

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company recognises corporate governance as being essential for the long term sustainability of the Group's businesses and performance, and has appointed Heidrick & Struggles to undertake the Corporate Governance Review.

SingPost has complied in all material respects with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (2012 Code) and will implement the recommendations of the Special Audit together with the outcome of the corporate governance review. Corporate governance is a continuing journey and the Board and Management of SingPost are fully committed to continue to review and enhance its processes, taking into account industry best practices and the needs and circumstances of the Group.

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 Board is collectively responsible for the long-term success of the Company. The Board provides leadership and guidance to Management on the Group's overall strategy, reviews Management performance and oversees the Group's overall performance objectives, key operational initiatives, risk management and corporate governance practices, financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board approves financial results for release to the Singapore Exchange Securities Trading Limited (SGX-ST), the appointment of directors and key management staff, and changes in the composition and terms of reference of Board Committees.

There is a framework of internal controls which sets out financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services, as well as acquisition and disposal of investments. The Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to the Executive Committee, and Management to optimise operational efficiency.

Board Committees

To assist the Board in discharging its duties and to enhance the effectiveness of the Board, the Board has established the Board Committees set out in the following table. Each Board Committee has written terms of reference, which clearly set out its respective authority and duties.

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Board Committee	Key Responsibilities	Membership
Executive Committee	Assists the Board in overseeing the management of the business and affairs of the Group, in particular with the review and approval of investments and divestments within the threshold limits delegated to it by the Board.	Mr Lim Ho Kee (Chairman) Dr Wolfgang Baier Mr Goh Yeow Tin Mr Michael James Murphy Mr Tan Yam Pin
Nominations Committee	Assists the Board in the selection, nomination, appointment and re-appointment of directors, succession planning, evaluation and training and making recommendations to the Board on key staff appointments.	Mr Zulkifli Bin Baharudin (Chairman) Mr Lim Ho Kee Mr Soo Nam Chow
Compensation Committee	Assists the Board in developing an appropriate compensation and remuneration framework to attract and retain talent.	Mr Tan Yam Pin (Chairman) Mr Bill Chang York Chye Mr Zulkifli Bin Baharudin
Audit Committee	Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.	Mr Soo Nam Chow (Chairman) Mr Tan Yam Pin Mr Zulkifli Bin Baharudin
Board Risk and Technology Committee	Assists the Board in maintaining a sound system of risk management and material controls to safeguard shareholders' interest and the assets of the Group; and assists the Board in fulfilling its oversight responsibilities on matters relating to technology and technology development.	Professor Low Teck Seng (Chairman) Mr Bill Chang York Chye Ms Aliza Knox Mr Michael James Murphy Mr Tan Yam Pin

Board Meetings and Attendance

The Board meets regularly and as warranted to discuss and resolve matters requiring the Board's approval. For the financial year ended 31 March 2016, the Board met a total of seven times. Towards the end of each financial year, the Board participates in a strategy workshop with Management to plan the Group's longer term strategy. Typically, the Board strategy workshop is held offsite in a country where the Group has significant investments to allow the Board to meet with the Group's business partners, thereby developing stronger business relationships and allowing Board members to gain a first-hand insight into these investments. For the financial year ended 31 March 2016 however, in order to ensure clear alignment and continuity in execution, the Board strategy workshop has been postponed and will be held when both the new chairman and new group chief executive officer are on the Board. Board and Board Committee meetings, as well as the annual general meeting (AGM) of the Company, are scheduled in advance of each year in consultation with all directors. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. Directors who are unable to attend meetings in person can participate by telephone. Decisions of the Board or a Board Committee may also be obtained via circular resolution. To facilitate a more effective oversight on Management, non-executive directors set aside time at meetings for discussions without the presence of Management. The directors also communicate on an ad hoc basis without the presence of Management to review matters of a confidential nature.

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The attendance of each director at Board meetings and Board Committee meetings for the financial year ended 31 March 2016 is as follows:

	BOARD	EXECUTIVE COMMITTEE	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE	AUDIT COMMITTEE	BOARD RISK AND TECHNOLOGY COMMITTEE
Number of Meetings Held	7	13	2	3	9	4
Name						
Lim Ho Kee ⁽¹⁾	7/7	13/13	2/2	–	–	–
Goh Yeow Tin ⁽²⁾	7/7	13/13	–	3/3	–	–
Dr Wolfgang Baier	7/7	10/13	–	–	–	–
Bill Chang York Chye	7/7	–	–	3/3	–	3/4
Chen Jun	5/7	–	–	–	–	–
Aliza Knox	6/7	–	–	–	–	4/4
Professor Low Teck Seng	7/7	–	–	–	–	4/4
Michael James Murphy ⁽³⁾	6/7	0/1	–	–	–	2/4
Soo Nam Chow	7/7	–	2/2	–	9/9	–
Tan Yam Pin ⁽⁴⁾	7/7	12/13	–	3/3	9/9	4/4
Keith Tay Ah Kee ⁽⁵⁾	6/7	13/13	2/2	–	5/9	–
Zulkifli Bin Baharudin ⁽⁶⁾	7/7	–	2/2	3/3	9/9	–

