

Corporate Governance

Our Governance Framework

CHAIRMAN

SIMON ISRAEL

KEY OBJECTIVES

Responsible for leadership of the Board and for creating conditions for overall Board, committee and individual effectiveness

THE BOARD OF SINGTEL

11 DIRECTORS:

- 1 executive Director
- 1 non-independent Chairman
- 1 non-independent non-executive Director
- 8 independent non-executive Directors

KEY OBJECTIVES

To create value for shareholders and to ensure the long-term success of the Group

AUDIT COMMITTEE

4 independent Directors
1 non-independent Director

CHAIRMAN FANG AI LIAN

KEY OBJECTIVES

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

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

4 independent Directors
1 non-independent Director

CHAIRMAN KAI NARGOLWALA

KEY OBJECTIVES

To establish and review the profile of Board members; to make recommendations to the Board on the appointment, remuneration and retirement of Directors; to review the independence of Directors; to assist the Board in evaluating the performance of the Board, Board committees and Directors; and to develop and review the Company's corporate governance practices

EXECUTIVE RESOURCE & COMPENSATION COMMITTEE

3 independent Directors
1 non-independent Director

CHAIRMAN KAI NARGOLWALA

KEY OBJECTIVES

To oversee the remuneration of the Board and Senior Management, and to set appropriate remuneration framework and policies, including long-term incentive schemes, to deliver annual and long-term performance of the Group

FINANCE & INVESTMENT COMMITTEE

2 independent Directors
1 non-independent Director

CHAIRMAN SIMON ISRAEL

KEY OBJECTIVES

To provide advisory support on the development of the Group's overall strategy; review strategic issues; approve investments and divestments; review the Group's Investment and Treasury Policies; evaluate and approve financial offers and banking facilities; and manage the Group's liabilities

OPTUS ADVISORY COMMITTEE

2 independent Directors
2 non-independent Directors

CHAIRMAN PETER MASON

KEY OBJECTIVES

To review strategic business issues relating to the Australian business

RISK COMMITTEE

2 independent Directors
1 non-independent Director

CHAIRMAN BOBBY CHIN

KEY OBJECTIVES

To ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and to determine the nature and extent of the material risks that the Board is willing to take in achieving the Group's strategic objectives

INTRODUCTION

SingTel aspires to the highest standards of corporate governance and, to this end, has in place a set of well-defined policies and processes to enhance corporate performance and accountability, as well as protect the interests of key stakeholders. The Board of Directors is responsible for SingTel's corporate governance standards and policies, and stresses their importance across the Group.

As SingTel shares are listed on both the Singapore Exchange Securities Trading Limited (SGX) and ASX Limited (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 2012 (Singapore 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 stricter criteria. SingTel complies with the Singapore Code and the ASX Code. This report sets out SingTel's main corporate governance practices with reference to the Singapore Code and the ASX Code. Unless otherwise stated, these practices were in place for the entire financial year.

Initiatives/Enhancements

- The ASX issued the third edition of the ASX Corporate Governance Principles and Recommendations (revised ASX Code) in March 2014. The revised ASX Code will apply to SingTel for the financial year ending 31 March 2016. SingTel has reviewed its corporate governance policies and practices against the revised ASX Code and is

of the view that it is substantially in compliance with the revised ASX Code, and is taking steps to address areas where enhancements may be made.

- In April 2014, the SingTel Board established a Technology Advisory Panel (Panel), comprised of distinguished international members, to advise the Board in the area of digital technology. The Panel is chaired by Mr Koh Boon Hwee, and the members of the Panel are Messrs Gregory Becker, Venky Ganesan, Douglas Haynes, Lim Chuan Poh, Jonathan Miller and Erez Ofer.

Recognition

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 36 and 37.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014⁽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	8	8	3	3
Chua Sock Koong	8	8	3	3
Bobby Chin	8	8	3	3
Fang Ai Lian	8	8	3	2
David Gonski AC ⁽²⁾	8	8	3	2
Dominic Ho	8	8	3	3
Low Check Kian	8	8	3	3
Peter Mason AM ⁽³⁾	8	7	3	3
Kai Nargolwala	8	8	3	1
Christina Ong ⁽⁴⁾	–	–	–	–
Peter Ong	8	8	3	2
Ong Peng Tsin ⁽⁵⁾	3	3	1	1

Notes:

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

⁽²⁾ Companion of the Order of Australia.

⁽³⁾ Member of the Order of Australia.

⁽⁴⁾ Mrs Christina Ong was appointed to the Board on 7 April 2014.

⁽⁵⁾ Mr Ong Peng Tsin retired following the conclusion of the AGM held on 26 July 2013.

