

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance refers to the set of systems, principles, rules and processes by which a company is governed. The Company recognises that good corporate governance is critical to corporate success and sustainable economic growth. Both the Board and Management are strongly committed to improve the standard of corporate governance of SingPost.

Consistent with this commitment, the Board had in the financial year ended 31 March 2017 formed an independent committee to conduct a thorough review of the circumstances surrounding SingPost's consideration and approval of the acquisition of TradeGlobal Holdings, Inc. (TG Review). The independent committee consists only of non-executive independent Directors namely Ms Elizabeth Kong Sau Wai, Mrs Fang Ai Lian and Mr Bob Tan Beng Hai, all appointed to the SingPost Board subsequent to the acquisition. The Summary Report of the TG Review prepared by WongPartnership LLP was released to the Singapore Exchange Securities Trading Limited (SGX-ST) on 17 July 2017. Released prior to the last Annual General Meeting (AGM), the AGM served as a forum for shareholders to ask questions and seek further clarification on the TG Review.

The Summary Report of the TG Review noted that observations relating to SingPost's corporate governance had already been identified in the executive summary of the earlier Corporate Governance Review (CGR) Report released to the SGX-ST on 4 July 2016 and that conclusions drawn from the TG Review were consistent with the view in the CGR Report. The Summary Report of the TG Review further noted that the Company had taken steps to implement the CGR recommendations. The Summary Report recommended the Company to submit a copy of the full report to the relevant regulatory authorities, and the Company has duly done so. The Company has received no notice of follow-up from the regulatory authorities to date.

Corporate governance is a journey and a continual work in progress. The events of the recent past have strengthened the Company's resolve to aspire to the highest standards of corporate governance.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

Role of the Board

The principle role of the Board is to set the Company's vision and to regularly review its strategic direction. The Board is responsible for overseeing the corporate governance of the Company and Management's control and accountability framework. The Board provides leadership and guidance to Management on the Company's overall strategy and reviews Management performance. The Board oversees the Company's overall performance objectives, key operational initiatives, risk management and corporate governance practices. The Board approves financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board also approves the financial results for release to the SGX-ST, 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.

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To ensure clarity of the role of the Board within the organisation, the role of the Board as described above, the respective roles of the Chairman, chairpersons of the Board Committees, the Lead Independent Director and Executive Director are clearly defined in a document entitled Success Profiles and Role Profiles for an Effective Board. This is complemented by the Schedule of Matters Reserved for the Board's Decision which sets out a comprehensive list of matters which require Board approval. Types of material transactions which require the approval from the Board include 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, dividend, 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, appointment, remuneration and removal of senior management including Group Chief Executive Officer (Group CEO), and delegation of authority. Both these documents are accessible to Management and staff on the Company's intranet.

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

Board Committees

The Board without abdication of responsibility has delegated authority to the following five committees to assist the Board in its duties:

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

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

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

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Board Committee Members	Key Terms of Reference	Composition Requirements
AC Mrs Fang Ai Lian (chairperson) Mr Bob Tan Beng Hai Mr Zulkifli Bin Baharudin	Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.	In compliance with Guidelines 12.1 and 12.2 of the Code of Corporate Governance 2012 (2012 Code), the AC comprises three members all of whom including the chairperson are non-executive independent Directors and have recent and relevant accounting or related financial management expertise or experience. The profiles of the AC members can be found on pages 16 and 19.
BRTC Mr Steven Leonard (chairperson) Ms Aliza Knox Mr Bob Tan Beng Hai	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.	Pursuant to Guideline 11.4 of the 2012 Code, the Board opted to establish a separate board risk committee. There are no composition requirements.
CC Mr Bob Tan Beng Hai (chairperson) Mrs Fang Ai Lian Mr Simon Israel Mr Zulkifli Bin Baharudin	Assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract and retain talent.	In compliance with Guideline 7.1 of the 2012 Code, the CC comprises at least three members, the majority of whom including the chairperson are independent Directors and all the members are non-executive Directors.
FIC Mr Simon Israel (chairperson) Mr Chen Jun Ms Elizabeth Kong Sau Wai Ms Lim Cheng Cheng	Provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies.	There are no composition requirements.
NCGC Mr Zulkifli Bin Baharudin (chairperson) Mrs Fang Ai Lian Mr Simon Israel Ms Elizabeth Kong Sau Wai	Assists the Board in fulfilling its responsibilities on Board succession planning, Board evaluation, training of Board members and the selection, nomination, appointment and re-appointment of Directors to the Board of SingPost. Also has responsibility to recommend enhancements to the corporate governance principles applicable to SingPost and to uphold the same.	In compliance with Guideline 4.1 of the 2012 Code, the NCGC comprises at least three members, the majority of whom including the chairperson are independent Directors and the Lead Independent Director is a member.

