

CORPORATE GOVERNANCE

INTRODUCTION

Good corporate governance ensures key stakeholders' interests are protected and enhances corporate performance and accountability. SingTel aspires to the highest standards of corporate governance and, to this end, has put in place a set of well-defined policies and processes.

As SingTel shares are listed on both the Singapore Exchange Securities Trading Limited (SGX) and Australian Securities Exchange (ASX), SingTel seeks to comply with two sets of listing rules and is guided in its corporate governance practices by the Singapore Code of Corporate Governance 2005 (2005 Code) as well as the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (ASX Code). Where one Exchange has more stringent requirements, SingTel will strive to observe the more stringent requirements.

On 2 May 2012, the revised Code of Corporate Governance 2012 was issued, and while it does not take effect yet, SingTel already complies with many of the key revised guidelines, including those relating to proportion of independent directors on the board, the appointment of a lead independent director,

multiple directorships, enhanced remuneration disclosures, and poll voting at shareholder meetings.

In line with corporate governance best practices, certain enhancements to the SingTel Group's corporate governance regime have been made, including the following:

- With the increasing emphasis on risk governance and heightened risks and greater complexity in the business and economic environment, a separate Risk Committee (RC) was set up to assist the Board in overseeing the governance of risk in the Group's business. With this, the Finance, Investment and Risk Committee has been renamed the Finance and Investment Committee in May 2012, and all items relating to risk oversight are now covered by the RC. For more details, see the 'Risk Committee' section on page 62.
- In accordance with the recommendations in the ASX Code, SingTel has enhanced its disclosures on diversity within the Group. For details, please refer to the 'Board Composition, Diversity and Balance' section on pages 57 to 58 and the 'Our People' section on pages 52 to 55.

Directors' Attendance at Board Meetings during the Financial Year Ended 31 March 2012 ⁽¹⁾

Name of Director	Scheduled Board Meetings		Ad Hoc Board Meetings	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Simon Israel	6	6	1	1
Bobby Chin Yoke Choong ⁽²⁾	-	-	-	-
Chua Sock Koong	6	6	1	1
Fang Ai Lian	6	6	1	1
Dominic Chiu Fai Ho	6	6	1	1
Low Check Kian ⁽³⁾	6	6	1	1
Peter Edward Mason AM ⁽⁴⁾	6	5	1	1
Kaikhushru Shiavax Nargolwala	6	6	1	1
Peter Ong Boon Kwee	6	6	1	1
Ong Peng Tsin	6	6	1	1
Chumpol NaLamlieng ⁽⁵⁾	2	2	0	0
Graham John Bradley AM ⁽⁴⁾⁽⁵⁾	2	2	0	0
Nicky Tan Ng Kuang ⁽⁵⁾	2	2	0	0

Notes:

⁽¹⁾ Refers to meetings held/attended while each Director was in office.

⁽²⁾ Mr Bobby Chin Yoke Choong was appointed to the Board on 1 May 2012.

⁽³⁾ Mr Low Check Kian was appointed to the Board on 9 May 2011.

⁽⁴⁾ Member of the Order of Australia.

⁽⁵⁾ Mr Chumpol NaLamlieng, Mr Graham John Bradley and Mr Nicky Tan Ng Kuang retired following the conclusion of the AGM held on 29 July 2011.

This report sets out SingTel's main corporate governance practices with reference to the 2005 Code and the ASX Code. Unless otherwise stated, these practices were in place for the entire financial year. SingTel complies with the 2005 Code save that, in respect of Board appraisal, the Board is of the view that financial indicators are not appropriate criteria for assessing the Board's performance as the Board's role is seen to be more in formulating, rather than executing, strategy and policy. SingTel also complies with the ASX Code.

The Board of Directors is responsible for SingTel's corporate governance standards and policies, and stresses their importance across the Group. SingTel has received accolades from the investment community for excellence in corporate governance. More details are included in the 'Key Awards and Accolades' section on pages 22 to 23.

BOARD MATTERS

Board's Conduct of its Affairs

The Board oversees the business affairs of the SingTel Group. It assumes responsibility for the Group's overall strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices. The Board also appoints the Group CEO, approves the policies and guidelines for Board and Senior Management remuneration, and approves the appointment of Directors. In line with best practices in corporate governance, the Board also oversees long term succession planning for Senior Management.

SingTel has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from matters that specifically require the Board's approval, such as the issue of shares, dividend distributions and other returns to shareholders, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees and the Management Committee so as to optimise operational efficiency.

The Board meets regularly, and sets aside time at each scheduled Board meeting to meet without the presence of Management. Board meetings generally last a full day and include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas, as well as presentations by each of the Group's associates during the course of the year, to allow the Board to develop a good understanding of the Group's businesses and to

promote active engagement with the Group's partners and key executives. Typically, at least one Board meeting a year is held overseas, in a country where the Group either has significant investment or has an interest in investing or where Board members can be exposed to new technology relevant to the Group's growth strategy. On such occasions, the Board may meet with local business leaders and government officials, so as to help the Board gain greater insight into such countries. The Board also meets SingTel's partners in those countries to develop stronger relationships with such partners. In addition to approximately seven scheduled meetings each year, the Board meets as and when warranted by particular circumstances. Seven Board meetings were held in the financial year ended 31 March 2012. Meetings via telephone or video conference are permitted by SingTel's Articles of Association.

A record of the Directors' attendance at Board meetings during the financial year ended 31 March 2012 is set out on page 56.

Directors are required to act in good faith and in the interests of SingTel. All new Directors appointed to the Board are briefed on the Group's business activities, strategic direction and policies, key business risks, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors. In line with best practices in corporate governance, the 2005 Code and the ASX Code, new Directors also receive a letter from the Company stating clearly the Board's role and the role of non-executive Directors, the time commitment that the Director would be expected to allocate and other relevant matters.

Board Composition, Diversity and Balance

The size and composition of the Board are reviewed from time to time by the Corporate Governance and Nominations Committee (CGNC), which seeks to ensure that the size of the Board is conducive to effective discussion and decision making, and that the Board has an appropriate number of independent Directors. The CGNC also seeks to maintain a diversity of expertise, skills and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, industry knowledge, strategic planning, customer-based experience and knowledge, and regional business expertise, as well as taking into account broader diversity considerations, such as gender, age, nationality/ethnicity, etc., in making appointments. When a Board position becomes vacant or additional Directors are required, the CGNC will continue to select and recommend candidates on the basis of their skills, experience, knowledge and diversity. Any potential conflicts of interest are taken into consideration.