Notes

- ⁽¹⁾ Mr Lim Ho Kee stepped down as chairman of the Board on 10 May 2016.
- ⁽²⁾ Mr Goh Yeow Tin stepped down as chairman and member of the Compensation Committee on 1 January 2016 when he assumed an executive role.
- ⁽³⁾ Mr Michael James Murphy was appointed member of the Executive Committee on 16 November 2015.
- ⁽⁴⁾ Mr Tan Yam Pin was appointed chairman of the Compensation Committee on 1 January 2016 in place of Mr Goh Yeow Tin who stepped down as chairman and member when the latter assumed an executive role.
- ⁽⁵⁾ Mr Keith Tay Ah Kee recused himself from Audit Committee meetings held on 5 January, 3 February, 18 March and 21 March 2016 which discussed the Special Audit. He stepped down as chairman of the Nominations Committee on 8 April 2016 and as member of the Nominations Committee on 9 May 2016. He also stepped down as member of both the Audit Committee and Executive Committee on 9 May 2016. Mr Keith Tay Ah Kee resigned from the Board on 12 May 2016.
- ⁽⁶⁾ Mr Zulkifli Bin Baharudin was appointed chairman of the Nominations Committee on 8 April 2016 in place of Mr Keith Tay Ah Kee who stepped down as chairman of the Nominations Committee.

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Board Induction and Training

In addition to a formal letter to each newly appointed director stating the director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules, the Company has in place a compulsory orientation programme to familiarise incoming directors with the Group's businesses and strategic objectives. The programme includes presentations by the Group Chief Executive Officer (Group CEO) on the Company's strategic plans and financial performance, and presentations by senior management on their respective businesses, directions and corporate governance practices. The orientation programme not only serves its objective of thoroughly acquainting the director with the nature and workings of the Group's business, but also serves as a platform for new directors to get to know members of senior management and to ask questions.

Existing board directors are kept informed of changing commercial risks faced by the Group through briefings at Board meetings, as well as articles and reports circulated to the Board. In addition, facility visits are arranged for directors to better understand the Group's business operations. Board directors are also briefed on changes in regulations and guidelines.

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 per cent shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition

The Board comprises 12 directors, half of whom are independent. Excluding the Group CEO, Dr Wolfgang Baier, and Mr Goh Yeow Tin, who was appointed Executive Director upon the announcement of the Group CEO's intention to resign from the Company, all the other directors are non-executive directors. Profiles of the directors can be found on pages 12 to 16 of this Report.

Collectively, the directors provide an appropriate balance and diversity of skills, experience, gender and knowledge. They have a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including postal services, eCommerce, logistics, accounting, finance, business and management, strategic planning, information and communication technology, engineering, and regional business experience.

The Board nevertheless continues to review its size and composition. In particular, the Board has on 31 March 2016 appointed Heidrick & Struggles to conduct an extensive corporate governance review which includes a review of Board composition. The recommendations from this corporate governance review will assist the Board to strengthen the bench with the right talent and skills to be future ready.

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Mr Keith Tay Ah Kee has resigned from the Board with effect from 12 May 2016. Mr Goh Yeow Tin has on 24 May 2016 given notice of his intention to resign from the Board with effect from 24 June 2016. Mr Lim Ho Kee and Mr Tan Yam Pin, both long standing directors will not be seeking re-appointment to the Board at the AGM. Together with the changes in the Board chairman and Group CEO, the Board is undergoing a comprehensive Board renewal exercise. The Board is confident that by acting upon recommendations from the timely and thorough corporate governance review, new appointments to the Board will strongly enhance the Board in achieving a collective optimum in the diversity of relevant skills, experience, gender and knowledge.

Review of Directors' Independence

Taking into account the views of the Nominations Committee, the Board determines the independence of each director on an annual basis and as and when circumstances require, based on the guidelines provided in the 2012 Code. Each director is required to complete a director's independence checklist of himself/herself. The Nominations Committee reviews the checklists in arriving at its recommendations to the Board on the independence of directors.

Three directors have served on the Board for more than nine years from the respective dates of their first appointment namely Mr Lim Ho Kee, Mr Keith Tay Ah Kee and Mr Tan Yam Pin.