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Board Meetings and Attendance

The Board meets regularly. Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors to ensure maximum attendance. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. The Board also participates in strategy workshop 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. For the financial year ended 31 March 2018, five scheduled Board meetings and a Board Strategy Workshop were held. A record of the Directors' attendance at Board and Board Committee meetings during the financial year ended 31 March 2018 is set out below.

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

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

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

The attendance of each Director at Board meetings and Board Committee meetings for the financial year ended 31 March 2018 is as follows:

NAME OF DIRECTORS	BOARD ⁽¹⁾	BOARD COMMITTEES				
		AC	BRTC	CC	FIC	NCGC
Number of Meetings held	6	4	3	3	4	3
Directors in service as at 31 March 2018						
Simon Israel	6/6	–	–	3/3	4/4	3/3
Paul Coutts ⁽²⁾	5/5	–	–	–	–	–
Chen Jun	4/6	–	–	–	3/4	–
Fang Ai Lian ⁽³⁾	6/6	4/4	–	2/3	–	2/2
Aliza Knox	6/6	–	2/3	–	–	–
Elizabeth Kong Sau Wai	6/6	–	–	–	4/4	3/3
Steven Leonard ⁽⁴⁾	5/5	–	3/3	–	–	–
Lim Cheng Cheng ⁽⁵⁾	4/6	–	–	–	4/4	–
Bob Tan Beng Hai ⁽⁶⁾	6/6	4/4	3/3	3/3	–	–
Zulkifli Bin Baharudin	6/6	3/4	–	1/3	–	3/3
Director who left service as at 31 March 2018						
Professor Low Teck Seng ⁽⁷⁾	1/2	–	–	–	–	–

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Notes

- ⁽¹⁾ Board meetings include Board Strategy Workshop attended by Directors.
- ⁽²⁾ Mr Paul Coutts was appointed as Group CEO and Director of SingPost on 1 June 2017.
- ⁽³⁾ Mrs Fang Ai Lian was appointed as chairperson of the AC and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the NCGC as recommended under Guideline 4.1 of the 2012 Code on 24 April 2017. Mrs Fang stepped down as chairperson of the CC on 24 April 2017 but remains as its member.
- ⁽⁴⁾ Mr Steven Leonard was appointed as Director of SingPost and as member of the BRTC on 1 June 2017. Mr Leonard was subsequently appointed as chairperson of the BRTC on 20 July 2017.
- ⁽⁵⁾ Ms Lim Cheng Cheng was appointed as Director of SingPost on 1 April 2017. Ms Lim was subsequently appointed as member of the FIC on 24 April 2017.
- ⁽⁶⁾ Mr Bob Tan Beng Hai was appointed as chairperson of the CC on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the CC.
- ⁽⁷⁾ Professor Low Teck Seng retired from the Board following the conclusion of the AGM held on 20 July 2017. Upon his retirement, he ceased to be chairperson and member of the BRTC.

Board Induction and Training

All our Directors receive a formal letter upon appointment informing of their duties as a Director and advising on disclosure obligations under the Companies Act, Cap. 50 and the SGX-ST listing rules. All newly appointed Directors also undergo an induction programme. The programme covers the duties and obligations of a Director. It also familiarises incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance, and presentations by senior 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 senior Management and to ask questions. All incoming Directors are also issued with a tablet device which contains relevant information on the Company and Board including policies and the terms of reference of all the Board Committees.