Reflecting the focus of the Group's business in the region, four of SingTel's 10 Directors are from countries outside Singapore,

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namely, the Chairman, Mr Simon Israel, and non-executive Directors, Messrs Dominic Chiu Fai Ho, Peter Edward Mason AM and Kaikhushru Shiavax Nargolwala. There are two female Directors, namely Ms Chua Sock Koong and Mrs Fang Ai Lian.

In order to help attract high calibre international directors to the SingTel Board, especially in the case of candidates who come from jurisdictions where it is common practice for companies to grant Deeds of Indemnity to their directors, SingTel has adopted a policy on the grant of Deeds of Indemnity to Directors, to provide assurance to Directors that they are adequately covered against personal liability incurred in the course of performing their professional duties.

The CGNC assesses the independence of each Director, taking into account the guidance in the 2005 code and the ASX code for assessing independence. On this basis, Ms Chua Sock Koong, SingTel's Group CEO, Mr Simon Israel, Chairman of the SingTel Board and Mr Peter Ong Boon Kwee, Permanent Secretary of the Ministry of Finance, Singapore are the only non-independent Directors.

A Director who has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SingTel, is considered to be independent. All members of the Board, except those identified above as being non-independent, are considered to be independent Directors.

In assessing the independence of the Directors, the CGNC has examined the different relationships identified by the 2005 Code and the ASX Code that might impair the Directors' independence and objectivity, and is satisfied that the Directors are able to act with independent judgement.

The profile of each Director and other relevant information are set out under 'Board of Directors' from pages 14 to 17.

The Chairman and the Group CEO

The Chairman of the Board is a non-executive appointment and is separate from the office of the Group CEO. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Group CEO is responsible for implementing the Group's strategies and policies, and for conducting the Group's business. The Chairman and the Group CEO are not related.

Role of the Chairman

The Chairman is responsible for leadership of the Board and is pivotal in creating the conditions for overall Board, Committee and individual Director effectiveness, both inside and outside the

boardroom. This includes setting the agenda of the Board, and promoting active engagement and an open dialogue amongst the Directors, as well as between the Board and the Group CEO. The Chairman also provides support and advice to, and acts as a sounding board for, the Group CEO, while respecting executive responsibility. In addition, the Chairman ensures that the performance of the Board is evaluated regularly, and takes the lead in addressing the development needs of the Board. The Chairman plays a key role in the performance appraisal exercise for the Group CEO, as well as in overseeing talent management, and works with the Group CEO to ensure that robust succession plans are in place for the senior leadership team. In addition, the Chairman works with the Board, the relevant Board Committees and Management to establish the boundaries of risk undertaken by the Group.

The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the Group CEO and Management in the drive to transform SingTel's businesses. This involves developing a keen understanding of the Group's diverse and complex businesses, the industry, partners, regulators and competitors. The Chairman also maintains effective communications with major shareholders and supports the Group CEO in engaging with a wide range of other stakeholders such as partners, governments and regulators. In this connection, he takes the time to travel overseas to visit the Group's key associates in the region and in the process, fosters strong relationships with the Group's partners as well as gathers valuable feedback for Management to consider and follow up on.

The scope and extent of the Chairman's and the Board's responsibilities and obligations have been expanding due to the increased focus on risk management and corporate governance, and enhanced regulatory requirements in the aftermath of the global financial crises. Given the increased demands on the Board and the Chairman, the Chairman has been and is expected to spend more time on, and be more hands-on in, the affairs of the Group. In this regard, the Board has agreed with the Chairman that he will commit a significant proportion of his time to his role and will manage his other time commitments accordingly.

Lead Independent Director

The Lead Independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the non-executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and to assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director serves as chairman of the Corporate Governance and Nominations Committee. The role of the Lead Independent Director includes meeting with the

non-executive Directors without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate. He will also be available to shareholders if they have concerns relating to matters which contact through the normal channels of the Chairman, Group CEO or Group CFO has failed to resolve, or where such contact is inappropriate.

Board Membership

The Corporate Governance and Nominations Committee (CGNC) establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the CGNC reviews the range of expertise, skills and attributes of the Board and the composition of the Board. The CGNC then identifies SingTel's needs and prepares a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the CGNC may seek advice from external search consultants.

The CGNC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director for recommendation to the Board. However, the re-nomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board. The CGNC may have to consider the need to position and shape the Board in line with the evolving needs of SingTel and the business. In order to ensure Board renewal, the Board has in place guidelines on the tenure of the Chairman and Directors.

Directors must ensure that they are able to give sufficient time and attention to the affairs of SingTel and, as part of its review process, the CGNC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director of SingTel. The Board has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The guideline provides that, as a general rule, each Director should hold no more than six principal board appointments. The guideline includes the following: (1) in support of their candidature for directorship or re-election, Directors are to provide the CGNC with details of other commitments and an indication of the time involved; and (2) non-executive Directors should consult the Chairman or chairman of the CGNC before accepting any new appointments as Directors.

A Director must retire from office at the third Annual General Meeting (AGM) after the Director was elected or last re-elected. A

retiring Director is eligible for re-election by SingTel shareholders at the AGM. In addition, a Director appointed by the Board to fill a casual vacancy or appointed as an additional Director may only hold office until the next AGM, at which time he will be eligible for re-election by shareholders. If at any AGM, fewer than three Directors would retire pursuant to the requirements set out above, the additional Directors to retire at that AGM shall be those who have been longest in office since their last re-election or appointment. The Group CEO, as a Director, is subject to the same retirement by rotation, resignation and removal provisions as the other Directors and such provisions will not be subject to any contractual terms that may have been entered into with the Company. Shareholders are provided with relevant information on the candidates for election or re-election.

Board Performance

The Board and the Corporate Governance and Nominations Committee (CGNC) strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

Directors also participate in an annual offsite workshop with Senior Management to strategise and plan the Group's longer term strategy. Training and development programmes for Directors include talks and presentations by renowned experts and professionals in various fields, such as telecommunications, technology, regulatory matters and the economic/business environment in relevant markets. The Directors may also attend other appropriate courses, conferences and seminars. In addition, Board meetings may be held in overseas locations where Board members can be exposed to new technology relevant to the Group's growth strategy, such as the Board's visit to Silicon Valley. The Board may also hold Board meetings in conjunction with key industry events where relevant experts would be invited to speak to the Board on issues relevant to the Group's businesses.