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BOARD MATTERS

Role of the Board and Conduct of its Affairs

The Board aims to create value for shareholders and ensure the long-term success of the Group by focusing on the development of the right strategy, business model, risk appetite, management, succession plan and compensation framework. It also seeks to align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned.

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 policies and guidelines on remuneration as well as the remuneration for the Board and Senior Management, 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 to optimise operational efficiency.

The Board meets regularly and sets aside time at each scheduled meeting to meet without the presence of Management. Board meetings generally last a full day and may include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas, as well as presentations by the Group's associates. This allows 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 has a significant investment, 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 Board members gain greater insight into such countries. The Board also meets SingTel's partners and key customers in those countries to develop stronger relationships with such partners and customers. SingTel also arranges for the Board to meet with renowned experts in the technology/digital space to enhance their knowledge in new growth areas and enable the Board to make more informed decisions. In addition to approximately eight scheduled meetings each year, the Board meets as and when warranted by particular circumstances. Eleven Board meetings were held in the financial year ended 31 March 2014. 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 2014 is set out on page 51.

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 Singapore Code and the ASX Code, new Directors also sign a letter of appointment from the Company stating clearly the role of the Board and 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). The CGNC 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 aims 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, legal, industry knowledge, strategic planning, customer-based experience and knowledge, and regional business expertise, and takes into account broader diversity considerations such as gender, age and nationality/ethnicity. When a Board position becomes vacant or additional Directors are required, the CGNC will select and recommend candidates on the basis of their skills, experience and knowledge, taking into account the need for board diversity. Any potential conflicts of interest are taken into consideration.

Reflecting the focus of the Group's business in the region, five of SingTel's

11 Directors are from, and have extensive experience in, jurisdictions outside Singapore, namely, the Chairman, Mr Simon Israel, and non-executive Directors, Messrs David Gonski AC, Dominic Ho, Peter Mason AM and Kai Nargolwala. In relation to gender diversity, SingTel currently has three female Directors, namely Ms Chua Sock Koong, Mrs Fang Ai Lian and Mrs Christina Ong. In this regard, SingTel is of the view that gender is but one aspect of diversity and SingTel Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

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 award of Deeds of Indemnity to Directors to ensure that they are adequately covered against personal liability incurred in the course of performing their professional duties.

The Board, taking into account the views of the CGNC, assesses the independence of each Director in accordance with the guidance in the Singapore Code and the ASX Code. 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.

In line with the guidance in the Singapore Code and the ASX Code, the Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a Director is independent, including the employment of a Director by the Company or any of its related corporations during the financial year in question or any of the previous three financial years; the acceptance by a

Director of any significant compensation from the Company or any of its related corporations for the provision of services during the financial year in question or the previous financial year, other than compensation for board service; and a Director being related to any organisation from which SingTel or any of its subsidiaries received significant payments or material services during the financial year in question or the previous financial year. On this basis, Ms Chua Sock Koong, SingTel's Group CEO; Mr Simon Israel, Chairman of the SingTel Board; and Mr Peter Ong, Permanent Secretary of the Ministry of Finance, Singapore are the only non-independent Directors. All other members of the Board are considered to be independent Directors.

The Board has examined the different relationships identified by the Singapore 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. In particular, the Board noted that while Mrs Christina Ong is a partner at Allen & Gledhill LLP (A&G) and A&G provides legal services to, and receives fees from, the SingTel Group, she has an interest of less than 5% in A&G. Mrs Ong is also a non-executive director of SIA Engineering Company Limited (SIAEC). The SIAEC group obtains telecommunication services from, and makes payments to, the SingTel Group in the ordinary course of business. The Board considers that these relationships do not affect Mrs Christina Ong's ability and willingness to operate independently.

The profile of each Director and other relevant information are set out under "Board of Directors" and "Past Chairmanships and Directorships" from pages 39 to 43.

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 in consultation with the Directors and the Group CEO, and promoting active engagement and an open dialogue among the Directors, as well as between the Board and the Group CEO.

The Chairman ensures that the performance of the Board is evaluated regularly, and guides the development needs of the Board. The Chairman leads the evaluation of the Group CEO's performance and works with the Group CEO in overseeing talent management to ensure that robust succession plans are in place for the senior leadership team.

The Chairman works with the Board, the relevant Board Committees and Management to establish the boundaries of risk undertaken by the Group and ensure that governance systems and processes are in place and regularly evaluated.

The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the Group CEO and Management on strategy and 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.

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The Chairman provides support and advice to, and acts as a sounding board for, the Group CEO, while respecting executive responsibility. He engages with other members of the senior leadership regularly.