Existing Directors are encouraged to undergo continual professional development during the term of their appointment. Courses attended by the Directors included Listed Company Director Essentials, Singapore Governance & Transparency Index Forum 2017, Cybersecurity for Directors, Overcoming Cognitive Biases in Boardroom Decisions, Leading from the Chair-What it Takes to be Effective, and Harnessing Data and Artificial Intelligence in the Digital Economy. Directors also received training on relevant new laws and regulations.

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

Board renewal was a key issue in the recent past. In response, the Board had in FY2016/17 adopted a Board Renewal and Tenure Policy whereby Directors agree to serve no more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate phasing or the retention of critical skills set. The NCGC began the Board renewal process with the appointment of a new Board Chairman and three new non-executive independent Directors that same year namely Mr Simon Israel, Mrs Fang Ai Lian, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai. The Board renewal process continued with the appointment of three more new Directors in the following year namely Ms Lim Cheng Cheng, Mr Steven Leonard and Mr Paul Coutts. The search for suitable candidates continues.

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 will have the appropriate balance to support the long-term success of the Company.

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The Board currently consists of ten 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, information and communication technology, engineering and regional business experience. All are non-executives except for the Group CEO.

Board Diversity

The Board recognises the benefit of diversity in fostering robust discussions and guarding against group thinking which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (four out of ten Directors) is one of the highest on the boards of companies publicly listed on the Singapore Exchange. The Board is ethnically diverse and their ages range from 36 to 68.

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

Review of Directors' Independence

Based on the guidelines provided in the 2012 Code and the definition of independence as set out in Guideline 2.3, the Board annually reviews and determines whether each Director is independent, taking into account the views of the NCGC. Each Director is required to complete a Director's independence checklist of himself/herself. The NCGC reviews the checklists in arriving at its recommendations to the Board on the independence of each Director.

Based on the recommendations of the NCGC, the Board treats the Board Chairman Mr Simon Israel as non-independent and considers Ms Lim Cheng Cheng, Mr Chen Jun and the Group CEO Mr Paul Coutts as non-independent. The other six Directors are considered independent. 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 holds more than 10 per cent of the total voting shares in SingPost. Mr Simon Israel is not appointed as a nominee Director of Singtel to the SingPost Board. Mr Simon Israel is also not directly associated with Singtel as defined under Guideline 2.3(f) of the 2012 Code in that he is not accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of Singtel in relation to the corporate affairs of SingPost. Nevertheless, to provide added assurance to the Company's stakeholders, Mr Simon Israel is treated by SingPost as a non-independent Director and Chairman.

Ms Lim Cheng Cheng is the Group Chief Financial Officer (Group CFO) of Singtel and a nominee of Singtel to the SingPost Board. 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.

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No Director on the Board has served for more than nine years. Having served for more than eight years as an independent Director, Mr Zulkifli Bin Baharudin will step down at the coming AGM in keeping with the terms of the Board Renewal and Tenure Policy. Mr Zulkifli Bin Baharudin had at the request of the Board remained to serve beyond six years in order to perform the critical role of leading the board renewal process in his capacity as NCGC chairperson. Ms Aliza Knox who has served as an independent Director since 2013 for two terms was due to retire based on the rotation process at the coming AGM. She would exceed the six-year limit of the Board Renewal and Tenure Policy if she serves a full third term. Accordingly, she will also step down at the AGM. The Board thanks them both for their invaluable service.

Guideline 2.2 of the 2012 Code requires independent Directors to make up at least half of the Board where the Chairman is not an independent Director. The Board is compliant in that six of the ten Directors are independent.

Principle 3: Chairman and Chief Executive Officer

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

Separation of the Role of Chairman and Group CEO

The Chairman and the Group CEO are separate persons. Mr Simon Israel's appointment is a non-executive appointment totally separate from the office of Group CEO Mr Paul Coutts. There is no family relationship between the two.

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

Role of the Chairman

The Chairman leads the Board to ensure its effective and comprehensive deliberations on matters brought to the Board, including strategic issues, talent management and succession planning. The Chairman sets the agenda for Board meetings and ensures complete and accurate information is provided to the Board to facilitate good decision-making in particular on strategic issues. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors. 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 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 senior Management.

