

# CORPORATE governance

SPH is committed to achieving high standards of corporate governance, to promote corporate transparency and protect and enhance shareholder value. SPH is pleased to confirm that it has adhered to the principles and guidelines of the Code of Corporate Governance 2005.

The Annual Report should be read in totality for SPH's full compliance.

## BOARD MATTERS

### Board's Conduct of its Affairs

*Principle 1: Effective Board to lead and control the company*

The Board provides leadership to the Group by setting the corporate policies and strategic aims. Matters requiring the Board's decision and approval include:

1. Major funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of capital and other resources;
2. The annual budgets and financial plans of the Group;
3. Annual and quarterly financial reports;
4. Internal controls and risk management strategies and execution; and
5. Appointment of directors and key management staff, including review of performance and remuneration packages.

The Group has in place financial authorization limits for matters such as operating and capital expenditure, credit lines and acquisition and disposal of assets and investments, which require the approval of the Board.

To ensure that specific issues are subject to in-depth review and discussion, before the Board makes its decisions, certain functions have been delegated by the Board to various Board Committees, which would make recommendations to the Board. The Board Committees constituted by the Board are the Executive Committee, Audit Committee, Remuneration Committee and the Nominating Committee.

### Executive Committee (EC)

The EC meets once a month and as warranted by particular circumstances. The EC is chaired by the Chairman of the Board and comprises five members, four of whom are independent non-executive directors.

The EC's principal responsibilities are :-

1. To review, with management, and recommend to the Board the overall corporate strategy, objectives and policies of the Group, and monitor their implementation;
2. To consider and recommend to the Board, the Group's five year plan and annual operating and capital budgets;
3. To review and recommend to the Board proposed investments and acquisitions of the Group which are considered strategic for the long-term prospects of the Group;
4. To oversee the enterprise risk management function, by ensuring the proper implementation of a formal risk management framework for the Group;
5. To approve the Company's asset allocation strategy, appointment and termination of external fund managers and investment/divestment of securities and review investment guidelines, treasury management and investment performance;

6. To act on behalf of the Board in urgent situations, when it is not feasible to convene a meeting of the entire Board; and
7. To carry out such other functions as may be delegated to it by the Board.

Details of other Board Committees are as set out below:

1. Audit Committee (principle 11);
2. Remuneration Committee (principle 7); and
3. Nominating Committee (principle 4).

#### Board attendance

The Board meets on a quarterly basis and as warranted by particular circumstances. Board meetings may be conducted via tele-conference. The attendance of the Directors at meetings of the Board and Board Committees, and the frequency of such meetings, is disclosed on page 55. A Director who fails to attend three Board meetings consecutively, without good reason, will not be nominated by the Nominating Committee for re-appointment and will be deemed to have resigned.

#### Training for Directors

A comprehensive orientation programme is organized for new Directors to familiarize them with the Group's operations, organization structure and corporate policies. They are also briefed on the Company's corporate governance practices and the regulatory regime. Directors are updated from time to time on changes in relevant laws and regulations and the evolving media industry.

Directors may request further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from the management.

New directors are also informed about matters such as the Code of Dealing in the Company's shares as Directors are privy to price sensitive information.

#### Board Composition and Balance

*Principle 2: Strong and independent Board*

Currently, the Board comprises 10 Directors, all of whom, except for the CEO, are non-executive and independent directors. Each director has been appointed on the strength of his calibre and experience. Please refer to the Board of Directors section for their individual profiles.

The Board and management recognize the advantage of open and constructive debate. To facilitate this, Board members are supplied with relevant, complete and accurate information on a timely basis. Non-executive directors may challenge management's assumptions and also extend guidance to the management, in the best interest of the Group.

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## Chairman and Chief Executive Officer

*Principle 3: Clear division of responsibilities between Chairman and Chief Executive Officer to ensure a balance of power and authority*

The Company has a separate Chairman and CEO. The Chairman is a non-executive and independent director and also chairs the EC. He sets the agenda for Board meetings and ensures that relevant, accurate and complete information is made available to the Board. The Chairman has appointed some non-executive directors as directors in the Company's subsidiaries so as to encourage more interaction between Directors and management and to facilitate effective contribution of non-executive directors.