The Chairman also maintains effective communications with large shareholders and supports the Group CEO in engaging with a wide range of other stakeholders such as partners, governments and regulators where the Group operates. He travels overseas to visit the Group's key associates in the region and, in the process, fosters strong relationships with the Group's partners and 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 corporate governance, risk management, regulation and compliance. Given the increased demands on the Board and the Chairman, the Chairman in particular has been spending, and is expected to spend, more time on, and be more hands-on in, the affairs of the Group. 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.

Role of the 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 CGNC. 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 that contact through the Chairman, Group CEO or Group CFO has failed to resolve, or where such contact is inappropriate.

Board Membership

The CGNC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, renomination 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 renomination. 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 renomination 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 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. The Board may also hold meetings in conjunction with key industry events where relevant experts would be invited to speak 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 Board Committees, as well as the contributions by each Director. 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 appraisal process focused on the evaluation of factors such as Board composition, information management, Board processes, Board Chairman, corporate social responsibility, management of the Company's performance, Board priorities, Board Committee effectiveness, CEO performance and succession planning, Director development and management, risk management 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. The Board was also able to assess the Board Committees through their regular reports to the Board on their activities.

Access to Information

Prior to each Board meeting, SingTel's Management provides the Board with information relevant to matters on the agenda for the meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group, as well as regular 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. Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by SingTel.

Role of the Company Secretary

The Company Secretary attends all Board meetings and is accountable directly to the Board, through the

Chairman, on all matters to do with the proper functioning of the Board.

Board and Management Committees

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

- Audit Committee (AC)
- Corporate Governance and Nominations Committee (CGNC)
- Executive Resource and Compensation Committee (ERCC)
- Finance and Investment Committee (FIC)
- Optus Advisory Committee (OAC)
- Risk Committee (RC).

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 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 2014 is set out on page 58.

Audit Committee

The 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, including the AC chairman, must have recent and relevant accounting or related financial management expertise or experience. As required by the terms of reference

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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. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

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 approving decisions relating to appointment or removal of Group Chief Internal Auditor and approving the performance and compensation of the Group Chief Internal Auditor. A copy of the charter of the AC is available on the corporate governance page on the company's website at <http://info.singtel.com/about-us/corporate-governance>.

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 AC 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 of the businesses were also in attendance. During the financial year, the AC reviewed and endorsed the Group's quarterly and full-year financial statements to the Board for approval and release. 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.

The external auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Corporate Governance and Nominations Committee

The CGNC comprises at least three Directors, the majority of whom, including the chairman, shall be independent.

The main functions of the CGNC are outlined in the commentaries on "Board Composition, Diversity and Balance", "Board Membership" and "Board Performance" from pages 52 to 55. 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.

Executive Resource and Compensation Committee

The ERCC plays an important role in helping to ensure that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive and robust policies so as to achieve the Group's goals and deliver sustainable shareholder value.

The 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 main responsibilities of the ERCC, as delegated by the Board, are to oversee the remuneration of the Board and Senior Management. It sets appropriate remuneration framework and policies, including long-term incentive schemes, to deliver annual and long-term performance of the Group.

The ERCC has been tasked by the Board to approve or recommend to the Board the appointment, promotion and remuneration of Senior Management. The ERCC also recommends the Directors' compensation for the Board's endorsement. Directors' compensation is subject to the approval of shareholders at the AGM. The ERCC's recommendations cover all aspects of remuneration for Directors and Senior Management, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives, management awards, and benefits-in-kind.

The ERCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. The ERCC draws on a pool of independent consultants for diversified views and specific expertise. The ERCC will ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The ERCC approves or recommends termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Senior Management. The ERCC ensures that contracts of service for Senior Management contain fair and reasonable termination clauses that are not overly generous.

The ERCC also ensures that appropriate recruitment, development and succession planning programmes are in

place for key executive roles, with the objective of building strong and sound leadership bench strength for long-term sustainability of the business. The ERCC conducts, on an annual basis, a succession planning review of Senior Management.

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 62 to 69.

Finance and Investment Committee

The FIC comprises at least three Directors, the majority of whom shall be independent Directors. Membership of the AC and the FIC is 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.

Optus Advisory Committee

The OAC 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.

Risk Committee

The role of the 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 that the Board is willing to take in achieving the Group's strategic objectives.

The RC comprises at least three members, the majority of whom, including the chairman, shall be independent. Members of the RC shall be appointed by the Board, on the recommendation of the CGNC. There shall be at least one common member between the RC and the AC.

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 shall 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.

Management Committee

In addition to the six Board Committees, SingTel has a Management Committee that comprises the Group CEO, CEO Group Consumer, CEO Group Enterprise, CEO Group Digital Life, Group CFO, Group Chief Information Officer and Group Director Human Resources.