Each year, the CGNC undertakes a process to assess the effectiveness of the Board as a whole and the contributions by each Director. The Board, led by the Lead Independent Director, also assesses the effectiveness of the Chairman. During the financial year, an independent external consultant was appointed to facilitate the evaluation of the Board and Board Committees, as well as the Directors' peer appraisal exercise. Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual Director's contributions to the Board and Board Committees. The results of the appraisal exercise were considered by the CGNC, which then made recommendations to the Board, aimed at helping the Board discharge its duties more effectively. The appraisal process

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focused on the evaluation of factors such as Board composition, information management, Board processes, corporate integrity and social responsibility, managing the Company's performance, strategic review, Board Committee effectiveness, CEO performance and succession planning, Director development and management, managing risk adversity and overall perception of the Board.

In addition to the appraisal exercise, the contributions and performance of each Director were assessed by the CGNC as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, the CGNC was able to identify areas for improving the effectiveness of the Board and its Committees.

Access to Information

Prior to each Board meeting, SingTel's Management provides the Board with information relevant to matters on the agenda for the Board meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group, as well as weekly updates which include information on the Group's competitors, and industry and technological developments. In addition, Directors receive analysts' reports on SingTel and other telecommunications and digital companies on a quarterly basis. Such reports enable the Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group. In line with SingTel's commitment to conservation of the environment, as well as technology advancement, SingTel has done away with hard copy Board papers and Directors are instead provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and at meetings.

The Board has separate and independent access to the Senior Management and the Company Secretary at all times. The Company Secretary attends all Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by SingTel.

Board and Management Committees

The following Board Committees assist the Board in executing its duties:

- Finance and Investment Committee
- Audit Committee
- Risk Committee
- Executive Resource and Compensation Committee
- Corporate Governance and Nominations Committee
- Optus Advisory Committee.

Each Board Committee may make decisions on matters within its terms of reference and applicable limits of authority. The terms of reference of each Committee are reviewed from time to time, as are the Committee structure and membership.

The selection of Board Committee members requires careful management to ensure that each Committee comprises Directors with appropriate qualifications and skills, and that there is an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board, and to encourage active participation and contribution from Board members, is also taken into consideration.

A record of each Director's Board Committee memberships and attendance at Board Committee meetings during the financial year ended 31 March 2012 is set out on page 61.

Finance and Investment Committee

The Finance and Investment Committee (FIC) comprises at least three Directors, the majority of whom shall be independent Directors. Membership of the Audit Committee and the FIC are mutually exclusive.

The main responsibilities of the FIC include the provision of advisory support on the development of the SingTel Group's overall strategy, review of strategic issues, approval of investments and divestments, review of the Group's Investment and Treasury Policies, evaluation and approval of any financial offers and banking facilities and management of the Group's liabilities in accordance with the policies and directives of the Board. In addition, the FIC reviews and approves guarantees, letters of comfort and letters of awareness, and approves consultancy fees, capital expenditure, and write-off of irrecoverable debts in accordance with the SingTel Board's policies and directives.

The FIC also oversees any on-market share repurchases pursuant to SingTel's share purchase mandate.

Directors' Board Committee Memberships and Attendance at Board Committee Meetings during the Financial Year Ended 31 March 2012 ^{(1) (2)}

Name of Director	Finance and Investment Committee		Audit Committee		Executive Resource and Compensation Committee		Corporate Governance and Nominations Committee		Optus Advisory Committee	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Simon Israel ⁽³⁾	6	6			9	9	2	2	4	4
Bobby Chin Yoke Choong ⁽⁴⁾										
Chua Sock Koong ⁽⁵⁾	6	6	4	4	10	10	3	2	4	4
Fang Ai Lian			4	4	10	10				
Dominic Chiu Fai Ho			4	4			3	3		
Low Check Kian ⁽⁶⁾	5	5					2	2		
Peter Edward Mason AM ⁽⁷⁾	1	1			9	9			4	4
Kaikhushru Shiavax Nargolwala ⁽⁸⁾			4	4	9	9	3	3		
Peter Ong Boon Kwee ⁽⁹⁾			4	3			3	3		
Ong Peng Tsin ⁽¹⁰⁾	6	6			1	1			3	3
Chumpol NaLamlieng ⁽¹¹⁾					4	2	1	1		
Graham John Bradley AM ⁽¹¹⁾					4	4			2	2
Nicky Tan Ng Kuang ⁽¹¹⁾	2	2							2	2

Notes:

⁽¹⁾ Refers to meetings held/attended while each Director was in office.

⁽²⁾ The Risk Committee was established, and the Finance, Investment and Risk Committee was renamed the Finance and Investment Committee, in May 2012.

⁽³⁾ Mr Simon Israel was appointed to the Executive Resource and Compensation Committee on 11 May 2011 and the Corporate Governance and Nominations Committee on 8 July 2011.

⁽⁴⁾ Mr Bobby Chin Yoke Choong was appointed to the Board on 1 May 2012 and the Risk Committee on 9 May 2012.

⁽⁵⁾ Ms Chua Sock Koong is not a member of the Committees other than the Optus Advisory Committee although she was in attendance at meetings of those Committees as appropriate.

⁽⁶⁾ Mr Low Check Kian was appointed to the Board on 9 May 2011, and the Corporate Governance and Nominations Committee and the Finance, Investment and Risk Committee on 11 May 2011.

⁽⁷⁾ Mr Peter Edward Mason was appointed to the Executive Resource and Compensation Committee and ceased to be a member of the Finance, Investment and Risk Committee on 11 May 2011.

⁽⁸⁾ Mr Kaikhushru Shiavax Nargolwala was appointed to the Executive Resource and Compensation Committee on 11 May 2011.

⁽⁹⁾ Mr Peter Ong Boon Kwee was appointed to the Risk Committee and ceased to be a member of the Corporate Governance and Nominations Committee on 9 May 2012.

⁽¹⁰⁾ Mr Ong Peng Tsin was appointed to the Optus Advisory Committee on 11 May 2011 and ceased to be its member on 9 May 2012. He also ceased to be a member of the Executive Resource and Compensation Committee on 11 May 2011 and was appointed to the Risk Committee on 9 May 2012.

⁽¹¹⁾ Mr Chumpol NaLamlieng, Mr Graham John Bradley and Mr Nicky Tan Ng Kuang retired following the conclusion of the AGM held on 29 July 2011.

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Audit Committee

The Audit Committee (AC) comprises at least three Directors, all of whom shall be non-executive Directors and the majority of whom, including the chairman, shall be independent Directors. At least two members of the AC must have accounting or related financial management expertise or experience. As required by the terms of reference of the AC, the chairman of the AC is a Director other than the Chairman of the Board. The AC members are all non-executive Directors, and the majority of the members, including the chairman, are independent.