The independence of directors who served on the Board beyond nine years was subjected to rigorous review. Aon Hewitt, an international company whose core competence includes the provision of consulting services on board performance, was appointed as external facilitator to conduct the annual Board effectiveness assessment. As part of the assessment, the views of the other directors were sought regarding the independence of those directors who had served over nine years. The Board was unequivocal in its view that all three directors were strongly independent in thought, judgement and action. As mentioned above, Mr Keith Tay Ah Kee has resigned from the Board, and Mr Lim Ho Kee and Mr Tan Yam Pin have informed the Board of their respective intentions not to seek re-appointment at the AGM. In the circumstances, at the coming AGM, the Board will not include any member who has served for more than nine years.

Based on the recommendations of the Nominations Committee, the Board is of the opinion that, with the exception of the Group CEO Dr Wolfgang Baier, Mr Bill Chang York Chye, Mr Chen Jun, Mr Michael James Murphy and Mr Goh Yeow Tin, all the other directors are independent. Mr Bill Chang York Chye is the Chief Executive Officer (Group Enterprise) of Singapore Telecommunications Limited which holds more than 10 per cent of the total voting shares in SingPost. Mr Chen Jun is a Vice President of Alibaba Group Holding Limited which holds more than 10 per cent of the total voting shares in SingPost. Mr Michael James Murphy is the Chief Executive Officer, a director and substantial shareholder of Postea Group, Inc. Mr Michael James Murphy is deemed non-independent as a result of various agreements entered into between the Group and the Postea Group. Mr Goh Yeow Tin was appointed executive director of the Company on 1 January 2016.

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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 Group CEO are separate persons and are not related to each other. The respective roles of Chairman and Group CEO have always been kept separate in the Company to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

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 has a leadership role in driving the transformation of the Group. He provides Management with oversight advice and guidance on the strength of his in-depth understanding of the Group's diverse businesses, the industry, its partners and the geographical regions in which the Group operates. 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. The Chairman monitors the translation of the Board's decisions and directions into executive action. 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 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 the Executive Leadership Group (ELG). The ELG comprises the Group Chief Financial Officer (Group CFO), Group Chief Operating Officer (Group COO), Executive Vice Presidents and various heads of departments of SingPost. The ELG meets at least once a month to review and direct the execution and implementation of the Group's strategy, business development, financial and risk management policies, operational policies and activities.

Regulatory Approvals

The appointments of the Chairman and the Group CEO of the Company require the prior written approval of the Infocomm Development Authority of Singapore (IDA) and the Monetary Authority of Singapore (MAS). The Company duly sought and obtained the approval of regulators to appoint Mr Simon Israel whose appointment as director and chairman was effective 11 May 2016.

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Lead Independent Director

Mr Keith Tay Ah Kee relinquished his position as the Lead Independent Director upon the announcement of the Special Audit Report on 3 May 2016.

An independent director is to be appointed as Lead Independent Director where the Chairman is not an independent director. By reason of his role as director and chairman of the board of Singapore Telecommunications Limited which holds more than 10 per cent of the total voting shares in SingPost, Mr Simon Israel is a non-independent director. The independent directors are in the process of and shall shortly be appointing from their midst a Lead Independent Director to be available to shareholders as an alternate channel, should shareholders fail to resolve concerns through the normal channels of the Chairman, Group CEO or Group CFO, or when such normal channels are inappropriate. The Lead Independent Director will also lead the other independent directors to meet periodically without the presence of the other directors and provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

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

Nominations Committee

The Nominations Committee currently comprises three directors, all of whom, including the chairman, are non-executive and are independent. The key responsibilities of the Nominations Committee are (i) to review the size and composition of the Board and Board Committees; (ii) to ensure that the Board has the appropriate balance of expertise, skills, knowledge, experience, attributes and abilities; (iii) to review directors' independence and performance; (iv) to advise on Board succession planning; and (v) to review training and professional development programmes for Board members.

Succession Planning and Nomination Process

When the need for a new director is identified, the Nominations Committee draws up a list of candidates identified through consultation with directors, Management and shareholders and their network of contacts. The Nominations Committee is empowered to engage professional search firms to draw up a shortlist. The Nominations Committee meets with the candidates that it has shortlisted to (a) assess the suitability of each candidate, (b) communicate to the candidates the level of commitment expected, and (c) provide sufficient information for the candidates to make an informed decision on accepting the role. After a candidate has been endorsed by the Nominations Committee, it will make a recommendation to the Board whereupon the Board will deliberate on the recommendation. Upon the Board's approval, SingPost will seek IDA'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.

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Alternate Directors

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

Directors' Time Commitment

The Nominations Committee is tasked with ensuring that directors 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 Nominations Committee will consider the other directorships held by the directors and their principal commitments. The Board believes that each director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively. Accordingly, the Board has not made a determination of the maximum number of listed company board representations a director may hold. For the past financial year, the Nominations Committee has determined that all the directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately.