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

Regulatory Approvals

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

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Lead Independent Director

As described above, the Chairman Mr Simon Israel is treated as a non-independent Director. Accordingly, in compliance with Guideline 3.3(d) of the 2012 Code, Mrs Fang Ai Lian was elected by the independent Directors as the Lead Independent Director. The role of the Lead Independent Director is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Her responsibilities as set out therein includes carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity, or if he is unable to do so. She ensures the affairs of the Board and the Company are managed in a manner that reflects effective corporate governance. She serves on the NCGC, leading the independent Directors in meetings periodically without the presence of the other Directors. She then provides feedback to the Chairman after such meetings. Accordingly, at the last AGM, Mrs Fang Ai Lian acted as the chairman of the meeting when the Board Chairman Mr Simon Israel was unable to attend the AGM for health reasons.

Principle 4: Board Membership

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

Succession Planning and Nomination Process

The NCGC has the responsibility of establishing a formal and transparent search and nomination process for the selection, appointment and re-appointment of Directors. When tasked to search for a new Director, the NCGC will first review the Company's emerging strategic priorities, then review the experience and expertise of the current Board composition in order to identify critical competency gaps that need to be filled that are aligned to the emerging strategic priorities of the Company. Potential candidates are then identified through professional search agencies, and consultation with Directors and shareholders. The NCGC also considers recommendations received from shareholders and members of the public. After a candidate has been identified by the NCGC, 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; and (iii) provide sufficient information for the candidates to make an informed decision on accepting the role. The Board will then deliberate on the recommendation of the NCGC. Upon the Board's approval, SingPost will seek IMDA's approval, in accordance with the requirement set out in the Postal Services Act, Cap. 237A, and MAS' approval in accordance with the requirement set out in the Money-changing and Remittance Businesses Act, Cap. 187.

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

Directors' Time Commitment

The NCGC 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 NCGC will consider the other directorships held by the Directors and their principal commitments. In countries where the maximum number of Board seats a director may hold is specified, the range is typically between five and seven. Accordingly, the Board has set as a general guidance, that the maximum number of listed company board representation which any Director holds should not exceed five. The Board however recognises that depending on the Directors' other principal commitments, the capacity of each Director may differ greatly. Therefore under the terms of the Policy on Directors' Conflicts of Interest, Directors are also to consult the Chairman of the Board and the chairperson of the NCGC prior to accepting any appointments to the boards of directors or advisory boards of any public or privately held company or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate governance guidelines. For the past financial year, 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 four appointments on the boards of listed companies.

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Annual Determination of Directors' Independence

The NCGC has the responsibility of determining on an annual basis whether or not each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The NCGC has duly determined and made its recommendations on independence to the Board. Details are reported earlier in this Report at pages 46 and 47 in the section on the Review of Directors' Independence.

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/she not to do so, he/she would at the next AGM have held office for more than three years. Finally, the Constitution requires one-third of the remaining Directors starting from those with the longest term in office since their appointment or re-election/re-appointment to retire from office by rotation at each AGM (1/3 rotation rule).

The NCGC deliberated to identify the Directors to retire as well as to consider the suitability of the Directors for re-appointment. In considering suitability for re-appointment, the NCGC took into consideration the respective competencies, past contribution and performance as well as the manner in which each enhances the Board's collective balance and diversity of skills, experience, gender and knowledge in endorsing their re-appointment. The NCGC's recommendations were then made to the Board for their approval. The Board endorsed the following recommendations of the NCGC:

Pursuant to the 1/3 rotation rule, four out of the ten Directors are required to retire at the coming AGM. Three of the four are Directors who were not put up for re-election last year namely Mr Simon Israel, Ms Aliza Knox and Mr Zulkifli Bin Baharudin. Due to the Board renewal process, all the other Directors have only been recently appointed at the last AGM. Accordingly the fourth Director to retire by rotation had to be chosen from the Directors who stood for election at the last AGM. Of these Directors, the next longest serving Directors are Mrs Fang Ai Lian, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai all appointed on 10 October 2016 and re-elected at the AGM last year under the new Directors re-election rule. Mrs Fang Ai Lian was identified as the fourth Director to retire.