The CEO bears executive responsibility for the Group's business and implements the Board's decisions. The Chairman and the CEO are not related.

## Board membership

*Principle 4: Formal and transparent process for appointment of new directors*

The Nominating Committee (NC), which comprises four independent directors, regularly reviews the balance and mix of expertise, skills and attributes of the Directors in order to meet the business and governance needs of the Group, shortlists candidates with the appropriate profile for nomination or re-nomination and recommends them to the Board for approval. It constantly looks out for suitable candidates to ensure continuity of Board talent. The appointment of Directors is also in accordance with Section 10 of the Newspaper and Printing Presses Act (Cap 206).

The NC has also ascertained that for the period under review, all non-executive Directors are independent and that Directors have devoted sufficient time and attention to the Group's affairs.

Directors' performance and independence are reviewed by the NC on an annual basis. Article 111 of the Articles requires one third of the Directors, or the number nearest to but not less than one third, to retire by rotation at every annual general meeting (AGM). These Directors may offer themselves for re-election, if eligible. Directors of or over 70 years of age are required to be re-elected every year at the AGM under Section 153(6) of the Companies Act before they can continue to act as a Director.

## Board performance

*Principle 5: Formal assessment of the effectiveness of the Board and contribution of each director*

The Nominating Committee evaluated the Board's performance as a whole and that of individual Directors based on performance criteria set by the Board.

The criteria for assessing the Board's collective performance include Board composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the management.

Informal assessment of individual Director's performance is undertaken by the Nominating Committee, based on the Director's level of contribution to Board meetings and other deliberations.

The Nominating Committee is of the view that the financial indicators set out in the Code as guidance on the evaluation of Directors are not appropriate as they are more a measure of the management's performance.

## Access to information

*Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis*

The Board is provided with quarterly financial accounts, other financial statements and progress reports of the Group's business operations. The quarterly financial results and annual budget (including the forecast) is presented to the Board for approval. The monthly financial statements are made available to members of the EC.

As a general rule, board papers are sent to Directors at least one week in advance in order for Directors to be adequately prepared for the meeting. Senior management attends Board meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company's senior management at all times.

The Company Secretary attends all Board meetings and ensures that board procedures are followed. The Company Secretary also organises orientation for new directors, as well as update Directors on changes in laws and regulations. It is the Company Secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act and the Listing Manual.

The Articles provide that the appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice relating to the Company's affairs, the Company Secretary will appoint a professional advisor to render the advice and keep the Audit Committee informed of such advice. The cost of such professional advice will be borne by the Company.

## Remuneration Matters

*Principle 7: Formal and transparent procedure for fixing remuneration packages of directors*

The Remuneration Committee (RC) comprises four non-executive and independent directors.

The RC sets the remuneration guidelines of the Group for each annual period, including the structuring of long-term incentive plans, annual salary increases and variable and other bonuses for distribution to employees. It administers the SPH Performance Share Plan and the Employee Share Option Plan. The RC also reviews Directors' remuneration, including that of the CEO, and senior management, annually and submits its recommendations to the Board for endorsement.

## Level and mix of remuneration

*Principle 8: Appropriate remuneration to attract, retain and motivate directors*

The level and mix of remuneration for Directors is set out under Principle 9.

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## Disclosure on Remuneration

*Principle 9: Clear disclosure on remuneration policy, level and mix*

### Directors' Remuneration

For the period under review, the CEO's remuneration package includes a variable bonus element and performance share grant, which are performance-based and have been designed to align his interests with those of shareholders. As an executive director, the CEO does not receive Directors' fees.

