



SingPost to adopt recommendations of newly completed Corporate Governance Review

Recommendations to be substantially implemented over the next three months

SINGAPORE, 4 July 2016 – Singapore Post Limited (“SingPost”) today released the findings and recommendations of the Corporate Governance Review (“the Review”).

The Board has accepted the findings and adopted all of the recommendations of both the Special Audit and the Review, with one exception: a recommendation to deem all Directors with more than nine years’ tenure as non-independent was found to be no longer relevant in view of the recently introduced Board Renewal and Tenure Policy setting the maximum tenure of a Director at nine years.

The Board has committed to substantially implementing the rest of the recommendations over the next three months. Several of these are already addressed by the recent introduction of the Board Code of Business Conduct and Ethics, Policy on Directors’ Conflicts of Interest and Board Renewal and Tenure Policy.

Mr Simon Israel, Chairman of SingPost, said: “I would like to acknowledge the many hours put into the Review by the Corporate Governance Review Committee led by Mr Soo Nam Chow and our independent advisers Heidrick & Struggles and Lee & Lee. The recommendations have been adopted by the Board and will considerably strengthen the governance of SingPost.”

“The Board is fully committed to the implementation of the recommendations, both in form and in spirit. A number of the major recommendations have already been implemented and the rest will be prioritised and substantially implemented as soon as possible and no later than the end of September this year,” he said. Mr Israel added that a search for Directors against the needs identified in the Review is in progress. These appointments will be made progressively.

The Review, conducted by international leadership consulting firm Heidrick & Struggles and Singapore law firm Lee & Lee, surveyed and interviewed SingPost Directors and members of the SingPost management between April and mid-May. It also reviewed Board papers and meeting minutes relating to key decisions between March 2013 and March 2016 relevant to the scope of the Review, the Special Audit Report and corporate governance-related processes and practices. A total of 15 companies, comprising SGX-listed companies with strong corporate governance ratings and global listed companies within the eCommerce logistics and postal value chain, were used as benchmarks.

Board processes and practices

The Review made recommendations for management succession, conflicts of interest and disclosures, and processes for mergers and acquisitions (M&A) and market disclosures.

The Board has adopted the Policy on Directors’ Conflicts of Interest and is in the process of finalising standard forms and enhancing SingPost’s Repository of entities-at-risk and interested persons.

The Review found that SingPost needs to make significant improvement in building a robust pipeline of future leaders. The Board will move this responsibility from the Nominations and Corporate Governance Committee to the Compensation Committee, which will have deeper

knowledge of key talent in the organisation as a result of its role in reviewing their performance and development plans.

Mergers and acquisitions

The Review found that SingPost has written guidelines on evaluating and approving M&A transactions. However, the guidelines are not consistent with each other and are not consistently understood. Many of the guidelines are implemented based on the commercial experience of those working on each M&A transaction, with varying interpretations and applications of the principles and guidelines. Nonetheless, the Review consultants did not encounter evidence to suggest any non-compliance with SGX listing rules.

The Board is implementing the Review's recommendation to properly document the M&A process and approach.

Management and relevant working groups will be guided through the stages of any proposed M&A transactions by formal documentation that will clearly set out the necessary actions and approvals required. The documentation will specify the M&A process, the management evaluation checklist, the M&A delegation matrix, dealing with conflicts of interest and interested persons transactions, and the Board approval process.

Market disclosures

The Review found that procedures relating to market disclosures and SGX announcements and responsibilities of those involved in the process were not properly documented, consistent with findings of the Special Audit. The Review consultants did not encounter evidence to suggest any non-compliance with SGX listing rules.

To address this, the Board will be adopting a disclosure policy that lays out detailed processes and a clear delegation of responsibilities in the drafting, preparation, approval and release of SGX announcements.

A Market Disclosure Committee will also be established to administer and oversee the disclosure policy.

Board composition and structure

The Board will be working towards a target of 10 Directors as advised by the Review. The Review noted that a high number of Directors have full-time professional commitments, which may impact their capacity to contribute to SingPost, and that half the Board are considered non-independent, which is at the 50 per cent limit set out in the Code of Corporate Governance 2012. Taking into consideration the Directors' full-time commitments and Director independence requirements, SingPost may need to retain up to 12 Directors in the short term.

In filling the vacancies, the Board will prioritise the appointment of Directors with expertise in the fields of law, eCommerce logistics, and finance and accounting – as recommended by the Review.

The Executive Committee was dissolved on 16 June 2016 and its function has been subsumed into the Board. As recommended by the Review, SingPost will be establishing a Financial Investment Committee (FIC) instead, with a reduced scope focusing on M&A matters, finance and investments. The FIC will have clear terms of reference and provide advisory support on the development of SingPost's overall strategy.



Information flow between Board Committees and the Board should be improved, the Review advised. Overall, SingPost will be instituting clear policies, practices and minimum standards for the quality and timeliness of information shared following Board Committee and Board meetings.

Board culture and dynamics

The Review highlighted that inclusiveness, trust, and open and candid dialogue are critical to a group of highly capable individuals translating into a high performing team. It found that SingPost's Board could further enhance its effectiveness through more frank and rigorous discussion, which would fully leverage the Board's diverse thinking and collective capability. Role-modelling by the Chairman will be critical in achieving the desired Board culture.

Board partnership with management

The Review advised that the Board continues to play an active role in contributing to strategy but called for clearer delineation between the role of the Board in contributing to the strategy in partnership with management and the role of the SingPost management team in executing the strategy.

The Review said it is important to build a highly collaborative partnership between the Chairman and new Group Chief Executive Officer (GCEO) and when selecting the next GCEO, to consider the chemistry fit with the Chairman and how the Chairman and GCEO can complement each other.

Mr Israel said: "With this important Review behind us, it is now time for the Board to look forward and focus on SingPost's business and most importantly, the appointment of the Group CEO."

About Singapore Post Limited

For over 150 years, Singapore Post (SingPost) as the country's postal service provider, has been delivering trusted and reliable services to homes and businesses in Singapore.

Today, SingPost is pioneering and leading in eCommerce logistics as well as providing innovative mail and logistics solutions in Singapore and around the world, with operations in 19 markets.

Building on its trusted communications through domestic and international postal services, SingPost is taking the lead in end-to-end integrated and digital mail solutions. The suite of SingPost eCommerce logistics solutions includes front end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.

SingPost has been listed on the Main Board of the Singapore Exchange since 2003. The market capitalisation of SingPost stood at S\$3.53 billion as of 31 March 2016. The company has a strong credit rating of A-/Stable by Standard & Poor's.

To find out more about SingPost, please visit www.singpost.com and <https://www.singpost.com/corporate-information/businesses.html> for more information on SingPost's subsidiaries and businesses.

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