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 newly appointed 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 or she not to do so, he or 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/re-appointment to retire from office by rotation at each AGM (1/3 rotation rule). Pursuant to the foregoing, six directors will retire, four of whom will submit themselves for re-election/re-appointment at the forthcoming AGM:

Name	Retiring and standing for re-appointment/re-election pursuant to:
Mr Simon Israel (appointed on 11 May 2016)	new directors re-election rule [Article 97]
Ms Aliza Knox (last re-elected in 2014)	1/3 rotation rule [Article 91(b)]
Mr Soo Nam Chow (last re-elected in 2014)	1/3 rotation rule [Article 91(b)]
Mr Zulkifli Bin Baharudin (last re-elected in 2014)	1/3 rotation rule [Article 91(b)]

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.

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Board Effectiveness Assessment

The Board believes that the effectiveness of the Board is ultimately reflected in the long-term performance of the Group. The Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board. Aon Hewitt, an international consultancy firm that specialises in human capital, with a core competence in board performance evaluation, was appointed as an external facilitator to assess the effectiveness of the Board as a whole, the Board Committees and the directors. Aon Hewitt has no connection with SingPost or any of its directors, other than as its advisor on Board effectiveness.

The view on the Board's effectiveness was formed by looking at various criteria that included: Board composition, information management, Board processes, integrity and corporate social responsibility, managing company's performance, strategy and priorities and risk management. As part of the process, the directors completed online surveys administered by Aon Hewitt providing input on Board and Board Committees as well as self and peer evaluation. The directors were also interviewed by Aon Hewitt to enable confidential feedback to be received.

The Board, in consultation with the Nominations Committee, and based on each director's attendance, preparedness and participation at Board and Board Committee meetings (where applicable), is of the view that each director has contributed effectively to the Board and has demonstrated commitment to his or her role.

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. The Group CEO, Group CFO, Group COO and other senior 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 Board has separate and independent access to Management and the Company Secretary. The Company Secretary attends to all corporate secretarial matters and is responsible for ensuring that SingPost complies with its Constitution and applicable rules and requirements under the Companies Act and the SGX-ST listing rules. The Company Secretary attends all Board meetings and facilitates and organises directors' induction and training. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board, its Board Committees and between Management and non-executive directors.

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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 Compensation Committee currently comprises three directors, all of whom are non-executive and the majority of whom are independent. The chairman of the Compensation Committee is an independent director.

The Compensation Committee plays an important role to ensure talent is attracted and retained. It meets yearly to discuss performance targets and recommends the specific remuneration package for the executive director and Group CEO, and these recommendations are submitted to the Board for approval. The Compensation Committee also reviews and approves the remuneration of key management personnel, as well as the annual increment and variable bonus for employees.

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

The Compensation Committee has access to both internal and external expert advice on human resource matters whenever there is a need to consult.

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. For the financial year ended 31 March 2016, two pro tem committees were established namely the Corporate Governance Review Committee and the GCEO Search Committee. The Board has decided that no additional fee shall be paid to Board members in respect of the two pro tem committees.

The Group CEO, who is an executive director, is not paid a director's fee. The employment contract of the Group CEO is for a fixed appointment period. The Group CEO's terms of employment and rewards, including long-term incentives in the form of SingPost share options and/or restricted shares, are reviewed by the Compensation Committee and approved by the Board.

The level and structure of remuneration of the directors and the Group CEO and key management personnel are disclosed in Principle 9.

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Principle 9: Disclosure on Remuneration

Each 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 2016 is as listed below:

Name of Directors	Fixed Component ⁽¹⁾ (S\$'000)	Variable Component ⁽²⁾ (S\$'000)	Directors' Fees (S\$'000)	Provident Fund ⁽³⁾ (S\$'000)	Benefits ⁽⁴⁾ (S\$'000)	Total Compensation ⁽⁵⁾ (S\$'000)	SingPost Share Option Scheme ⁽⁶⁾		SingPost Restricted Share Plan ⁽⁶⁾	
							No. Awarded & Accepted ('000)	Value (S\$'000)	No. Awarded & Accepted ('000)	Value (S\$'000)
S\$2,750,000 to below S\$3,000,000										
Dr Wolfgang Baier	860.3	1,780.0	–	–	142.5	2,782.8	3,000.0	542.4 ⁽¹⁰⁾	–	–
S\$250,000 to below S\$500,000										
Lim Ho Kee	–	–	314.6	–	1.5	316.1	–	–	–	–
Below S\$250,000										
Goh Yeow Tin ⁽⁷⁾	120.0	–	98.0	1.6	0.4	220.0	–	–	–	–
Bill Chang York Chye	–	–	105.6	–	–	105.6	–	–	–	–
Chen Jun	–	–	61.0	–	–	61.0	–	–	–	–
Aliza Knox	–	–	87.0	–	–	87.0	–	–	20.5	38.8 ⁽¹¹⁾
Professor Low Teck Seng	–	–	133.2	–	–	133.2	–	–	80.5	152.1 ⁽¹¹⁾
Michael James Murphy ⁽⁸⁾	–	–	98.9	–	–	98.9	–	–	–	–
Soo Nam Chow	–	–	131.6	–	–	131.6	–	–	–	–
Tan Yam Pin ⁽⁹⁾	–	–	216.7	–	1.5	218.2	–	–	–	–
Keith Tay Ah Kee	–	–	191.2	–	1.5	192.7	–	–	–	–
Zulkifli Bin Baharudin	–	–	135.2	–	1.5	136.7	–	–	–	–