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

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DIRECTORS' BOARD COMMITTEE MEMBERSHIPS AND ATTENDANCE AT BOARD COMMITTEE MEETINGS DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014 ⁽¹⁾

Name of Director	Audit Committee		Corporate Governance and Nominations Committee		Executive Resource and Compensation Committee		Finance and Investment Committee		Optus Advisory Committee		Risk 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	Number of Meetings Held	Number of Meetings Attended
Simon Israel	–	–	4	4	3	3	5	5	3	3	–	–
Chua Sock Koong ⁽²⁾	4	4	4	4	3	3	5	5	3	3	3	3
Bobby Chin	4	4	–	–	–	–	–	–	–	–	3	3
Fang Ai Lian	4	4	–	–	3	3	–	–	–	–	–	–
Dominic Ho	4	4	3	3	–	–	–	–	–	–	–	–
David Gonski AC	–	–	–	–	–	–	–	–	3	3	3	3
Low Check Kian	–	–	4	4	–	–	5	5	–	–	–	–
Peter Mason AM	–	–	–	–	3	3	–	–	3	3	–	–
Kai Nargolwala	–	–	4	4	3	3	5	5	–	–	–	–
Christina Ong ⁽³⁾	–	–	–	–	–	–	–	–	–	–	–	–
Peter Ong	4	4	–	–	–	–	–	–	–	–	3	2
Ong Peng Tsin ⁽⁴⁾	–	–	–	–	–	–	2	2	–	–	1	1

Notes:

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

⁽²⁾ 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.

⁽³⁾ Mrs Christina Ong was appointed to the Board on 7 April 2014 and the Audit Committee and Corporate Governance and Nominations Committee on 2 May 2014.

⁽⁴⁾ Mr Ong Peng Tsin retired following the conclusion of the AGM held on 26 July 2013.

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 2014, SingTel's Group CEO and Group CFO have provided written confirmation to the Board on the integrity of SingTel's financial statements and on the adequacy and effectiveness of SingTel's risk management and internal control systems, addressing financial,

operational and compliance risks including information technology risks. This certification covers SingTel and the subsidiaries that are under SingTel's management control.

Internal Audit

SingTel Internal Audit comprises a team of 54 staff members, including the Group Chief Internal Auditor, who reports to the 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 its 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 that aligns its activities to the key strategies and 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, robust internal controls 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, performed in the context of financial and operational, revenue assurance and information systems reviews.

SingTel Internal Audit works 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 associates to promote joint reviews and the sharing of knowledge and/or 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 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 26 July 2013. SingTel has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to the appointment of 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 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 2014, the Risk 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 framework and processes for the identification and management of significant risks, and reports to the Board on material matters, findings and recommendations pertaining to risk management. The AC provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems.

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.

The Board has established a Risk Appetite Statement and Risk Tolerance Framework to provide guidance to the Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, were also reviewed by the Risk Committee on a regular basis and reported to the Board. Risk registers are maintained by the business and operational units that 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

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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.

The Group has put in place a Board Escalation Process, where major incidents and violations, including major/material operational loss events and potential breaches of laws and regulations by the Company and/or its key officers, are required to be reported by Management/Internal Audit to the Board immediately to facilitate the Board's oversight of crisis management, and adequacy and effectiveness of follow-up actions taken by Management. Through this process, the Board has been kept informed promptly of any incidents with potential material financial, operational, compliance and technology risk impact.

A major incident that was reported to the Board under the Board Escalation Process during the financial year was the fire that broke out in the cable chamber of the Bukit Panjang Exchange on 9 October 2013. SingTel had established a Board Committee of Inquiry (BCOI) to provide an objective and expert review of the incident, focusing on key areas of fire prevention, network reliability and resiliency, and crisis communication and management. The BCOI's findings and recommendations were released to the public on 16 December 2013. Management has accepted all the findings and recommendations of the BCOI and appropriate and timely follow-

up actions have been taken or are being taken to prevent the recurrence of a similar incident.

The Board has received assurance from the Group CEO and Group CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2014 to address financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations.

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 72 to 79.

Communication with Shareholders

SingTel remains committed to delivering high standards of corporate disclosure and transparency through an open and

non-discriminatory approach towards our communications with shareholders, the investment community and the media. SingTel provides regular and relevant information regarding the Group's performance, progress and prospects to aid shareholders and investors in their investment decisions.

Over the year, SingTel has won recognition from leading business journals and investor associations for its strong emphasis and proactive approach to shareholder communication and engagement.

The SingTel Investor Relations website is a key resource of information for the investment community. It contains a wealth of investor-related information on SingTel, including investor presentations, webcasts of earnings presentations, transcripts of earnings conference calls, annual reports, upcoming events, shares and dividend information, and investor factsheets.