The AC has explicit authority to investigate any matter within its terms of reference, and has the full cooperation of and access to Management. It has direct access to the internal and external auditors, and full discretion to invite any Director or executive officer to attend its meetings.

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management.

The AC reports to the Board on the results of the audits undertaken by the internal and external auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of risk management and internal controls. It reviews the quarterly and annual financial statements with Management and the external auditors, reviews and approves the annual audit plans for the internal and external auditors, and reviews the internal and external auditors' evaluation of the Group's system of internal controls.

The AC is responsible for evaluating the cost-effectiveness of audits, the independence and objectivity of the external auditors, and the nature and extent of the non-audit services provided by the external auditors to ensure that the independence of the external auditors is not compromised. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors. In addition, the AC reviews and approves the SingTel Internal Audit Charter to ensure the independence and effectiveness of the internal audit function. At the same time, it ensures that the internal audit function is adequately resourced and has appropriate standing within SingTel. The AC also reviews the performance of Internal Audit, including the performance and compensation of the Group Chief Internal Auditor.

During the financial year, the AC reviewed the Management's and SingTel Internal Audit's assessment of fraud risk and held discussions with the external auditors to obtain reasonable assurance that adequate measures were put in place to mitigate

fraud risk exposure in the Group. The AC also reviewed the adequacy of the whistle-blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower complaints were reviewed by the AC at its quarterly meetings to ensure independent and thorough investigation and adequate follow-up.

The Audit Committee met four times during the financial year. At these meetings, the Group CEO, Group CFO, Vice President Group Finance, Group Chief Internal Auditor and the respective CEOs and CFOs of the businesses were also in attendance. During the financial year, the AC reviewed the quarterly financial statements prior to approving or recommending to the Board of their release, as applicable. It reviewed the results of audits performed by SingTel Internal Audit based on the approved audit plan, significant litigation and fraud investigations, SingTel's register of interested person transactions and non-audit services rendered by the external auditors. The AC also met with the internal and external auditors, without the presence of Management, during the financial year.

Risk Committee

The role of the Risk Committee (RC) is to assist the Board in fulfilling its responsibilities in relation to governance of material risks in the Group's business. These responsibilities include ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determining the nature and extent of the material risks which the Board is willing to take in achieving the Group's strategic objectives.

The RC comprises at least three members, the majority of whom shall be independent. Members of the RC shall be appointed by the Board, on the recommendation of the Corporate Governance and Nominations Committee. There shall be at least one common member between the RC and the Audit Committee.

The RC shall review the Group's strategy, policies, framework, processes and procedures for the identification, measurement, reporting and mitigation of material risks in the Group's business and report any significant matters, findings and recommendations in this regard to the Board.

The RC shall meet at least three times a year, with additional meetings to be convened as deemed necessary by the chairman of the RC.

Executive Resource and Compensation Committee

The Executive Resource and Compensation Committee (ERCC) comprises at least three Directors, all of whom shall be non-

executive and the majority of whom shall be independent. The ERCC is chaired by an independent non-executive Director. The ERCC has access to expert advice inside and/or outside SingTel.

The main responsibilities of the ERCC are to approve the Group's policies on executive remuneration, and to administer and review any long-term incentive schemes of SingTel.

The ERCC approves or recommends to the Board the appointment, promotion and remuneration of key management positions. Policies and guidelines for Directors' compensation are also recommended by the ERCC for the Board's endorsement.

The ERCC also ensures that appropriate recruitment, development and succession planning programmes are in place for key executive roles.

The Group CEO, who is not a member of the ERCC, may attend meetings of the ERCC but does not attend discussions relating to her own performance and remuneration.

SingTel's remuneration policy and remuneration for Directors and Senior Management are discussed in this report from pages 67 to 71.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee (CGNC) comprises at least three Directors, the majority of whom, including the chairman, shall be independent. In line with the 2005 Code, the chairman of the Committee is not a substantial shareholder of SingTel, nor is he directly associated with any substantial shareholder of SingTel.

The main functions of the CGNC are outlined in the commentaries on 'Board Composition, Diversity and Balance', 'Board Membership' and 'Board Performance' from pages 57 to 60. The CGNC is also responsible for the development and review of SingTel's corporate governance principles and practices, taking into account relevant local and international developments in the area of corporate governance.

Optus Advisory Committee

The Optus Advisory Committee comprises at least three Directors, the majority of whom shall be non-executive Directors. The Committee reviews strategic business issues relating to the Australian business.

Management Committee

In addition to the six Board Committees, SingTel has a Management Committee that comprises the Group CEO, CEO Group Consumer, CEO Group Digital Life, CEO Group ICT, Group CFO, Group Chief

Information Officer, Group Chief Strategy Officer and Group Director Human Resources.

The Management Committee meets every week to review and direct Management on operational policies and activities.

ACCOUNTABILITY AND AUDIT

Accountability

SingTel recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive monthly financial and business reports from SingTel's Management. Such reports compare SingTel's actual performance against the budget, and highlight key business drivers/indicators and major issues that are relevant to SingTel's performance, position and prospects.

For the financial year ended 31 March 2012, SingTel's Group CEO and Group CFO have provided written confirmation to the Board on the integrity of SingTel's financial statements and on SingTel's risk management, compliance and internal control systems. This certification covers SingTel and the subsidiaries which are under SingTel's management control. In line with the SGX Listing Rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the Group CEO and Group CFO.

Internal Audit

SingTel Internal Audit comprises a team of 53 staff members, including the Group Chief Internal Auditor who reports to the Audit Committee (AC) functionally and to the Group CEO administratively. SingTel Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors (IIA) and adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. SingTel Internal Audit successfully completed another external Quality Assurance Review in 2010 and continues to meet or exceed the IIA Standards in all key aspects.

SingTel Internal Audit adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. This plan is reviewed and approved by the AC. The reviews performed by SingTel Internal Audit are aimed at assisting the Board in promoting sound risk management and good corporate governance, through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group. SingTel Internal Audit's reviews also focus on compliance with SingTel's policies, procedures and regulatory responsibilities,

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performed in the context of financial and operational, revenue assurance and information systems reviews. SingTel Internal Audit engages closely with Management in its internal consulting and control advisory role to promote effective risk management, internal control and governance practices in the development of new products/services, and implementation of new/enhanced systems and processes. SingTel Internal Audit also collaborates with the internal audit functions of SingTel's regional mobile associates to promote joint reviews and the sharing of knowledge and/or internal audit best practices.

To ensure that the internal audits are performed effectively, SingTel Internal Audit recruits and employs suitably qualified professional staff with the requisite skillsets and experience. SingTel Internal Audit provides training and development opportunities for its staff to ensure their technical knowledge and skillsets remain current and relevant.