As explained earlier in this Report under the section on Review of Directors' Independence, Mr Zulkifli Bin Baharudin and Ms Aliza Knox will not be seeking re-election. Mr Simon Israel and Mrs Fang Ai Lian being eligible for re-appointment will seek re-election at the coming AGM.

Name	Retiring and standing for re-election pursuant to:
Mr Simon Israel <i>(last re-elected on 14 July 2016)</i>	1/3 rotation rule (Article 98(b))
Mrs Fang Ai Lian <i>(last re-elected on 20 July 2017)</i>	1/3 rotation rule (Article 98(b))

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Principle 5: Board Performance

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

Board Effectiveness Assessment

Each year a process is undertaken to evaluate the effectiveness of the Board and Board Committees.

As in previous years, an external facilitator was appointed to carry out the evaluation for FY2017/18. Other than its role as assessor on Board effectiveness, Aon Hewitt, an international consulting firm is an independent service provider with no connection with the Company or with any of its Directors. As Aon Hewitt had conducted the Board evaluation previously, a factor in appointing Aon Hewitt was the consistency in having the same external facilitator to evaluate the performance for year on year comparison.

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

The process involved Directors first completing a comprehensive online questionnaire covering various aspects of board processes and effectiveness. Following up from the responses to the questionnaire, one-on-one interviews were conducted by the external facilitator with each Director to discuss in-depth functioning and to gather feedback on Board performance, structure, processes and potential improvement suggestions. The interviews capture richer quantitative and qualitative data for greater insight. The responses from the Directors are then collated and a gap analysis conducted.

While the Board has met its performance objectives, a plan of action based on issues that surface during the evaluation is prepared by the external facilitator comparing the Board's performance in these areas against the current trends in the market. The Board Chairman will act on the results of the effectiveness evaluation in consultation with the NCGC.

Principle 6: Access to Information

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

Every Director is issued with a tablet device which provides access to information relevant to the discharge of their duties. This includes the Schedule of Matters for the Board's Decision, the Success Profiles and Role Profiles for an Effective Board, Code of Business Conduct and Ethics, policies on Directors' Conflicts of Interest, Board Renewal and Tenure, Proper Handling of Disclosure of Directors' Interest and the terms and reference of the Board Committees. Prior to each Board and Board Committee meeting, Board papers and other meeting materials are uploaded via a secure portal which is accessible on the tablet device. In general, the information is provided a week in advance of meetings. 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.

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The Group CEO and senior Management also provide the Board with updates on significant events relating to the Company, analyst reports on the Company and information concerning industry-related developments. The Group CFO also provides the Board with detailed monthly financial performance reports. In addition, the board strategy workshop programme includes 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.

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

Role of the Company Secretary

The Company Secretary has a direct reporting line to the Board Chairman and serves as a focal point for communication with the Board, Group CEO, Management and SingPost's various stakeholders. The role is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Core duties as set out therein include acting as a channel of communication and information to executive and non-executive Directors and attendance at all Board meetings as far as possible. The 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-ST listing rules.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

To ensure long-term alignment between Management's interest and shareholders, shares granted in FY2017/18 consist of two types of awards:

- (a) Performance Share Award; and
- (b) Restricted Share Award.

The Performance Share Award has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award has one long-term performance hurdle: Underlying Net Profit.

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

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Principle 8: Level and Mix of Remuneration

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

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

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

The level and structure of remuneration of the Directors and the Group CEO are disclosed in Principle 9.

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 2018 is as listed below:

