the Company would be taking a voluntary 10 per cent cut in Directors' fees in a show of solidarity with the nation amid the coronavirus pandemic. Therefore, the net aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 is reduced to S\$1,062,720.
- (2) Director's fee payable to Mr Chen Jun will be paid fully in cash to Alibaba Investment Limited, a subsidiary of Alibaba Group Holding Limited.
- (3) Director's fee payable to Ms Lim Cheng Cheng will be paid fully in cash to Singapore Telecommunications Limited.

There is no employee of the Company or its subsidiaries who is a substantial shareholder of the Company, or is an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during the financial year ended 31 March 2020.

CORPORATE GOVERNANCE REPORT

Remuneration of Group CEO/Executive Director and Key Management Personnel

The Company adopts a remuneration strategy that supports a pay-for-performance philosophy. Performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. 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 which include both financial and non-financial measures 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 base salary and annual wage supplement. Base salary is determined based on the individual's responsibilities, competencies and experience and is aligned to the 50th percentile of market pay rate. The CC proposes the compensation of the Group CEO and key Management personnel for the Board's approval on an annual basis.

Variable Component

Variable component refers to the performance bonus (PB) which closely links rewards to the achievement of organisational targets. The PB is structured to support the Group's business strategy and shareholder value creation through the delivery of corporate targets, namely, financial outcomes, business initiatives, operational efficiency and leadership. Demonstration of the SingPost values and competencies is also assessed to determine an overall performance rating based on a blended qualitative assessment.

Long-term Incentives

Long-term incentives (LTI) are granted to align employees' interests with that of shareholders. It is designed to drive longer term business priorities, shareholder value creation and talent retention. The long-term incentives are granted in the form of restricted shares with reference to the desired remuneration structure target and valued based on the Monte Carlo Model and Cashflow Discounting Model. There are two types of LTI awards – the Restricted Share Award (RSA) and Performance Share Award (PSA). The RSA is granted to a broader group of executives and key talents whereas the PSA is granted to senior Management. Details of the long-term incentive schemes can be found in the "Directors' Statement" section of the Annual Report.

Provident Fund

This component refers of statutory contributions to the Singapore Central Provident Fund, in line with local legislative requirements. It is not directly linked to performance.

Benefits

Benefits provided are comparable with market practice and these include medical, flexible benefits, car allowance and group insurances. Eligibility for these benefits is dependent on individual job grade and scheme of service. Housing benefits and pension allowance are provided, 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. For the financial year ended 31 March 2020, there were no termination, retirement and post-employment benefits granted to Group CEO and key Management personnel.

Remuneration of Executive Director/Group CEO

The following information relates to the remuneration of the Group CEO for the financial year ended 31 March 2020:

Name of Executive	Fixed Component ⁽¹⁾ (S\$'000)	Variable Component ⁽²⁾ (S\$'000)	Provident Fund ⁽³⁾ (S\$'000)	Benefits ⁽⁴⁾ (S\$ '000)	Total Compensation ⁽⁵⁾ (S\$ '000)	SingPost Restricted Share Plan ⁽⁶⁾	
						No. Awarded & Accepted ('000)	Value (S\$'000)
Paul Coutts Group CEO	1,000.0	700.0	0.0	275.2	1,975.2	1,259.3	972.1

CORPORATE GOVERNANCE REPORT

Remuneration of Other Key Management Personnel

The following information relates to the remuneration of the Company's top five key Management personnel (who are not Directors or the Group CEO) for the financial year ended 31 March 2020:

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Benefits ⁽⁴⁾ %	Total Compensation ⁽⁵⁾ %	SingPost Restricted Share Plan ⁽⁶⁾	
						No. Awarded & Accepted ('000)	Value (\$'000)
\$S\$750,000 to below \$S\$1,000,000							
Phang Heng Wee, Vincent ⁽⁷⁾ <i>CEO (Postal Services & Singapore)</i>	53	39	3	5	100	309.8	239.1
\$S\$500,000 to below \$S\$750,000							
Lai Tak Loi, Richard <i>Group CFO</i>	74	17	3	6	100	290.0	223.8
Lim Jui-I <i>Chief Executive Officer, Quantum Solutions</i>	70	21	3	6	100	193.7	149.6
Linda Hoon Siew Kin <i>Group General Counsel & Group Company Secretary</i>	78	14	3	5	100	103.7	85.7
Below \$S\$250,000							
Puar Huan Kiap ⁽⁸⁾ <i>Group Chief Information Officer</i>	88	–	2	10	100	–	–

Aggregate compensation paid to the top five key Management personnel as at 31 March 2020 (which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants) is approximately S\$3.6 million. Aggregate compensation paid to two former key Management personnel⁽⁹⁾ (which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants) is approximately S\$0.9 million.