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NOTES

- (1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2016.
- (2) Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2016.
- (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 SingPost. These include medical benefits, flexible benefits, car allowance and housing benefits, where applicable.
- (5) Total Compensation excludes the value of share options and restricted shares.
- (6) The option/restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model/Adjusted Share Price Model.
- (7) Mr Goh Yeow Tin was appointed as Deputy Chairman on 12 May 2015 and Executive Director on 1 January 2016. He stepped down as chairman and member of the Compensation Committee on 1 January 2016.
- (8) Mr Michael James Murphy was appointed as an additional member of the Executive Committee on 16 November 2015.
- (9) Mr Tan Yam Pin was appointed as the chairman of the Compensation Committee on 1 January 2016.
- (10) The three million share options have been cancelled.
- (11) Share awards were granted in lieu of cash payment for the directors' fees of Ms Aliza Knox and Professor Low Teck Seng for the financial year ended 31 March 2015.

No employee of SingPost and its subsidiary companies is an immediate family member of a director or the Group CEO, and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2016.

Executives' Remuneration

SingPost adopts a remuneration strategy that supports a pay-for-performance philosophy. The Group'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 base 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 the variable component against total compensation is higher for the Group CEO and key management personnel.

Provident Fund

This component is made up of the Company's contributions towards the Singapore Central Provident Fund.

Benefits

Benefits provided are consistent with market practice and include medical and housing benefits, flexible benefits and car allowance, where applicable. Eligibility for these benefits will depend on individual salary grade and scheme of service.

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Share-based Incentives

Share-based incentives are granted to align staff's interests with those of shareholders', and these are granted in the form of either share options or restricted shares. These incentives are granted with reference to the desired remuneration structure target and valued based on the Trinomial Option Pricing Model, Monte Carlo Model and Adjusted Share Price Model. Details of the share option scheme can be found in the "Directors' Statement" section of the Annual Report. In addition, identified key management personnel, including the executive director, are considered for Performance Share options which are tied to set performance targets. Details of the grant are in the "Directors' Statement" section.

The following information relates to the remuneration of the Company's key management personnel (not being a director) for the financial year ended 31 March 2016:

Name of Executive	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Provident Fund ⁽³⁾ %	Benefits ⁽⁴⁾ %	Total Compensation ⁽⁵⁾ %	SingPost Share Option Scheme ⁽⁶⁾	
						No. Awarded & Accepted ('000)	Value (\$'000)
\$\$500,000 to below \$750,000							
Marcelo Wesseler <i>Chief Executive Officer, SP Commerce</i>	69	14	3	14	100	2,117.0	382.8
Dr Sascha Hower <i>Group COO & Chief Executive Officer, Quantium Solutions</i>	63	26	0	11	100	818.0	147.9
Woo Keng Leong <i>Chief Executive Officer, Postal Services</i>	64	29	1	6	100	818.0	147.9
Ramesh Narayanaswamy <i>Group Chief Information Officer</i>	69	22	3	6	100	382.0	69.1
\$\$250,000 to below \$500,000							
Mervyn Lim Sing Hok ⁽⁷⁾ <i>Deputy Group CEO (Corporate Services) & Group CFO</i>	89	0	2	9	100	–	–

NOTES

- (1) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the year ended 31 March 2016.
- (2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2016.
- (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 SingPost. These include medical benefits, flexible benefits, car allowance, international assignment package, long service awards and housing benefits, where applicable.
- (5) Total Compensation excludes the value of share options.
- (6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model. It comprised of share options granted in the financial year ended 31 March 2016.
- (7) Mr Mervyn Lim Sing Hok joined SingPost on 1 September 2015.