SingTel makes timely disclosures of any new material information to the SGX and ASX. These filings are also posted on the SingTel IR website, allowing investors to keep abreast of strategic and operational developments.

SingTel reports financial results on a quarterly basis: typically within 45 days from the end of each financial quarter for the first three quarters, and within 60 days from the end of the financial year. The quarterly financial results announcements contain detailed financial disclosures and in-depth analyses of key value-drivers and metrics for the Group's businesses.

SingTel also provides financial guidance for its businesses at the beginning of each financial year, and may affirm or update the guidance every quarter to accurately reflect prevailing market conditions.

SingTel proactively engages shareholders and the investment community through

group and one-on-one meetings, conference calls, email communications, investor conferences and roadshows. This year, SingTel engaged about 500 investors in over 280 meetings and conference calls in Singapore, Australia and other global financial centres 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.

To ensure a two-way flow of information, SingTel commissions an annual survey of investors' perceptions to solicit feedback from the investment community on a range of strategic and topical issues. The survey provides the SingTel Board and Management with invaluable insights into investors' views of the Group and helps SingTel identify areas for improvement in investor communication.

SingTel strongly encourages and supports shareholder participation at AGMs. SingTel delivers the Notice of AGM and related information a month ahead, providing ample time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if they wish. The Notice of AGM is also advertised in the Straits Times for the benefit of shareholders. SingTel holds its AGM at a central location in Singapore with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint up to two proxies to attend and vote on his behalf. Under SingTel's Articles of Association, the Central Provident Fund Board and CHES Depositary Nominees Pty Ltd may each appoint more than two proxies.

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 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 electronic poll so as to better reflect shareholders' shareholding interests and ensure greater transparency. The poll voting results, in addition to the proxy voting results, are presented to the audience and subsequently filed with the stock exchanges. 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.

Securities Transactions

SingTel has in place a Securities Transactions Policy, which provides 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 inform the Company Secretary before trading in SingTel shares. 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 prohibited 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

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.

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

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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 that 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 and corruption.

SingTel undertakes to investigate complaints of suspected fraud and corruption in an objective manner. To this end, it has put in place a whistle-

blower policy and procedures that provide employees and other external parties with well-defined and accessible channels within the Group. These include 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, unethical practices or other similar matters. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees and other persons 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. All whistle-blower complaints are investigated independently by SingTel Internal Audit or an independent investigation committee as appropriate, and the outcome of each investigation is reported to the AC for review.

REMUNERATION

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

Remuneration of Non-Executive Directors

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

The ERCC recommends the non-executive Directors' fees for the Board's endorsement and approval by shareholders. As SingTel has diverse and complex operations and investments internationally and is not just a Singapore-based company, the fees

are benchmarked against fees paid by other comparable companies in Singapore and Australia.

SingTel seeks shareholders' approval at the AGM for Directors' fees for the current financial year so that Directors' fees can be paid on a half-yearly basis in arrears. No Director decides his own fees.

Save as mentioned below, there are no retirement benefit schemes or share-based compensation schemes in place for non-executive Directors.

To align Directors with shareholders' interests, Directors are encouraged to acquire SingTel shares each year from the open market 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.

Financial Year Ended 31 March 2014

For the financial year ended 31 March 2014, the fee for each of the chairmen of the AC and the FIC was increased from S\$50,000 to S\$60,000 per annum and the fee for the chairman of the ERCC was increased from S\$35,000 to S\$45,000 per annum to align fees with comparable benchmarks. These changes were disclosed in the 2013 Annual Report. 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 that did not coincide with Board meetings. The framework for determining non-executive Directors' fees for the financial year ended 31 March 2014 is set out on page 63.

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\$60,000 per annum
Committee member	S\$35,000 per annum

Fee for appointment to Executive Resource and Compensation Committee

Committee chairman	S\$45,000 per annum
Committee member	S\$25,000 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 that do not coincide with Board meetings (per day of travel required to attend meeting)

S\$3,000

The aggregate compensation paid to SingTel non-executive Directors for services in all capacities for the financial year ended 31 March 2014 was S\$2,119,865 (details set out in the table below.)

Name of Director	Director's Fees (\$)
Simon Israel ⁽¹⁾	386,828
Bobby Chin	205,000
Fang Ai Lian	216,828
David Gonski AC	196,000
Dominic Ho	229,000
Low Check Kian	195,000
Peter Mason AM	200,000
Kai Nargolwala	234,828
Christina Ong ⁽²⁾	–
Peter Ong ⁽³⁾	185,000
Ong Peng Tsin ⁽⁴⁾	71,381

Notes:

⁽¹⁾ In addition to his fees, Mr Simon Israel also received car-related benefits with a taxable value of S\$16,511.