External Auditors

The Board is responsible for the initial appointment of external auditors. Shareholders then approve the appointment at SingTel's AGM. The external auditors hold office until their removal or resignation. The AC assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their appointment to the Board. Pursuant to the requirements of the Singapore Exchange Securities Trading Limited (SGX), an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. Deloitte & Touche LLP has met this requirement and the current Deloitte & Touche LLP audit partner for SingTel took over from the previous audit partner with effect from 1 April 2011. SingTel has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to its auditors.

In order to maintain the independence of the external auditors, SingTel has developed policies regarding the types of non-audit services that the external auditors can provide to the SingTel Group and the related approval processes. The AC has also reviewed the non-audit services provided by the external auditors during the financial year and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided a confirmation of their independence to the AC.

Risk Management and Internal Controls

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. During the financial year ended 31 March 2012, the Finance, Investment and Risk Committee (now known as the Finance and Investment Committee) assisted the Board in the oversight of the Group's risk profile and policies, adequacy and effectiveness of the Group's risk management system including the identification

and management of significant risks and reports to the Board on material matters, findings and recommendations pertaining to risk management. The Audit Committee (AC) provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems. In May 2012, a separate Board-level Risk Committee (RC) was established by the Board to assist in its responsibilities relating to the governance of risk and to provide an increased focus on and a more integrated Group-wide perspective in the oversight of material risks in the Group's business.

The Board has approved a Group Risk Framework for the identification of key risks within the business. This Framework defines 28 categories of risks ranging from environmental to operational and management decision-making risks. The Group's risk management and internal control framework is aligned with the ISO 31000:2009 Risk Management framework and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework. Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by Management to address the underlying risks.

The identification and management of risks are delegated to Management who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis.

The Risk Management Committee, comprising relevant members from the Senior Management team, is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures including the adequacy of the Group's insurance programme. The Risk Management Committee reports to the RC on a regular basis.

During the financial year, SingTel with the assistance of an external risk consulting firm, conducted a review of its risk management framework and processes to ensure adequacy and alignment with global best practice standards. The significant risks in the Group's business including mitigating measures were also reported to and reviewed by the Board on a regular basis. Risk registers are maintained by the business and operational units which identify the key risks facing the Group's business and the internal controls in place to manage those risks.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems in the

Group addressing financial, operational and compliance risks. Any material non-compliance or lapses in internal controls together with remedial measures recommended by internal and external auditors are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by Management in response to the recommendations made by the internal and external auditors. Control self-assessments in key areas of the Group's operations are conducted by Management on a periodic basis to evaluate the adequacy and effectiveness of the risk management and internal control systems, including quarterly and annual certifications by Management to the AC and the Board respectively on the integrity of financial reporting and the adequacy and effectiveness of the risk management, internal control and compliance systems.

Based on the framework established and the reviews conducted by Management and the internal and external auditors, the Board opines, with the concurrence of the AC, that there were adequate controls in place within the Group addressing material financial, operational and compliance risks to meet the needs of SingTel in its current business environment as at 31 March 2012.

The system of internal control and risk management established by Management provides reasonable, but not absolute, assurance that SingTel will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Further details of the Group's Risk Management Philosophy and Approach can be found on pages 74 to 79.

Communication with Shareholders

SingTel is committed to maintaining high standards of corporate disclosure and transparency. SingTel takes an open and non-discriminatory approach when communicating with shareholders, the investment community and the media. SingTel provides consistent, relevant and timely information regarding the Group's performance, progress and prospects, to assist shareholders and investors in their investment decisions.

SingTel makes timely disclosures on any new material information to the Singapore Exchange Securities Trading Limited (SGX) and Australian Securities Exchange (ASX). These filings are also posted on SingTel's Investor Relations (IR) website immediately, so investors are made aware of business and strategic developments on a timely and consistent basis.

SingTel reports financial results on a quarterly basis: within 45 days after the end of each financial quarter for its first three quarters, and within 60 days after the end of the financial

year. The results announcements contain detailed financial disclosures and in-depth analyses of key value-drivers and metrics for the Group's businesses. SingTel also provides guidance on the outlook for its businesses at the start of each financial year, and affirms or updates the guidance every quarter to accurately reflect prevailing market conditions.

The SingTel IR website is the key resource of information for the investment community. In addition to the quarterly financial results materials, it contains a wealth of investor-related information on SingTel, including investor presentations, webcasts of earnings presentations, transcripts of conference calls, annual reports, upcoming events, shares and dividend information and factsheets.

SingTel proactively engages shareholders and investors through one-on-one meetings, conference calls, investor conferences and roadshows in Singapore, Australia, Hong Kong, US and Europe. In FY2012, SingTel met with more than 300 investors in over 200 meetings, both locally and internationally, to share the Group's business strategy, operational and financial performance and business prospects. While these meetings are largely undertaken by SingTel's Senior Management, the Chairman and certain Board members also meet with investors every year.

SingTel strongly encourages and supports shareholder participation at AGMs. SingTel delivers the Notice of the Meeting and related information a month ahead, providing ample time for shareholders to review the Notice and reply with their attendance. SingTel holds the AGM at a central location in Singapore with convenient access to public transportation. A registered shareholder who is unable to attend the AGM may choose to appoint a proxy to attend the AGM and vote on his behalf.

At each AGM, the Group CEO delivers a presentation to update shareholders on SingTel's progress over the past year. The Directors and Senior Management are in attendance to address queries and concerns about SingTel. SingTel's external auditors also attend the AGM to help address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' reports. All resolutions at SingTel's AGM and Extraordinary General Meeting are voted on by poll so as to better reflect shareholders' shareholding interests. The poll voting results (which are presented to the audience during the voting process) are filed with the stock exchanges together with the proxy voting results. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Leading business journals and financial institutions recognise SingTel for its strong emphasis and proactive approach to shareholder communication and engagement.

CORPORATE GOVERNANCE

Securities Transactions

SingTel's Securities Transactions Policy states that Directors and officers of the Group should not deal in SingTel shares during the period commencing two weeks before the announcement of SingTel's financial statements for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial statements for the full financial year and ending on the date of the announcement of the relevant results. The policy also discourages trading on short-term considerations and reminds Directors and officers of their obligations under insider trading laws. Directors and officers of the Group wishing to deal in SingTel shares during a closed period must secure prior written approval of the Chairman (in the case of Directors of SingTel), the Lead Independent Director (in the case of the Chairman) or the Group CEO (in the case of directors of SingTel subsidiaries, top management members and persons who are in attendance at Board and top management meetings). Requests for written approval must contain a full explanation of the exceptional circumstances and proposed dealing. If approval is granted, trading must be undertaken in accordance with the limits set out in the written approval. Directors are to consult with the Company Secretary/Group CEO before trading in SingTel shares to ensure compliance with securities laws. The Board is kept informed when a Director trades in SingTel securities. A summary of SingTel's Securities Transactions Policy is available in the Corporate Governance section of the SingTel corporate website.