Directors in service as at 31 March 2018

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⁾	
							Awarded & Accepted (No.) (S\$'000)	Value (S\$'000)	Awarded & Accepted (No.) (S\$'000)	Value (S\$'000)
\$S1,250,000 to below \$S1,500,000										
Paul Coutts ⁽⁷⁾	814.2	300.0	-	-	198.2	1,312.4	-	-	-	-
\$S250,000 to below \$S500,000										
Simon Israel	-	-	256.0	-	-	256.0	-	-	-	-
Below \$S250,000										
Chen Jun	-	-	98.4	-	-	98.4	-	-	-	-
Fang Ai Lian ⁽⁸⁾	-	-	152.2	-	-	152.2	-	-	-	-
Aliza Knox	-	-	96.4	-	-	96.4	-	-	-	-
Elizabeth Kong Sau Wai	-	-	122.4	-	-	122.4	-	-	-	-
Steven Leonard ⁽⁹⁾	-	-	89.4	-	-	89.4	-	-	-	-
Lim Cheng Cheng ⁽¹⁰⁾	-	-	100.0	-	-	100.0	-	-	-	-
Bob Tan Beng Hai ⁽¹¹⁾	-	-	149.9	-	-	149.9	-	-	-	-
Zulkifli Bin Baharudin	-	-	142.4	-	1.5	143.9	-	-	-	-

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Director who left service as at 31 March 2018

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)
Below S\$250,000										
Professor Low Teck Seng ⁽¹²⁾	-	-	27.0	-	-	27.0	-	-	-	-

Notes

- ⁽¹⁾ Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2018.
- ⁽²⁾ Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2018. To ensure rewards are closely linked to performance, the percentage of variable component is higher for the Group CEO and key Management personnel than other employees.
- ⁽³⁾ Provident Fund represents payment in respect of statutory contributions to post-employment benefits plans such as Singapore Central Provident Fund (CPF).
- ⁽⁴⁾ Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, housing benefits and pension allowance, where applicable.
- ⁽⁵⁾ Total Compensation excludes the value of share options and restricted shares.
- ⁽⁶⁾ The option/share valuation adopted simulation methodologies consistent with assumptions applied under the Monte Carlo Model and Cash Flow Discounting Model.
- ⁽⁷⁾ Mr Paul Coutts was appointed as Group CEO and Director of SingPost on 1 June 2017.
- ⁽⁸⁾ Mrs Fang Ai Lian was appointed as chairperson of the AC and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the NCGC as recommended under Guideline 4.1 of the 2012 Code on 24 April 2017. Mrs Fang stepped down as chairperson of the CC on 24 April 2017 but remains as its member.
- ⁽⁹⁾ Mr Steven Leonard was appointed as Director of SingPost and as member of the BRTC on 1 June 2017. Mr Leonard was subsequently appointed as chairperson of the BRTC on 20 July 2017.
- ⁽¹⁰⁾ Ms Lim Cheng Cheng was appointed as Director of SingPost on 1 April 2017. Ms Lim was subsequently appointed as member of the FIC on 24 April 2017.
- ⁽¹¹⁾ Mr Bob Tan Beng Hai was appointed as chairperson of the CC on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the CC.
- ⁽¹²⁾ Professor Low Teck Seng retired from the Board following the conclusion of the AGM held on 20 July 2017. Upon his retirement, he ceased to be chairperson and member of the BRTC.

No employee of the Company and its subsidiary companies is an immediate family member of a Director or of the Group CEO, and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2018.

Executives' Remuneration

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

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

Fixed Component

Fixed pay comprises basic salary and Annual Wage Supplement.

Variable Component

This component refers to the variable bonus and contractual payments that are paid based on the Group's and individual's performance. To ensure rewards are closely linked to performance, the percentage of variable component is higher for the Group CEO and key Management personnel than other employees. During FY2017/18, not all performance conditions were met fully due to market performance beyond Management's control.

Provident Fund

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

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Benefits

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

Long-term Incentives

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

The following information relates to the remuneration of the Company's key Management personnel (not being Director) in the financial year ended 31 March 2018:

Name of Executives	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\$1,000,000 to below \$S\$1,250,000							
Paul Demirdjian Chief Executive Officer, eCommerce	54	37	3	6	100	-	-
\$S\$750,000 to below \$S\$1,000,000							
Lim Sing Hok Mervyn Deputy Group CEO (Corporate Services) & Group CFO	50	44	1	5	100	179.7	156.8
\$S\$500,000 to below \$S\$750,000							
Woo Keng Leong Chief Executive Officer, Postal Services	67	26	1	6	100	179.7	156.8
\$S\$250,000 to below \$S\$500,000							
Tan Kia Hwee Alex ⁽⁷⁾ Group Chief Information Officer	63	26	5	6	100	-	-
Lim Jui-I ⁽⁸⁾ Group Chief Transformation Officer	88	0	4	8	100	-	-

Aggregate compensation of the above top five key Management personnel which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants is approximately \$S\$3.5 million. Aggregate compensation for three 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\$1.1 million.