Notes:

- (1) Fixed Component refers to base salary earned and annual wage supplement, if applicable, for the financial year ended 31 March 2020.
- (2) Variable Component refers to performance bonus paid in the financial year ended 31 March 2020.
- (3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.
- (4) 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.
- (5) Total Compensation excludes the value of restricted shares.
- (6) The SingPost Restricted Share Plan comprises two types of awards granted in the financial year ended 31 March 2020, i.e. Performance Share Award and Restricted Share Award. The restricted shares valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cashflow Discounting Model.
- (7) Mr Phang Heng Wee, Vincent joined SingPost on 1 April 2019.
- (8) Mr Puar Huan Kiap joined SingPost on 2 January 2020.
- (9) Mr Woo Keng Leong (former Postal Advisor) and Mr Tan Kia Hwee (former Group Chief Digital & Technology Officer) were the two key Management personnel who left SingPost during the financial year ended 31 March 2020.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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.

CORPORATE GOVERNANCE REPORT

The BRTC has scheduled meetings which are attended by the Group CEO, the Group CFO, CEO (Postal Services & Singapore), the Group Chief Information Officer, Group General Counsel and Senior Vice President (Group Internal Audit), as well as key Management personnel.

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 IT risk exposures are identified and appropriately managed.

On a quarterly basis, the respective risk owners will review the adequacy and effectiveness of the mitigation controls of their respective top tier risks and present their respective risk alerts and updates on their mitigation plans to the BRTC. Critical technology matters such as IT (Cyber) security and risks associated with data strategy management will also be discussed in length between the BRTC and Management including Group Chief Information Officer.

On an annual basis, the Group's Risk Heat Map containing the top tier risks and Group Enterprise Risk Management initiatives would be presented to the Board and updated on a half-yearly basis.

During the financial year ended 31 March 2020, the BRTC reviewed the Enterprise Risk Management (ERM) framework to ensure it remains relevant to the Group's circumstances. The ERM framework consists of ERM Governance, ERM Process and ERM Monitoring. Both ERM Process (risk alerts reporting) and ERM Monitoring (quarterly reports circulated to BRTC) were performed on a quarterly basis.

The BRTC also assists the Board in fulfilling its oversight responsibilities on risk management by reviewing:

- (a) the overall risk management system and process and provide comments on changes as and when appropriate for management consideration having regard to costs and benefits
- (b) the Group's risk appetite statements, risk profiles, guidelines and limits
- (c) periodically the Group's material exposures and concur on management assessment on the adequacy and effectiveness of the mitigation measures implemented by risk owners

The Group's risk appetite statement reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives. During the financial year ended 31 March 2020, the Board approved the Group's risk appetite statements regarding the Group's perspectives on the risks surrounding strategy, sustainability and growth, financial, people and culture.

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

CORPORATE GOVERNANCE REPORT

- maintenance of proper accounting records
- ensuring compliance with appropriate legislation and regulations
- having qualified and experienced persons to take charge of important functions

The Company's approach to risk management is set out in the Sustainability section under ERM Approach of the Annual Report on pages 81 to 88.

The Board has received written assurance from the Group CEO and the Group CFO that, as at 31 March 2020, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

Written assurance has also been received by the Board from the Group CEO, the Group CFO and other relevant key Management personnel 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 2020 to address the risks which the Group considers relevant and material to its operations and finances.

The Board, with the concurrence of the AC, is of the opinion 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 2020 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, the Group CFO and other relevant key Management personnel.

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.

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 periodic 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.

ACCOUNTABILITY AND AUDIT

Principle 10: Audit Committee

The AC comprises three Directors, all of whom are non-executive independent Directors. All members of the AC, including the AC chairman, 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 past two years. 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 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.

CORPORATE GOVERNANCE REPORT

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 statements of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2020, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

During the year, the AC has reviewed the performance of the external auditors using the Audit Quality Indicators Disclosure Framework published by ACRA as reference. 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 2020. 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. Accordingly, the AC has recommended the re-appointment of the external auditor at the forthcoming AGM.

During the financial year, the AC has reviewed with the Group CFO and the external auditor the 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 and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2020, 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
<p>Assessment of impairment of goodwill and other intangible assets</p>	<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 with consideration of the potential financial impact of the COVID-19 pandemic, the appropriate terminal growth rates and discount rates applied to the future cash flow projections.</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 2020. Refer to page 103 of the Annual Report.</p>
<p>Valuation of investment properties</p>	<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 including the potential impact of COVID-19 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 2020. Refer to page 104 of the Annual Report.</p>

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Recoverability of trade receivables from a customer	<p>The AC reviewed the recoverability of trade receivables from one of the Group's customers (Customer), including Management's collectability assessment which requires the exercise of significant judgement.</p> <p>The AC also reviewed the reasonableness of the assumptions adopted in the expected credit loss assessment for this Customer, taking into consideration the aging status, past and current collection history, financial position of this Customer, confirmation of the balance receivable as at 31 March 2020, and repayment plan provided by this Customer on settlement of the outstanding balance.</p> <p>The recoverability of trade receivables from this Customer 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 2020. Please refer to page 105 of the 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 periodically reviews these policies and arrangements. Details of the whistle-blowing policy, arrangements and procedures for raising such concerns are posted on the Company'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 chairman 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 chairman of the NCGC. If the suspected violations involve the Chairman of the Board or the chairman of the NCGC, communication should be made to the chairman 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.