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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 ensure 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. To assist it in the oversight of the Group's risk management framework and policies, the Board established the Board Risk Committee in 2005. The Board Risk Committee was merged with the Technology Committee to form the Board Risk and Technology Committee in 2013. As the main purpose of the Technology Committee was to address a type of risk, namely technology risk, the Board was of the view that the interests of the Company would be best served by governing this component of risk as part and parcel of other risks.

The Board Risk and Technology Committee meets on a quarterly basis, and the meetings are attended by the Group CEO, Group CFO, Group COO, Group Chief Information Officer, as well as other key management staff.

The Group CEO or Executive Director meets with key management personnel 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 Board Risk and Technology Committee.

CORPORATE GOVERNANCE REPORT

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 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 Board Risk and Technology Committee 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 Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO, that:

- 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; and
- the Group's internal controls and risk management systems were adequate and effective as at 31 March 2016 to address the risks which the Group considers relevant and material to its operations and finances.

CORPORATE GOVERNANCE REPORT

The Board, with the concurrence of the Audit Committee, 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 2016 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, as well as assurances received from the Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO who is also the Covering Group CEO. However, there are some areas requiring improvement as identified by the Special Audit that was commissioned by the Company in January 2016 on the acquisitions of three entities of the Famous Group. Details of these areas for improvement are disclosed in the Special Auditors' executive summary report that was published on the SGXNET on 3 May 2016. The Board accepts the Special Auditors' recommendations and will ensure these recommendations are implemented.

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.

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 Audit Committee currently comprises three directors all of whom are non-executive. The chairman of the Audit Committee and all other members are independent directors. Information on the members of the Audit Committee and the Audit Committee's key responsibilities is outlined under the "Board Committees" section of this Corporate Governance Report.

The Audit Committee has explicit authority to investigate any matters 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 Audit Committee has direct access to the external auditors. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services.

Internal Audit performs detailed work to assist the Audit Committee in the evaluation of material internal controls of the Group. The external auditors, in the course of conducting their normal audit procedures on the statutory financial statements of the Group, also review the Group's material internal controls to the extent of their scope as laid out in their audit plan. If any material internal control weakness is noted by the auditors, these weaknesses and the auditors' recommendations are reported to the Audit Committee.

The Audit Committee 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 Audit Committee also meets with the internal and external auditors, without the presence of Management, at least annually.

CORPORATE GOVERNANCE REPORT

The Audit Committee 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 2016, as well as the auditors' reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Audit Committee.

The Audit Committee has reviewed with Management all the non-audit services provided by the external auditors to SingPost and the Group in the financial year ended 31 March 2016. Based on the nature and extent of the services provided, the Audit Committee is of the opinion that the independence of the external auditors would not be impaired by the provision of these non-audit services. The external auditors have also provided a confirmation of their independence to the Audit Committee.

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

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 in place whistle-blowing policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports received must be sent to the Group's internal audit function. All whistle-blowing reports received and findings of the investigations are reported to the Audit Committee. Details of the whistle-blowing policies, arrangements and procedures for raising such concerns are posted on the SingPost intranet and website for easy reference by staff and any other persons. New staff are briefed on these during the staff orientation programme.

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 internal audit function covers the audits of subsidiaries. Its primary line of reporting is to the chairman of the Audit Committee, although it would also report administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

The internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including direct access to the Audit Committee.

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

CORPORATE GOVERNANCE REPORT

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. SingPost respects the equal information rights of all shareholders 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 has in place an investor relations (IR) policy, posted on the IR section of the corporate website (www.singpost.com), to promote regular, effective and fair communication. To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNET announcements, media releases and investor presentations, on the corporate website and maintains regular dialogue with the investment community.

SingPost proactively engages investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, investor roadshows and conferences, as well as email communications. For the financial year ended 31 March 2016, SingPost engaged about 240 investors through meetings and conference calls. Investor meetings and calls were conducted by senior management and the investor relations team.

SingPost's dividend policy is communicated to shareholders. It expects to make a total ordinary dividend payout of seven cents per share per annum, barring unforeseen circumstances.

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.

CORPORATE GOVERNANCE REPORT

SingPost disseminates information on its general meetings through notices in its Annual Reports or Circulars to Shareholders. Annual Reports and Circulars are sent to shareholders as well as posted on the Company's website. The notices are also released via SGXNET and published in the local press. The meetings are held in a central location in Singapore to ensure convenient access for shareholders. A shareholder who is unable to attend may appoint up to two proxies who need not be shareholders of SingPost to attend and vote on his or her behalf.

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

SingPost employs electronic polling at the general meetings. 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 displayed live on-screen to shareholders immediately after the vote has been cast. These are also announced via SGXNET after the conclusion of the meeting.

Minutes of the general meetings are available to shareholders upon 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.