⁽²⁾ Appointed to the Board on 7 April 2014.

⁽³⁾ Fees for Singapore public sector Director are processed in accordance with the framework of the Singapore Directorship and Consultancy Appointments Council.

⁽⁴⁾ Retired following the conclusion of the AGM held on 26 July 2013.

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S\$50,000 during the financial year ended 31 March 2014.

Financial Year Ending 31 March 2015

For the financial year ending 31 March 2015, it is proposed that aggregate fees of up to S\$2,950,000 be paid to the Directors, representing an increase of S\$240,000 over the fees of up to S\$2,710,000 approved by shareholders for the financial year ended 31 March 2014. The increase in the maximum aggregate Directors' fees is due to an increase in the fees to be paid to Chairman. It is proposed that the Chairman will receive an all-inclusive fee of S\$960,000 (save for car-related benefits), to be paid two-thirds in cash and one-third in SingTel shares. There will be no separate retainer fees, committee fees, attendance fees or travel allowance to be paid to the Chairman. Save as mentioned above in relation to the Chairman, it is proposed that the remuneration framework for Directors remains unchanged from the framework for the financial year ended 31 March 2014.

The new fee structure for the Chairman is proposed in view of:

- the significant leadership role played by the Chairman on the Board, and in providing clear oversight and guidance to management;
- the amount of time the Chairman spends on SingTel matters, including providing input and guidance on strategy and supporting management in engaging with a wide range of other stakeholders such as partners, governments and regulators, as well as travelling to visit the Group's key associates in the region. In this regard, the Board has agreed with the Chairman that he will commit a significant proportion of his time to his role as Chairman of the SingTel Board and will manage his other time commitments accordingly; and
- comparable benchmarks from other large listed companies in Singapore that have chairmen with similar roles and responsibilities, as well as benchmarks from large listed companies in Australia, where SingTel is also listed and where SingTel has sizeable operations.

It is proposed that one-third of the fees payable to the Chairman for the financial year ending 31 March 2015 be delivered in the form of a share award to be granted under the SingTel Performance Share Plan 2012 (SingTel PSP 2012), subject to shareholders' approvals being obtained at the Extraordinary General Meeting to be held on 25 July 2014 for alterations to the SingTel PSP 2012 and for the share award to the Chairman. The actual number of shares proposed to be awarded to the Chairman will be determined by reference to the volume-weighted average price of a SingTel share on the SGX over the 10 trading days immediately following the date of the 22nd Annual General Meeting (AGM) of the Company. The share award is proposed to be granted in August 2014 after the

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22nd AGM. The award will consist of fully paid shares, with no performance conditions attached and no vesting periods imposed, but there will be a moratorium on the sale of such shares for a period of two years after the grant of the award. The cash component of the Chairman's remuneration will be paid half-yearly in arrears.

The SingTel PSP 2012 is proposed to be altered to permit the grant of share awards to non-executive Directors as part of their remuneration in respect of their office as such in lieu of cash. Currently, the only non-executive Director to whom awards are being proposed to be made is the Chairman. Further details of the proposed alterations to the SingTel PSP 2012 are set out in the Circular to Shareholders and CUFs Holders dated 26 June 2014 issued by the Company.

Remuneration of Executive Director and Senior Management

The remuneration framework and policy is designed to support the implementation of the Group's strategy and enhance shareholder value. The ERCC adopts the following guiding principles when determining the remuneration arrangements for Senior Management:

Alignment with Shareholders' Interest

- Align interest between management and shareholders
- Select appropriate performance metrics for annual and long-term incentive plans to support business strategies and ongoing enhancement of shareholder value
- Ensure targets are appropriately set for threshold, target and stretch performance levels
- Establish sound and structured funding to ensure affordability

Competitive Remuneration

- Offer competitive packages to attract and retain highly experienced and talented individuals

- Link a significant proportion of remuneration to performance, both on an annual and long-term basis

Pay-for-Performance

- Measure performance based on a holistic balanced scorecard approach, comprising both financial and non-financial metrics
- Structure a significant but appropriate proportion of remuneration to be at risk, taking into account risk policies of the Group
- Build flexibility into the remuneration package to allow for clawback if long-term performance targets are not met

Effective Implementation

- Meet rigorous corporate governance requirements

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 as well as relevant comparative remuneration in the market. The performance evaluations for Senior Management have been conducted for the financial year in accordance with the above considerations.

In 2013/2014, the ERCC engaged Aon Hewitt Singapore Pte Ltd (Aon Hewitt) to provide valuation and vesting computation for grants awarded under the SingTel Performance Share Plan 2012 and Hay Group to conduct Executive Remuneration Benchmarking for Senior Management. Both Aon Hewitt and Hay Group and their respective consultants are independent and not related to SingTel or any of its Directors.