Notes

- ⁽¹⁾ Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2018.
- ⁽²⁾ Variable Component refers to variable bonus paid in the financial year ended 31 March 2018.
- ⁽³⁾ Provident Fund represents payment in respect of statutory contributions to post-employment benefits plans such as Singapore CPF.
- ⁽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 restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cash Flow Discounting Model. It comprised of restricted shares granted in the financial year ended 31 March 2018.
- ⁽⁷⁾ Mr Tan Kia Hwee Alex joined SingPost on 4 September 2017.
- ⁽⁸⁾ Mr Lim Jui-I joined SingPost on 7 September 2017.
- ⁽⁹⁾ Mr Ang Sing Mein Sam (former Executive Vice President), Mr Marcelo Wessler (former CEO, SingPost Commerce) and Mr Ramesh Narayanaswamy (former Group Chief Information Officer) were the three key Management personnel who left SingPost during FY2017/18.

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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 ensures that effective risk management is an integral part of its activities and a core management capability. The Board is responsible for the governance of risk across the Group. The BRTC assists the Board in the oversight of the Group's risk management framework and policies.

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

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

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

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

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The key internal controls of the Group include:

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

The Board has received written assurance from the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO 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.

Written assurance has also been received by the Board from the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO, and the Senior Vice President (Group Internal Audit) that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2018 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 2018 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, Deputy Group CEO (Corporate Services) and Group CFO, and Senior Vice President (Group Internal Audit).

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 AC currently comprises three Directors, all of whom are non-executive. The chairperson of the AC and all other members are independent Directors. At least two members, including the AC chairperson have recent and relevant accounting or related financial management expertise and experience. The AC's key responsibilities are outlined in the "Board Committees" section of this Report.

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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.

Internal Audit 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 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 weaknesses are noted by the external auditor, these weaknesses and the external auditor's recommendations are reported to the AC.

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

The AC has reviewed the quarterly and annual financial statements of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2018, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

The AC has 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 2018. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC.

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

The AC reviewed the statements of the financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The AC discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	<p>The AC considered the approach and methodology applied to the valuation models used in the goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets.</p> <p>The AC reviewed the recoverable amounts of the cash-generating units (CGUs) which involve significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.</p> <p>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 2018. Refer to page 85 of the Annual Report.</p>

CORPORATE GOVERNANCE REPORT

Key Audit Matters

How the AC reviewed these matters and what decisions were made

Assessment of impairment of property, plant and equipment and investments in associated companies

The AC considered the approach and methodology applied to the valuation models used in the impairment assessment of property, plant and equipment and investments in associated companies.

The AC reviewed the determination of the recoverable amounts of property, plant and equipment and investments in associated companies based on the higher of fair value less costs to sell determined by an independent and qualified valuer, and the value-in-use calculations which involved Management's assessment of the future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.

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 2018. Refer to page 86 of this Annual Report.

Valuation of investment properties

The AC considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties.

The AC reviewed the data, estimates and assumptions used in each valuation model as well as the independence and competence of the valuer appointed to perform the valuations.

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 2018. Refer to page 87 of this Annual Report.

Assessment of indefinite useful life assumption for trademarked brand

The AC considered the approach and methodology applied to the assessment of indefinite useful life assumption for the trademarked brand arising from the acquisition of subsidiary in prior financial years.

The AC reviewed the relevant factors in the assessment which included potential legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand.

The assessment of the indefinite useful life assumption for the trademarked brand 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 2018. Refer to page 87 of this Annual Report.

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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 including concerns about the Group's accounting, internal controls, auditing matters and the conduct of officers or staff including Management and Directors. The AC reviews these policies and arrangements. Details of the whistle-blowing policy, arrangements and procedures for raising such concerns are posted on 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.