DEALINGS IN SECURITIES

SingPost's securities trading policy provides that directors and officers of the Group should not deal in SingPost's shares during the periods commencing one month before the announcement of SingPost'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 SingPost's shares outside the prohibited trading period. The policy also discourages trading on short-term considerations.

CORPORATE GOVERNANCE DISCLOSURE GUIDE

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

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

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.	SingPost has complied in all material respects with the principles and guidelines set out in the Code.
	(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.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	A framework of internal controls is in place setting out financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services, as well as acquisition and disposal of investments. The Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to Management to optimise operational efficiency.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board continually reviews its size and composition with a view towards the progressive refreshing of the Board and to strike the appropriate balance and diversity of skills, experience, gender and knowledge of the company to support the Group's businesses and transformation strategy.
	(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.	The current composition of the Board provides diversity of skills, experience, gender and knowledge. The profiles of the directors can be found on pages 12 to 16 of this Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Board membership is refreshed progressively. Three directors who have served for more than nine years will no longer be on the Board after the coming AGM. The Board has appointed external consultant Heidrick & Struggles to conduct a corporate governance review which addresses Board composition and examines the current balance and diversity of skills, experiences, gender and knowledge. The Board will adopt the recommendations when appointing new directors in order to achieve the balance and diversity necessary to maximise its effectiveness.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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.	<p>When the need for a new director is identified, the Nominations Committee draws up a list of candidates identified through consultation with directors, Management, shareholders and their network of contacts. The Nominations Committee is empowered to engage professional search firms to draw up a shortlist. The Nominations Committee meets with the candidates that it has shortlisted to (a) assess the suitability of each candidate, (b) communicate to the candidates the level of commitment expected, and (c) provide sufficient information for the candidates to make an informed decision on accepting the role. After a candidate has been endorsed by the Nominations Committee, it will make a recommendation to the Board for the approval of the appointment. Upon the Board's approval, SingPost will seek IDA'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.</p> <p>The Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board. The Nominations Committee is tasked with ensuring that directors 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 Nominations Committee will consider the other directorships held by the directors and their principal commitments. For the past financial year, the Nominations Committee has determined that all the directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. The Board, in consultation with the Nominations Committee, and based on each director's attendance, preparedness and participation at Board and Board Committee meetings (where applicable) is of the view that each director has contributed effectively to the Board and has demonstrated commitment to his or her role.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes, new directors are given formal training.</p> <p>(i) Upon appointment of each new director, the Company Secretary provides a formal letter to the newly appointed director stating the director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules. The compulsory orientation programme that a new director undergoes includes presentations by the Group CEO on the Group's strategic plans and financial performance, presentations by senior management on their respective businesses, directions and corporate governance practices and site visits. The orientation programme not only serves its objective of thoroughly acquainting the director with the nature and workings of the Group's business, but also serves as a platform for the new director to get to know members of senior management and to ask questions.</p> <p>(ii) Existing Board directors are kept informed of changing commercial risks faced by the Group. The Board strategy workshop programme will include updates on developments in the industry, new technologies relevant to the Group's businesses and information on the competitive landscape in which the Group's businesses operate. Board directors are also briefed on changes in regulations and guidelines.</p>
Guideline 4.4	<p>(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?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>The Board has not prescribed a maximum number of listed company board representations that a director may hold.</p> <p>Determining the maximum number of listed company board representations which a director may hold has no direct bearing on the ability of a director to dedicate sufficient time and attention to the Company. Much depends on the director's level of involvement in these other listed companies, other principal commitments which may not involve listed companies and the level of efficiency of the individual. The Board therefore believes that each director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively.</p> <p>The Board, in consultation with the Nominations Committee, conducts an annual assessment of the contribution by each director to the effectiveness of the Board. The Nominations Committee is tasked with ensuring that directors have accorded 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 so doing, the Nominations Committee will consider the other directorships held by the directors and their principal commitments.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Board believes that the effectiveness of the Board is ultimately reflected in the long-term performance of the Group. The Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board.
	(b) Has the Board met its performance objectives?	The view on the Board's effectiveness was formed by looking at various criteria that included: Board composition, information management, Board processes, integrity and corporate social responsibility, managing company's performance, strategy and priorities and risk management. As part of the process, directors completed an online survey administered by Aon Hewitt. Directors were also interviewed by Aon Hewitt separately to enable confidential feedback to be received.
		The Board believes that it has met its performance objectives.
Independence of Directors		
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.	The Board as at 10 May 2016 had 12 directors, seven of whom were independent. This ratio amply complies with the Code's requirement that independent directors make up at least one third of the Board.