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.

The ERCC has the discretion not to award incentives in any year if an executive is involved in misconduct or fraud resulting in financial loss to the company.

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. On an annual basis, the ERCC proposes the compensation for the Group CEO, CEO Group Consumer, CEO Group Enterprise, CEO Group Digital Life and Group CFO (collectively defined as "Key Management") for the Board's approval and approves compensation for the other Senior Management.

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 comprises the Performance Bonus and the Value Sharing Bonus. In determining the final variable bonus payments, the ERCC considers the overall Group, business unit and individual performance as well as relevant market remuneration benchmarks.

Performance Bonus

Performance bonus is designed to support the Group's business strategy and the ongoing enhancement of shareholder value through the delivery of annual financial strategy and operational objectives. On an individual level, the performance bonus will vary according to the actual achievement against Group, business unit and individual performance objectives.

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.

Value Sharing Bonus (VSB)

A portion of Senior Management's annual remuneration is tied to the Economic Profit (EP) performance of the Group in the form of the Value Sharing Bonus (VSB), which is also extended to top management executives. VSB is used to defer their bonuses over a time horizon to ensure alignment with sustainable value creation for the shareholders over the longer term. A 'VSB bank' is created for each executive to hold the VSB allocated to him or her in any year. One-third of the 'bank' balance would be paid out in cash provided it is positive. The remaining balance will be carried forward and at risk as it is subject to clawback and could be reduced in the event of EP underperformance in the future years.

■ **Provident/Superannuation Fund**

This 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, with a focus on encouraging the delivery of long-term growth and shareholder value, are delivered through equity plans, to drive an ownership culture and retain key talents. These are provisionally granted to Senior Management based on performance for the year ended 31 March 2014.

From 1 April 2012, SingTel ceased to grant General Awards (GA) and Senior Management Awards (SMA) under the SingTel Performance Share Plan (see description of GA and SMA in previous annual reports). The SingTel Performance Share Plan was terminated in July 2012 with the adoption of the SingTel Performance Share Plan 2012. The termination of the SingTel Performance Share Plan is without prejudice to the rights of holders of awards outstanding under the SingTel Performance Share Plan as at the date of termination of the plan.

Two new types of award were introduced 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 are 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 approved by the ERCC 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.

A significant portion of the remuneration package for our Senior Management is delivered in SingTel shares to ensure that their interests are aligned with shareholders. This is further supported by significant shareholding requirements in which they are required to retain at least the equivalent of their annual base salary in shares.

The details of the vesting criteria for the two awards granted in June 2014 are as follows:

Restricted Share Award (RSA)

The Restricted Share Award (RSA) has a two-year performance period from 1 April 2014 to 31 March 2016. Shares are allocated according to the following performance conditions:

- 50% based on SingTel Group's Net Profit After Tax (NPAT) – SingTel Group NPAT achieved against predetermined targets; and
- 50% based on 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 on page 66.

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Performance Share Award (PSA)

The Performance Share Award (PSA) has a three-year performance period from 1 April 2014 to 31 March 2017. Shares are allocated according to the following performance conditions:

- 50% based on SingTel Group's Relative Total Shareholder Return (Relative TSR) – TSR relative to the MSCI Asia Pacific Telecommunications Index; and
- 50% based on 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 below.

The above performance conditions were chosen as they are key drivers of shareholder value creation and aligned to the Group's business objectives.

Special provisions for vesting and lapsing of awards apply for events such as the termination of employment, misconduct, retirement

and any other events approved by the ERCC. Upon occurrence of any of the events, the ERCC will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

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 Telecommunications Index.

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

Remuneration of Key Management and Senior Management

For the financial year ended 31 March 2014, there were no termination, retirement and post-employment benefits granted to Directors and Key Management.

Remuneration of Executive Director

The aggregate compensation paid to or accrued to Group CEO (Chua Sock Koong) for the financial year ended 31 March 2014 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\$1,647,100	S\$2,980,000	S\$8,925	S\$74,820	S\$4,710,845	102,097	1,422,663

Performance shares granted, vested and lapsed for Ms Chua as at 31 March 2014 are as follows:

	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2011 Awards	1-Jun-14	1,013	608	405	655	655	–
Restricted Share Award (RSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards		119	155	–	1-Jun-14	39	
					1-Jun-15	116 ⁽⁷⁾	
2013 Awards ⁽⁸⁾		98			1-Jun-15		
					1-Jun-16		
Performance Share Award (PSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards ⁽⁸⁾		1,273			1-Jun-15		
2013 Awards ⁽⁸⁾		1,418			1-Jun-16		

Notes:

⁽¹⁾ Fixed Remuneration refers to base salary and Annual Wage Supplement earned for the year ended 31 March 2014.