In relation to shares of other companies, Directors are to refrain from trading in shares of SingTel's listed associates when in possession of material price sensitive information relating to such associates. Directors are also to refrain from having any direct or indirect financial interest in SingTel's competitors that might or might appear to create a conflict of interest or affect the decisions Directors make on behalf of SingTel.

Continuous Disclosure

There are formal policies and procedures to ensure that SingTel complies with its disclosure obligations under the listing rules of the SGX and ASX. A Market Disclosure Committee is responsible for SingTel's Market Disclosure Policy. The policy contains guidelines and procedures for internal reporting and decision making with regard to the disclosure of material information.

Material Contracts

Except for what is mentioned below, there are no material contracts entered into by SingTel or any of its subsidiaries that involve the interests of the Group CEO, any Director, or the controlling shareholder, Temasek Holdings (Private) Limited (Temasek). In December 2011, SingTel Strategic Investments Pte Ltd acquired 61 million ordinary shares constituting approximately 2 per cent of the issued share capital of Advanced Info Services Public Company Limited from Shin

Corporation Public Company Limited, a company in which Temasek has an interest, for a consideration of approximately Baht7.9 billion (approximately S\$331 million).

Codes of Conduct and Practice

SingTel has a code of internal corporate governance practices, policy statements and standards as described in this report, and makes this code available to Board members as well as employees of the Group. The processes and standards in the code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

SingTel also has a code of conduct that applies to all employees. The code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SingTel, its competitors, customers, suppliers and the community. The code of conduct covers areas such as workplace health and safety, conduct in the workplace, business conduct, protection of SingTel's assets, proprietary information and intellectual property, confidentiality, conflict of interest, and non-solicitation of customers and employees. The code is posted on SingTel's internal website and a summarised version is accessible from the SingTel corporate website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

SingTel has established an escalation process so that the Board of Directors, Senior Management, and internal and external auditors are kept informed of corporate crises in a timely manner, according to their severity. Such crises may include violations of the code of conduct and/or applicable laws and regulations, as well as loss events which have or are expected to have a significant impact, financial or otherwise, on the Group's business and operations.

Whistle-Blower Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. SingTel undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blower policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to SingTel Internal Audit and a whistle-blower hotline service independently managed by an external service provider, for reporting suspected fraud, corruption, dishonest practices or other similar matters. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

REMUNERATION

The broad principles that guide the Executive Resource and Compensation Committee (ERCC) in its administration of fees, benefits, remuneration and incentives for the Board of Directors and Senior Management are set out below.

Directors' Fees and Incentives

SingTel's Group CEO is an Executive Director and is therefore remunerated as part of Senior Management. She does not receive Directors' fees.

In the financial year ended 31 March 2012, in view of the expansion of the terms of reference for the Finance and Investment Committee (FIC) to include advisory support on strategic issues for the SingTel Group as a whole, the basic fees for the chairman and members of the FIC were increased to S\$50,000 and S\$35,000 respectively. The fees for non-executive Directors comprised a basic retainer fee, additional fees for appointment to Board Committees, attendance fees for ad hoc Board meetings and a travel allowance for Directors who were required to travel out of their country or city of residence to attend Board meetings and Board Committee meetings which did not coincide with Board meetings. There are no retirement benefit schemes or share-based compensation schemes in place for non-executive Directors. The framework for determining non-executive Directors' fees was as follows:

Basic Retainer Fee

Board Chairman	S\$220,000 per annum
Director	S\$110,000 per annum

Fee for appointment to Audit Committee and Finance and Investment Committee

Committee chairman	S\$50,000 per annum
Committee member	S\$35,000 per annum

Fee for appointment to any other Board Committee

Committee chairman	S\$35,000 per annum
Committee member	S\$25,000 per annum

Attendance Fee per Ad Hoc Board meeting

S\$2,000

Travel allowance for Board Meetings and Board Committee Meetings which do not coincide with Board meetings (per day of travel required to attend meeting)

S\$3,000

The proposed framework for Directors' fees for the financial year ending 31 March 2013 is the same as that for the financial year ended 31 March 2012.

Remuneration of Non-Executive Directors

The aggregate compensation paid to or accrued to SingTel non-executive Directors for services in all capacities for the financial year ended 31 March 2012 is set out in the table below. The aggregate compensation paid to or accrued to the SingTel Executive Director for the financial year ended 31 March 2012 is set out on page 68:

Name of Director	Director's Fees ⁽¹⁾ (S\$)
Simon Israel ⁽²⁾⁽³⁾	354,866
Bobby Chin Yoke Choong ⁽⁴⁾	-
Fang Ai Lian	205,000
Dominic Chiu Fai Ho	211,000
Low Check Kian ⁽⁵⁾	171,854
Peter Edward Mason AM	193,103
Kaikhushru Shiavax Nargolwala	228,992
Peter Ong Boon Kwee ⁽⁶⁾	190,000
Ong Peng Tsin ⁽⁷⁾	247,000
Chumpol NaLamlieng ⁽⁸⁾	97,829
Graham John Bradley AM ⁽⁸⁾	64,473
Nicky Tan Ng Kuang ⁽⁸⁾	78,672

Notes:

- (1) Directors' fees are paid on a half-yearly basis in arrears.
- (2) Fees are payable to Mr Simon Israel's employer before 1 July 2011.
- (3) In addition to his fees, Mr Simon Israel also received car-related benefits with a taxable value of S\$10,888.
- (4) Appointed to the Board on 1 May 2012.
- (5) Appointed to the Board on 9 May 2011.
- (6) Fees for Singapore public sector Director are processed in accordance with the framework of the Singapore Directorship and Consultancy Appointments Council.
- (7) Fees include travel allowance for attending Board Committee meetings which do not coincide with Board meetings.
- (8) Retired following the conclusion of the AGM held on 29 July 2011.

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S\$150,000 during the financial year ended 31 March 2012.

CORPORATE GOVERNANCE

No Director decides his own fees. Directors' fees are recommended by the ERCC and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM. SingTel seeks shareholders' approval for Directors' fees for the current financial year so that Directors' fees can be paid on a half-yearly basis in arrears for that year.