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

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

Principle 13: Internal Audit

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

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

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

The AC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis. The AC ensures that the 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.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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

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

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

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

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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 a Market Disclosure Policy (MDP) which contains the principles, guidelines and procedures governing market disclosure and communication with shareholders.

One of the key objectives of the MDP is to uphold a high standard of investor relations communications to ensure transparency, fair and equitable treatment of all shareholders and protection of shareholders' interests.

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

The Management and Investor Relations team proactively engage investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, as well as local and overseas investor roadshows and conferences. For the financial year ended 31 March 2018, SingPost engaged about 380 investors through meetings and conference calls.

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.

SingPost disseminates information on its general meetings through notices in its Annual Reports or Letters/Circulars to Shareholders. Annual Reports and Letters/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 chairpersons of all the Board Committees, together with Management, are present and available at general meetings to address shareholders' queries. The Company's external auditor is also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditor's report. Shareholders also have the opportunity to communicate with the Directors and Management after the meeting.

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

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

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

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.

SUSTAINABILITY REPORTING

In compliance with SGX-ST introducing sustainability reporting on a "comply or explain" basis, SingPost will be publishing its inaugural Sustainability Report which has been prepared in accordance to the Global Reporting Initiative Standards – 'Core' reporting requirements, for FY2017/18.

In preparing this Sustainability Report, the Group carried out a materiality assessment exercise and identified six material Environmental, Social and Governance (ESG) matters, namely:

- Ethics, bribery and corruption
- Compliance with laws and regulations
- Business continuity planning
- Data security and privacy
- Responsible supply chain
- Fuel usage and associated greenhouse gas emissions

For more details on the Group's ESG matters which have been selected for reporting, please refer to the Sustainability Report which is targeted for release by end August 2018 and will be posted electronically on SGX-ST and our corporate website.

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 in January 2015 by the SGX-ST.

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

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
General	<p>(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.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes. Complied.</p> <p>Not applicable.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to Principle 1 of the Corporate Governance Report at page 42.
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(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.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46.</p> <p>Yes. Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46.</p> <p>Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46 in particular on details of the Policy on Diversity and Inclusivity adopted by the Board.</p>
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>Refer to Principle 4 of the Corporate Governance Report at pages 48 and 49. Refer in particular to:</p> <p>(i) the sub-topic "Succession Planning and Nomination Process" on the process for selecting and appointing of new Directors; and</p> <p>(ii) the sub-topic "Rotation and Re-election/ Re-appointment of Directors" on the process for re-electing incumbent Directors which applies both the Board Renewal and Tenure Policy and the 1/3 rotation rule.</p>

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) Yes.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b) Refer to Principle 1 of the Corporate Governance Report under the sub-topic "Board Induction and Training" at page 45.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Five. Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 48.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 48.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to Principle 5 of the Corporate Governance Report under the sub-topic "Board Effectiveness Assessment" at page 50.
	(b) Has the Board met its performance objectives?	Yes.
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.	Yes. Refer Principle 2 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Review of Directors' Independence" at page 46.
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.

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Guideline	Questions	How has the Company complied?
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
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. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Directors' Remuneration" at page 52.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. Refer to Principle 9 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Directors' Remuneration" at page 53.

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Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 53.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Principle 7 at page 51 and Principle 8 at page 52 of the Corporate Governance Report as well as Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 53.
	(c) Were all of these performance conditions met? If not, what were the reasons?	No. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
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?	Refer to Principle 6 of the Corporate Governance Report at page 50.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Refer to Principle 13 of the Corporate Governance Report at page 59.
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.	(a) Refer to Principle 11 of the Corporate Governance Report at page 56.
	(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?	(b) Yes. Refer to Principle 11 of the Corporate Governance Report at page 56.

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Guideline	Questions	How has the Company complied?
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.	(a) Refer to page 199.
	(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.	(b) Non-audit fees amount to 23% of the total fees paid / payable to the auditors of your Company. The AC is of the opinion that the non-audit services provided by the auditors would not affect their independence.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Yes. Refer to Principle 15 of the Corporate Governance Report at page 60.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) Yes, SingPost has a dedicated Investor Relations team which performs the role.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	(c) Please refer to answer (a).
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.