⁽²⁾ Variable Bonus comprises both the Performance Bonus and the Value Sharing Bonus (VSB). Performance bonus varies according to the actual achievement against Group, business unit and individual performance objectives. The VSB is tied to the Economic Profit (EP) performance of the Group to ensure alignment with sustainable value creation for shareholders over the longer term. For more details, please refer to page 65.

⁽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 2014.

⁽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 2012 were made in June 2014 for performance for the year ended 31 March 2014. The per unit fair values of the RSA and PSA are S\$3.239 and S\$2.092 respectively. The performance conditions for the awards are detailed on pages 65 to 66.

⁽⁷⁾ The second tranche of the vested 2012 RSA will be released in June 2015, subject to continued service of the employee.

⁽⁸⁾ The vesting of the 2012 PSA, 2013 RSA and 2013 PSA are conditional upon the achievement of predetermined performance targets over the respective performance periods, which are a 3-year period for PSA and a 2-year period for RSA.

Corporate Governance

Remuneration of Other Key Management and Senior Management

The aggregate compensation paid to or accrued to the other top five Key Management and Senior Management for the financial year ended 31 March 2014 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 CEO Group Enterprise	S\$910,000	S\$950,000	S\$13,600	S\$64,649	S\$1,938,249	36,617	510,230
Hui Weng Cheong ⁽⁷⁾ COO, AIS	S\$663,000	S\$850,000	S\$9,450	S\$214,652	S\$1,737,102	52,486	325,048
Allen Lew CEO Group Digital Life/ Country Chief Officer Singapore	S\$1,170,000	S\$2,065,000	S\$8,925	S\$63,563	S\$3,307,488	60,822	847,515
Jeann Low Group CFO	S\$910,000	S\$1,150,000	S\$11,900	S\$61,894	S\$2,133,794	32,418	451,721
Paul O'Sullivan ⁽⁸⁾⁽⁹⁾ CEO Group Consumer/ Country Chief Officer Australia	A\$1,235,355	A\$1,372,998	A\$241,648	A\$157,046	A\$3,007,046	69,190	964,286
Total	S\$5,091,932	S\$6,614,258	S\$325,344	S\$587,684	S\$12,619,218	251,533	3,098,800

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Performance shares granted, vested and lapsed for the above five executives as at 31 March 2014 are as follows:

	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2011 Awards	1-Jun-14	2,459	1,475	984	1,590	1,590	–
Restricted Share Award (RSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards		337	438	–	1-Jun-14	110	
					1-Jun-15	328 ⁽¹⁰⁾	
		20	26	–	16-Jul-14	7	
					16-Jul-15	19 ⁽¹⁰⁾	
2013 Awards ⁽¹¹⁾		256			1-Jun-15		
					1-Jun-16		
Performance Share Award (PSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards ⁽¹¹⁾		2,925			1-Jun-15		
		97			16-Jul-15		
2013 Awards ⁽¹¹⁾		3,286			1-Jun-16		

Notes:

- ⁽¹⁾ Fixed Remuneration refers to base salary and Annual Wage Supplement (if applicable) earned for the year ended 31 March 2014.
- ⁽²⁾ Variable Bonus comprises both the Performance Bonus and the Value Sharing Bonus (VSB). Performance bonus varies according to the actual achievement against Group, business unit and individual performance objectives. The VSB is tied to the Economic Profit (EP) performance of the Group to ensure alignment with sustainable value creation for shareholders over the longer term. For more details, please refer to page 65.
- ⁽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 2014.
- ⁽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 2012 were made in June 2014 for performance for the year ended 31 March 2014. The per unit fair values of the RSA and PSA are S\$3.239 (A\$2.775) and S\$2.092 (A\$1.792) respectively. The performance conditions for the awards are detailed on pages 65 to 66.
- ⁽⁷⁾ Benefits for Mr Hui Weng Cheong include tax equalisation in relation to his assignment to AIS, Thailand.
- ⁽⁸⁾ Mr Paul O'Sullivan is based in Australia and remunerated in Australian dollars.
- ⁽⁹⁾ Mr Paul O'Sullivan was reappointed as Country Chief Officer Australia on 27 February 2014. He had previously assumed this role from April 2012 to April 2013.
- ⁽¹⁰⁾ The second tranche of the vested 2012 RSA will be released in June/July 2015, subject to continued service of the employee.
- ⁽¹¹⁾ The vesting of the 2012 PSA, 2013 RSA and 2013 PSA are conditional upon the achievement of predetermined performance targets over the respective performance periods, which are a 3-year period for PSA and a 2-year period for RSA.