In order to align Directors' interests with that of shareholders, Directors are encouraged to acquire SingTel shares each year from the open market to the extent of one-third of their fees until they hold the equivalent of one year's fees in shares, and to continue to hold the equivalent of one year's fees in shares while they remain on the Board. Directors who were previously eligible for applicable share option schemes are encouraged to hold, beyond the vesting period, any shares acquired by the exercise of share options under those schemes.

Remuneration of Executive Director

The aggregate compensation paid to or accrued to Group CEO (Chua Sock Koong) for the financial year ended 31 March 2012 is set out in the table below:

Name	Fixed Remuneration ⁽¹⁾ (\$)	Variable Bonus ⁽²⁾ (\$)	Provident Fund ⁽³⁾ (\$)	Benefits ⁽⁴⁾ (\$)	Total Cash & Benefits ⁽⁵⁾ (\$)	Restricted Share Award (RSA) ⁽⁶⁾ (no. of shares)	Performance Share Award (PSA) ⁽⁶⁾ (no. of shares)
Chua Sock Koong	S\$1,615,000	S\$3,200,000	S\$9,474	S\$74,251	S\$4,898,725	119,024	1,272,984

Performance shares granted, vested and lapsed for Ms Chua as at 31 March 2012 are as follows:

Performance Share Awards	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2009 Awards	1-Jun-12	922	576	346	629	409	220
2010 Awards	1-Jun-13	934	-	-	630	-	-
2011 Awards	1-Jun-14	1,013	-	-	655	-	-

Notes:

⁽¹⁾ Fixed Remuneration refers to base salary and Annual Wage Supplement earned for the year ended 31 March 2012.

⁽²⁾ Variable Bonus refers to cash bonuses awarded for performance for the year ended 31 March 2012.

⁽³⁾ Provident Fund in Singapore represents payments in respect of company statutory contributions to the Singapore Central Provident Fund.

⁽⁴⁾ Benefits are stated on the basis of direct costs to the company and include car benefits, flexible benefits and other non-cash benefits such as medical cover and club membership.

⁽⁵⁾ Total Cash & Benefits is the sum of Fixed Remuneration, Variable Bonus, Provident Fund and Benefits for the year ended 31 March 2012.

⁽⁶⁾ Long Term Incentives are awarded in the form of performance shares. Grants of the Restricted Share Award (RSA) and Performance Share Award (PSA) under the SingTel Performance Share Plan were made in June 2012 for performance for the year ended 31 March 2012. The per unit fair values of the RSA and PSA are S\$2.776 and S\$2.336 respectively. The performance conditions for the awards are detailed on pages 69 to 70.

Remuneration for Executive Director and Senior Management

In determining the remuneration policy, the ERCC has established the following objectives:

- To clearly link a significant proportion of remuneration with performance, on an annual and long-term basis;
- To align the interests of Management with shareholder wealth creation;
- To reward performance based on a balanced scorecard approach, which includes financial and non-financial metrics;
- To attract, motivate and retain high-performing executives, which is necessary for SingTel to lead and shape industry by reinventing its core business, creating and driving new growth platforms and turbo-charging capabilities in enterprise ICT; and
- To be competitive in each of the relevant employment markets.

The ERCC recognises that the Group operates in a multinational and multifaceted environment and reviews remuneration through a process that considers Group, business unit and individual performance, relevant comparative remuneration in the market and, where required, feedback from independent external advisors on human resource management and reward and benefit policies. The performance evaluations for Senior Management have been conducted for the financial year in accordance with the above considerations.

In line with market practice, SingTel may, under special circumstances, compensate Senior Management for their past contributions when their services are no longer needed; for example, due to redundancies arising from reorganisation or restructuring of the Group.

Remuneration Components

The remuneration structure for Senior Management comprises five components – fixed remuneration, variable bonus, provident/superannuation fund, benefits and long-term incentives. The structure is designed such that the percentage of the variable component of Senior Management's remuneration increases as they move up the organisation. The variable component also depends on the actual achievement of corporate targets and individual performance objectives. The cost and value of the remuneration components are considered as a whole and are designed to strike a balance between linking rewards to short-term and long-term objectives, and maintaining competitiveness with market practice.

• Fixed Remuneration

The fixed remuneration comprises base salary and reflects the market worth of the job but may vary with responsibilities, performance, qualifications and the experience that the individual brings to the role.

In Australia, consistent with local market practice, executives may opt for a portion of their salaries to be received in tax-effective benefits-in-kind, such as superannuation contributions

and motor vehicles, while maintaining the same overall cost to the company.

• Variable Bonus

Variable bonus is an annual remuneration component which varies according to actual achievement against Group, business unit and individual performance objectives.

Performance objectives aligned to the overall strategic, financial and operational goals of the Group are set at the beginning of each financial year. While these objectives are different for each executive, they are assessed on the same principles across two broad categories of targets: Business and People. Business targets comprise financials, strategy, customer and business processes. People targets comprise leadership competencies, core values, people development and staff engagement. In addition, the executives are assessed on teamwork and collaboration across the Group.

In determining the final variable bonus payouts, the ERCC considers overall Group performance, business unit performance and individual performance as well as relevant market remuneration benchmarks. The ERCC proposes the payouts for the Group CEO, CEO Group Consumer, CEO Group Digital Life, CEO Group ICT and Group CFO for the Board's approval and approves the variable bonus payouts for the other Senior Management.

• Provident/Superannuation Fund

This component is made up of SingTel's contributions towards the Singapore Central Provident Fund or the Optus Superannuation Fund or any other chosen fund, as applicable.

• Benefits

SingTel provides benefits consistent with local market practice, such as an in-company medical scheme, club membership, employee discounts and other benefits that may incur Australian Fringe Benefits Tax, where applicable. Participation in such benefits is dependent on the country in which the executive is located. For expatriates located away from home, additional benefits such as accommodation, children's education and tax equalisation may be provided.

• Long-Term Incentives

Long-term incentives are delivered through equity plans meant to drive an ownership culture and retain key talents, with a focus on delivering long-term growth and shareholder value. These are provisionally granted to Senior Management for performance for the year ended 31 March 2012.

From 1 April 2012, long-term incentives will cease to be granted under the General Award (GA) and Senior Management Award (SMA) of the SingTel Performance Share Plan (Share Plan). The termination of the GA and SMA will not affect the rights of holders of any outstanding existing performance shares, and existing grants will continue to vest under the respective criteria established for each award.