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.	Messrs Lim Ho Kee, Keith Tay Ah Kee and Tan Yam Pin have each served on the Board for over nine years. As part of the Board effectiveness assessment, Aon Hewitt was tasked with seeking the views of the directors on the independence of these three directors. All other directors expressed a clear view that the three directors were independent in their thinking and behaviour, taking into account what was best for the Company and the broad range of stakeholders. Taking into account the need for progressive refreshment after the coming AGM, the Board will not include any director who has served for more than nine years.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
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, particulars of which can be found on page 52 of this Report.
Guideline 9.3	<p>(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?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes, particulars of which can be found on page 54 of this Report.</p> <p>Approximately S\$3.5 million for the top five key executives which includes fixed and variable pay, benefits, CPF and fair value of long-term incentive grants.</p>
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.
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>Remuneration of the Group CEO and key management personnel is driven by a pay-for-performance philosophy and is made up of three key components: a fixed pay component, a variable bonus component, and share-based incentives. The variable bonus is paid based on the Group's and individual's performance. Performance share options are tied to the achievement of set performance targets.</p> <p>Information on the remuneration of the Group CEO and key management personnel can be found at pages 52 and 54 of this Report and in Note 34 of the Notes to the Financial Statements which can be found on page 189 of this Report.</p> <p>Not all performance conditions were met due to stretched targets and market performance beyond Management's control.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
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?	New directors are provided information on the Company's businesses as part of the Induction Programme as well as the opportunity to ask Management questions. The Board is provided information on a regular basis regarding media reports on the Company, its competitors and the relevant industries. Annually, when the Board participates in a Board strategy workshop with Management, much information on the business is shared by Management with the Board in order to facilitate planning of the Group's longer term strategy. Board papers are submitted to the Board prior to Board and Board Committee meetings for approval and for information and these contain relevant information regarding the Company to facilitate the discussions at these meetings. The Group CEO, Group CFO, Group COO and other senior management staff attend Board and Board Committee meetings to respond to any queries that directors may have. Directors are encouraged to request additional information from Management that is needed to make informed decisions. Management does its utmost to meet any request in a timely manner. At all times, the Board has separate and independent access to Management and the Company Secretary.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The Company has an internal audit function. The primary line of reporting of the Group's internal audit function is to the chairman of the Audit Committee, although it also reports administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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.	<p>The Group's policy is to establish an organisational philosophy and culture that ensure that effective risk management is an integral part of its activities and a core management capability. The Board Risk and Technology Committee assists the Board in its oversight of the Group's risk management framework and policies. 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 the 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.</p> <p>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 Board Risk and Technology Committee to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.</p> <p>The Board, with the concurrence of the Audit Committee, 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 2016 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, as well as assurances received from the Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO.</p> <p>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, frauds or other irregularities.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?						
	(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?	<p>The Board has received written assurance from the Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO that:</p> <ul style="list-style-type: none"> 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; and the Group's internal controls and risk management systems were adequate and effective as at 31 March 2016 to address the risks which the Group considers relevant and material to its operations and finances. 						
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.	<p>As disclosed in SGX Listing Manual Requirements, which can be found on page 215 of this Report, the fees paid/payable to the auditor of the Company for audit and non-audit services for the financial year ended 31 March 2016:</p> <table border="1" style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">S\$'000</th> </tr> </thead> <tbody> <tr> <td>Audit fees paid / payable</td> <td style="text-align: right;">1,298</td> </tr> <tr> <td>Non-audit fees paid / payable</td> <td style="text-align: right;">974</td> </tr> </tbody> </table>		S\$'000	Audit fees paid / payable	1,298	Non-audit fees paid / payable	974
	S\$'000							
Audit fees paid / payable	1,298							
Non-audit fees paid / payable	974							
	(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.	<p>Non-audit fees amount to 42.9% of the total fees paid / payable to the auditors of the Company. The Audit Committee is of the opinion that the non-audit services provided by the auditors would not affect their independence.</p>						

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>SingPost has in place an investor relations (IR) policy, posted on the IR section of the corporate website (www.singpost.com), to promote regular, effective and fair communication.</p> <p>Yes, SingPost has a dedicated IR team.</p> <p>To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNET announcements, media releases and investor presentations, on the corporate website and maintains regular dialogue with the investment community. SingPost proactively engages investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, investor roadshows and conferences, as well as email communications. In FY2015/16, SingPost engaged about 240 investors through meetings and conference calls. Investor meetings and calls were conducted by senior management and the investor relations team.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	<p>Not applicable.</p> <p>For the financial year ended 31 March 2016, a final tax exempt one-tier dividend of 2.5 cents per ordinary share has been proposed subject to shareholders' approval. Together with the interim dividend of 4.5 cents per ordinary share already paid out, this would bring SingPost's total dividend per ordinary share to 7 cents per ordinary share.</p>