Non-executive directors, including the Chairman, are paid Directors' fees, subject to approval of shareholders at the AGM. Directors' fees comprise a basic retainer fee and fees payable in respect of service on Board Committees, as well as for participation in special projects, adhoc committees and subsidiary boards. A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 August 2008 is as follows:

Name of Director	Directors' Fees (%)	Base/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Total (%)
<b>Executive Director</b>					
<b>\$1,250,000 to \$1,499,999</b>					
Chan Heng Loon Alan <sup>1</sup>	-	50.66	47.26	2.08	100
<b>Independent Directors</b>					
<b>Below \$250,000</b>					
Tony Tan Keng Yam ( <i>Chairman</i> )	80.56	-	-	19.44	100
Cham Tao Soon	100	-	-	-	100
Willie Cheng Jue Hiang	100*	-	-	-	100
Cheong Choong Kong <sup>2</sup>	100	-	-	-	100
Lee Ek Tieng <sup>3</sup>	100	-	-	-	100
Ng Ser Miang	100	-	-	-	100
Ngiam Tong Dow	100	-	-	-	100
Philip N. Pillai	100	-	-	-	100
Sum Soon Lim	100*	-	-	-	100
Yeo Ning Hong	100	-	-	-	100
Yong Pung How	100	-	-	-	100

\* Includes fees for directorship in subsidiary(ies)

Notes:

<sup>1</sup> Excludes performance shares granted during the financial year. For details, please refer to the Directors' Report.

<sup>2</sup> Resigned as a Director on December 5, 2007

<sup>3</sup> Resigned as a Director on December 5, 2007

### Remuneration of Executives

The top five executives of the Company (excluding the CEO in above table) in each remuneration band for this financial year are:

Remuneration Bands	No. of Executives
\$500,000 to \$749,999	4
\$250,000 to \$499,999	1
Total	5

The Company adopts a remuneration policy for staff comprising a fixed component, a variable component, and benefits in kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company's and individual performance. The benefits in kind would include club and car benefits. The RC will approve the bonus for distribution to staff based on individual performance.

The above remuneration bands exclude performance shares granted to staff under the Performance Share Plan. Details of the Performance Share Plan are set out in the financial report section.

The Company does not employ any immediate family member of any Director or the CEO.

### **Accountability**

*Principle 10: Board to present balanced and understandable assessment of the company's performance*

Management provides the EC with the monthly management accounts within seven business days of month end. Quarterly and annual results are released via SGXNET within 45 days of the end of the quarter.

SPH is committed to discharging its obligation to provide prompt and thorough disclosures.

### **Audit Committee**

*Principle 11: Establishment of an Audit Committee with written terms of reference*

#### **Audit Committee (AC)**

The AC currently comprises four members, all of whom are independent non-executive directors.

The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions in view of their experience as directors and/or senior management in accounting and financial fields.

The AC performs the functions as set out in the Code. The AC has conducted an annual review of the performance of the external auditor and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-nomination.

The AC meets with the external and internal auditors, without the presence of management, at least once a year. The audit partner of the external auditors is rotated every five years, in accordance with the requirements of the Listing Manual.

Quarterly financial statements and the accompanying announcements are presented to the AC for approval, before endorsement by the Board, to ensure the integrity of information to be released.

The Group has an existing Code of Business Ethics and Employee Conduct Policy to regulate the ethical conduct of its employees. The Group also has a Business Ethics and Fraud Reporting Policy & Procedure so that staff can, in confidence, raise concerns about possible irregularities for investigation.

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## Internal Controls

*Principle 12: Sound system of internal controls*

The Internal Audit Division (IAD) has an annual audit plan, which complements that of the external auditors. IAD's plan focuses on material internal control systems including financial, operational, IT and compliance controls, and risk management. IAD also provides advice on security and control in new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management and corporate governance processes. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

Based on the audit reports and management controls in place, the AC is satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable.

In the course of their statutory audit, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

SPH has set up an Enterprise Risk Management (ERM) unit to better define and manage uncertainties and threats to the Group's businesses. The ERM framework incorporates a continuous and iterative process for enhancing risk awareness and promoting a culture of risk management across the organisation. The ERM unit updates the EC on emerging risks, as well as how current risks are being managed.

The Board is of the opinion that the internal controls, including financial, operational and compliance controls and risk management systems are adequate.