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Two new awards have been introduced under the Share Plan in 2012 – the Performance Share Award (PSA) and the Restricted Share Award (RSA) – with grants made at the discretion of the ERCC. The PSA is granted to top management while a broader group of executives is eligible for the RSA. The number of performance shares awarded is determined using the valuation (of the shares) based on a Monte-Carlo simulation.

The share awards are conditional upon the achievement of predetermined performance targets over the performance period. These performance conditions and targets are established by the ERCC and approved by the Board at the beginning of the performance period. The final number of performance shares vested to the recipient will depend on the level of achievement of these targets over the performance period, subject to the approval of the ERCC. The details of the vesting criteria for the two awards are as follows:

Restricted Share Award (RSA)

The Restricted Share Award (RSA) has a two-year performance period from 1 April 2012 to 31 March 2014. Shares are allocated equally to the following performance conditions:

- 50 per cent SingTel Group's Net Profit After Tax (NPAT) – SingTel Group NPAT achieved against predetermined targets; and

- 50 per cent SingTel Group's Free Cash Flow (FCF) – SingTel Group FCF achieved against predetermined targets.

Details of the RSA vesting schedule are shown in Figure A.

Performance Share Award (PSA)

The Performance Share Award (PSA) has a three-year performance period from 1 April 2012 to 31 March 2015. Shares are allocated equally according to the following performance conditions:

- 50 per cent SingTel Group's Total Shareholder Return (Relative TSR) – TSR relative to the MSCI Asia Pacific Telecommunications Index; and
- 50 per cent SingTel Group's Absolute Total Shareholder Return (Absolute TSR) – Absolute TSR achieved against predetermined targets.

Details of the PSA vesting schedule are shown in Figure B.

Details of the performance shares granted under the Share Plan during the financial year are set out in the 'Directors' Report'.

SingTel employees are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under SingTel's equity-based remuneration schemes.

Figure A: Restricted Share Award (RSA) Vesting Schedule

Group NPAT (50%)		Group FCF (50%)	
Performance	Vesting Level ^	Performance	Vesting Level ^
Stretch	130%	Stretch	130%
Target	100%	Target	100%
Threshold	50%	Threshold	50%
Below Threshold	0%	Below Threshold	0%

^ For achievement between these performance levels, the percentage of shares under this tranche that will vest would vary accordingly.

Figure B: Performance Share Award (PSA) Vesting Schedule

Relative TSR (50%)		Absolute TSR (50%)	
Performance *	Vesting Level ^	Performance	Vesting Level ^
-	-	Stretch	200%
≥ +7.00%	100%	Target	100%
+2.00%	50%	Threshold	30%
< +2.00%	0%	Below Threshold	0%

* Percentage outperformance against the MSCI Asia-Pacific Telecom Index.

^ For achievement between these performance levels, the percentage of shares under this tranche that will vest would vary accordingly.

Remuneration of Senior Management

The aggregate compensation paid to or accrued to the five top-earning key executives for the financial year ended 31 March 2012 is set out in the table below:

Name	Fixed Remuneration ⁽¹⁾ (\$)	Variable Bonus ⁽²⁾ (\$)	Provident/Superannuation Fund ⁽³⁾ (\$)	Benefits ⁽⁴⁾ (\$)	Total Cash & Benefits ⁽⁵⁾ (\$)	Restricted Share Award (RSA) ⁽⁶⁾ (no. of shares)	Performance Share Award (PSA) ⁽⁶⁾ (no. of shares)
The following are in alphabetical order:							
Bill Chang Managing Director Business Group Group ICT	S\$580,600	S\$835,000	S\$12,707	S\$56,656	S\$1,484,963	53,315	253,425
Hui Weng Cheong ⁽⁷⁾ CEO International Group Consumer	S\$636,000	S\$850,000	S\$7,048	S\$147,957	S\$1,641,005	61,240	291,096
Allen Lew CEO Group Digital Life/ Country Chief Officer Singapore	S\$1,074,000	S\$2,250,000	S\$7,048	S\$62,792	S\$3,393,840	73,848	789,812
Jeann Low ⁽⁸⁾ Group CFO	S\$850,000	S\$1,200,000	S\$9,474	S\$30,041	S\$2,089,515	36,024	385,274
Paul O'Sullivan ⁽⁹⁾ CEO Group Consumer/ Country Chief Officer Australia	A\$1,080,000	A\$1,192,661	A\$209,039	A\$59,586	A\$2,541,286	112,677	1,205,358

Performance shares granted, vested and lapsed for the above five executives as at 31 March 2012 are as follows:

Performance Share Awards	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2009 Awards	1-Jun-12	2,073	1,296	777	1,414	919	495
2010 Awards	1-Jun-13	2,113	-	-	1,425	-	-
	1-Oct-13	201	-	-	-	-	-
2011 Awards	1-Jun-14	2,459	-	-	1,590	-	-

Notes:

- ⁽¹⁾ Fixed Remuneration refers to base salary and Annual Wage Supplement (if applicable) earned for the year ended 31 March 2012.
- ⁽²⁾ Variable Bonus refers to cash bonuses awarded for performance for the year ended 31 March 2012.
- ⁽³⁾ Provident Fund in Singapore represents payments in respect of company statutory contributions to the Singapore Central Provident Fund. Superannuation Fund in Australia represents payments in respect of the superannuation guarantee levy to the superannuation scheme. Any contributions made by an individual may be salary sacrificed, and are part of fixed remuneration.
- ⁽⁴⁾ Benefits are stated on the basis of direct costs to the company and include overseas assignment benefits, tax equalisation, car benefits, flexible benefits and other non-cash benefits such as medical cover, club membership and Australian Fringe Benefits Tax, where applicable.
- ⁽⁵⁾ Total Cash & Benefits is the sum of Fixed Remuneration, Variable Bonus, Provident/Superannuation Fund and Benefits for the year ended 31 March 2012.
- ⁽⁶⁾ Long-Term Incentives are awarded in the form of performance shares. Grants of the Restricted Share Award (RSA) and Performance Share Award (PSA) under the SingTel Performance Share Plan were made in June 2012 for performance for the year ended 31 March 2012. The per unit fair values of the RSA and PSA are S\$2.776 (A\$2.130) and S\$2.336 (A\$1.792) respectively. The performance conditions for the awards are detailed on pages 69 to 70.
- ⁽⁷⁾ Benefits for Mr Hui Weng Cheong include tax equalisation in relation to his past secondment to Advanced Info Service, Thailand.
- ⁽⁸⁾ Benefits for Ms Jeann Low include tax equalisation in relation to her past secondment to Optus, Australia.
- ⁽⁹⁾ Mr Paul O'Sullivan is based in Australia and remunerated in Australian dollars.