In addition, the Group adopts a zero-tolerance approach to bribery and corruption and is committed to acting professionally, transparently and fairly with integrity in all of the Group's business dealings and relationships as well as implementing and enforcing effective systems to counter bribery and corruption. The Group's Anti-Bribery and Corruption Policy (ABC Policy) sets out guiding principles to conduct the businesses with honesty, fairness and high ethical standards. The ABC Policy applies to the Board members as well as employees of the Group. The Company also has a Code of Ethics that sets forth certain standards and rules of conduct that apply to all employees. The Code of Ethics describes the importance of protecting the interests of the Company, safeguarding sensitive and confidential information, preventing any conflict of interest, and not engaging in illegal, corrupt or fraudulent activities, as an employee of the Company. All employees are expected to strictly adhere to the rules of conduct contained in the staff manual including the code, as well as comply with laws and regulations.

The Code of Business Conduct and Ethics, the Policy on Directors' Conflicts of Interest and the ABC Policy are accessible from the Company's corporate website.

Internal Audit

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.

CORPORATE GOVERNANCE REPORT

The IAD is headed by the Senior Vice President (Group Internal Audit) and staffed by suitably qualified and experienced executives. Its primary line of reporting is to the chairman 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, and is of the view that the internal audit function is independent, effective and adequately resourced. 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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

The Company treats all shareholders fairly and equitably and is committed to upholding a practice of fair, transparent and timely disclosure. The Company publicly releases all price-sensitive and trade-sensitive information via SGXNet prior to any meetings with individual analysts or investors with the view to ensure parity of information. Such information is also posted on the Company's corporate website after each release.

Conduct of Shareholder Meetings

The Company encourages shareholder participation at general meetings, which serve as a platform for engagement with the Board and Management. The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings.

The Company disseminates information on its general meetings through notices sent to shareholders and published in the local press and via SGXNet. Annual Reports and Letters/Circulars are normally sent to shareholders at their written request and are posted on the Company's corporate website. The meetings are usually 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, Cap. 50) 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/her behalf.

Shareholders are informed of the rules, including the voting procedures that govern general meetings. The Company has implemented electronic polling and 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.

Where a physical meeting is held, Board members and the respective chairman 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.

CORPORATE GOVERNANCE REPORT

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 tabled on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event that there are resolutions which are interdependent and linked, the Board will explain the reasons and material implications in the notice of the meeting. 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.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of the financial year ended 31 March 2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Minutes of the general meetings are posted on the Company's corporate website which record 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.

Provision 11.4 of the 2018 Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders. Presently, absentia voting (such as by mail, email or fax) is not permitted under the Company's Constitution. The Company does not intend to amend its Constitution to provide for absentia voting until security, integrity and other pertinent issues relating to absentia voting are satisfactorily resolved. Nevertheless, the Company is of the view that notwithstanding its deviation from Provision 11.4 of the 2018 Code, shareholders are treated fairly and equitably and have the opportunity to communicate their views on matters affecting the Company. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings if they are unable to attend.

Dividend 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 (IR) section of the Company's corporate website at <https://www.singpost.com/about-us/investor-relations/dividend-information>. Other than the dividend policy, the Company also discloses its dividend payment history on its corporate website.

Communication with Shareholders

Through its IR team, the Company 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 IR activities and conduct are guided by its Market Disclosure Policy, which contains the principles, guidelines and procedures governing market disclosure, as well as the IR Policy, which describes the principles and practices for the Company to provide current and prospective investors with information necessary to make well-informed investment decisions.

The Company makes timely disclosures of new material information to all shareholders on SGXNet in compliance with the requirements of the SGX listing rules. 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.

CORPORATE GOVERNANCE REPORT

Management and the IR team regularly engage investors via various platforms to keep them updated on the 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 conducts briefings for analysts after each financial results announcement. Webcasts of such briefings are made available on the IR section of the Company's corporate website.

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 retail shareholders to interact with Management.

Shareholders and potential investors can contact the IR team directly with any queries via the contact details published on the IR 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. Furthermore, the Lead Independent Director is available to shareholders and can be contacted at lid@singpost.com where shareholders have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The contact details of the Lead Independent Director are published on the IR section of the Company's corporate website.

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.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company has put in place practices (including the maintenance of a current corporate website) that enable regular communication and engagement with stakeholders, so as to understand and address their needs and interests.

Formal materiality assessment exercises with internal and external stakeholders were also conducted from FY2017/2018 to FY2018/2019 to identify environment, social and governance (ESG) topics that matter to them. The results from the materiality assessments and ongoing engagements continue to influence sustainability efforts in the Company. 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 73 to 78 of the Sustainability section of this Annual Report.

DEALINGS IN SECURITIES

In line with the SGX listing rules, 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 applicable for the financial year ended 31 March 2020 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. The Company refrains from purchasing its shares during these periods and at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. 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 periodic reminders to its Directors, relevant officers and employees on the restrictions in dealings in the Company's securities.