## Internal Audit

*Principle 13: Establishment of an internal audit function that is independent of the function it audits*

IAD is staffed with seven audit executives, including the Head of Internal Audit, who is a Fellow Certified Public Accountant of the Institute of Certified Public Accountants of Singapore (ICPAS) and of CPA Australia and a Fellow of the Association of Chartered Certified Accountants. She is also a Certified Fraud Examiner. All staff have to adhere to a set of code of ethics adopted from The Institute of Internal Auditors, US (IIA). The Head of Internal Audit reports directly to the chairman of the AC on audit matters, and to the CEO on administrative matters. IAD has adopted the Standards for Professional Practice of Internal Auditing set by IIA and ensures staff competency through the recruitment of suitably qualified and experienced staff, provision of formal and on-the-job training, and appropriate resource allocation in engagement planning.

The AC reviews IAD's reports on a quarterly basis. The AC also reviews and approves the annual IA plans and manpower to ensure that IAD has the necessary resources to adequately perform its functions.

## Communication with shareholders

*Principle 14: Regular, effective and fair communication with shareholders*

The Company holds analysts' briefings of its half-year and full-year results and a media briefing of its full year results. The quarterly financial results are published through the SGXNET, news releases and the Company's corporate website. A webcast of the half-year and full-year results briefing is also available on the website. The date of release of the results is announced through SGXNET about two weeks in advance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNET, either before the Company meets with any investors or analysts or simultaneously with such meetings. All shareholders of the Company receive the summary financial report, and, on request, the full annual report, and notice of AGM, which is held within four months after the close of the financial year. The notice is also advertised in the newspapers. The summary financial report and the annual report are also available on the Company's corporate website, [www.sph.com.sg](http://www.sph.com.sg).

*Principle 15: Greater shareholder participation at AGMs*

The Articles allow a shareholder to appoint one or two proxies to attend and vote instead of the shareholder. The Articles currently do not allow a shareholder to vote in absentia.

Resolutions are, as far as possible, structured separately and may be voted on independently.

The Company is in full support of shareholder participation at AGMs. For those who hold their shares through CPF nominees and who are not registered as shareholders of the Company, the Company welcomes them to attend the AGM as observers.

All Directors, including the Chairmen of the EC, AC, NC and RC, and senior management, are in attendance at the AGMs and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or management questions regarding the Company. The external auditors are also invited to attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

**Directors' Attendance at Board and Board Committee Meetings (for the Financial Year ended 31 August 2008)**

Name	Board*	Executive Committee	Audit Committee	Remuneration Committee	Nominating Committee
Tony Tan (Chairman)	5 out of 5	12 out of 12	-	3 out of 3	1 out of 1
Cham Tao Soon (Deputy Chairman)	5 out of 5	11 out of 12	-	3 out of 3	1 out of 1
Chan Heng Loon Alan (CEO)	5 out of 5	12 out of 12	-	-	-
Willie Cheng Jue Hiang	5 out of 5	-	4 out of 4	3 out of 3	-
Ngiam Tong Dow	5 out of 5	-	3 out of 3 <sup>+</sup>	3 out of 3	1 out of 1 <sup>#</sup>
Philip N. Pillai	5 out of 5	-	-	-	1 out of 1
Sum Soon Lim	4 out of 5	12 out of 12	-	-	-
Yeo Ning Hong	5 out of 5	11 out of 12	3 out of 4	-	-
Yong Pung How	2 out of 5	-	2 out of 3 <sup>+</sup>	-	-
Ng Ser Miang	4 out of 5	-	-	-	#

Notes :

\* Includes Special Board Meeting called on an adhoc basis on short notice.

<sup>+</sup> Audit Committee:

Mr Ngiam Tong Dow was appointed a member on 5.12.2007.

Mr Yong Pung How was appointed a member on 5.12.2007.

<sup>#</sup> Nominating Committee:

Mr Ngiam Tong Dow resigned as a member on 5.12.2007.

Mr Ng Ser Miang was appointed a member on 5.12.2007.