

# CORPORATE GOVERNANCE

M1 Limited is committed to maintaining a high standard of corporate governance within the Group to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (Code) established by the Singapore Corporate Governance Committee and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST).

## 1. Board of Directors

(Code of Corporate Governance Principles 1, 2, 4, 6, 10 & 11)

The Board of Directors is accountable to the shareholders and oversees the management of the business and affairs of the Group. Key roles of the Board include providing entrepreneurial leadership, approving the Group's objectives and strategic directions; monitoring and reviewing the performance of the Company; approving annual budgets and investment proposals; monitoring the effectiveness of the Company's risk management framework; reviewing management performance and appointing Directors. Material transactions that require Board approval are capital expenditure in excess of S\$5 million and operating expenditure in excess of S\$3 million.

Currently, the Board comprises eight Directors, all of whom are non-executive except for the Chief Executive Officer (CEO), and four of whom are independent. The independent Directors make up 50% of the Board. The Board does not have any alternate Directors. The Board consists of respected individuals from different backgrounds and whose core competencies, qualifications, skills and experience are extensive and complementary. Details of the Directors' academic and professional qualifications and other appointments are set out on pages 37 to 40 of the Annual Report.

To facilitate effective management, certain functions have been delegated to various Board Committees, namely the Nominating Committee, Remuneration Committee, Audit Committee and Risk Committee, each of which has its own written terms of reference. The Board members and Board Committee members are set out below:

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee	Risk Committee
<b>Non-executive</b>						
Choo Chiau Beng <sup>1</sup>	N	Chairman		Member		
Roger Barlow	I	Member	Member	Chairman		
Chow Kok Kee	I	Member	Chairman	Member	Member	
Jamaludin Ibrahim	N	Member				
Kannan Ramesh	I	Member	Member		Member	Chairman
Low Huan Ping	N	Member		Member		Member
Alan Ow Soon Sian	I	Member		Member	Chairman	Member
<b>Executive</b>						
Karen Kooi Lee Wah	N	Member				

N: Non-independent

I: Independent

<sup>1</sup> Mr Choo Chiau Beng was appointed as a Director and Board Chairman with effect from 12 January 2015 and was appointed to the Remuneration Committee with effect from 19 January 2015

## 1. Board of Directors (cont'd)

At least one-third of the Directors retire at the Annual General Meeting each year. The dates of initial appointment and last re-election or re-appointment of the Directors are set out below:

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election or Re-appointment
Choo Chiau Beng	67	Chairman & Director	12.01.2015	N.A.
Karen Kooi Lee Wah	60	Executive Director	22.04.2009	05.04.2012
Roger Barlow	65	Director	22.05.2002	05.04.2013
Chow Kok Kee	63	Director	16.02.2009	05.04.2013
Jamaludin Ibrahim	55	Director	21.08.2008	07.04.2014
Kannan Ramesh	49	Director	11.02.2011	07.04.2014
Low Huan Ping	58	Director	01.09.1994	05.04.2012
Alan Ow Soon Sian	68	Director	16.02.2009	07.04.2014

To enable the Board to fulfil its responsibilities, Directors are provided with monthly management financial statements setting out actual against budget, as well as previous year's comparatives and explanations on any material variances. In addition, management provides the Board with financial and operating reports reviewing performance in the most recent quarter, and relevant background or explanatory information required to support the decision-making process on a regular and timely basis. Directors and senior management can securely access and read Board and Board Committee papers prior to and at meetings via tablet devices.

All Directors have separate and independent access to senior management, and to the Company Secretary whose appointment and removal is decided by the Board. The Company Secretary administers, attends and prepares minutes of Board and Board Committee meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act, the Securities and Futures Act and SGX-ST, are complied with. The Company Secretary also acts as the primary channel of communication between the Company and the SGX-ST.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties; the cost of such professional advice is borne by the Company.

# CORPORATE GOVERNANCE

## 1. Board of Directors (cont'd)

Regular quarterly Board meetings are scheduled yearly in advance. Additional meetings are scheduled in between to provide technical updates and to facilitate discussion or deliberations on strategic or compliance issues where necessary. The non-executive Directors meet without the presence of management from time to time. During the year, six Board meetings were held. The Company's Articles of Association provide for telephonic and videoconference meetings. The number of applicable Board meetings held in 2014, as well as the attendance of every Board member at those meetings applicable to them are as follows:

Director	Number of Applicable Board Meetings Held in 2014	Number of Applicable Board Meetings Attended
Teo Soon Hoe <sup>1</sup>	6	5
Karen Kooi Lee Wah	6	6
Roger Barlow	6	6
Chow Kok Kee	6	6
Jamaludin Ibrahim	6	4
Kannan Ramesh	6	5
Low Huan Ping	6	6
Alan Ow Soon Sian	6	6

<sup>1</sup> The late Mr Teo Soon Hoe passed away on 14 December 2014

For newly-appointed Directors, the Company will send a formal letter of appointment to explain their duties and responsibilities as Directors. All newly appointed Directors undergo a comprehensive orientation programme including management presentations on the businesses, strategic plans and objectives of the Company and its Group, and site visits to the Company's call, data and network operating centres.

## 2. Chairman and Chief Executive Officer

(Code of Corporate Governance Principle 3)

Mr Choo Chiau Beng is the Chairman of the Company and Ms Karen Kooi Lee Wah is the CEO. They each perform separate functions to ensure that there is an appropriate balance of authority and responsibilities, and that accountability and independent decision-making are not compromised.

The late Mr Teo Soon Hoe, the previous Chairman of the Company, passed away on 14 December 2014. He had served the Company as a Director for over 18 years and as Chairman of the Board for the last five years. Mr Teo was instrumental in the growth and transformation of the Company from a mobile communication player to a full service provider.

### 3. **Nominating Committee (NC)**

*(Code of Corporate Governance Principles 2, 4 & 5)*

The NC comprises entirely independent Directors, namely Mr Chow Kok Kee as Chairman, Mr Roger Barlow and Mr Kannan Ramesh.

The NC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the Code and other salient factors:

- (a) Ensure a strong and independent element on the Board, with independent Directors making up at least one-half of the Board;
- (b) Determine the size of the Board which facilitates effective decision making, taking into account the scope and nature of the operations of the Company;
- (c) Determine the composition of the Board to comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge;
- (d) Implement and disclose a formal and transparent process for the appointment of new Directors to the Board;
- (e) Consider, review and recommend to the Board any new Board appointment or re-appointment, whether of executive or non-executive Directors, having regard to the Director's contribution and performance, including, if applicable, as an independent Director;
- (f) Determine annually if a Director is independent; and review the independence of any independent Director who has served on the Board beyond nine years from the date of first appointment, and making the appropriate recommendations to the Board on such Director's independence;
- (g) Decide if a Director is able to and has been adequately carrying out his duties as a Director of the Company, including recommending to the Board the maximum number of listed company board representations and principal commitments which any Director may hold;
- (h) Decide and propose to the Board for approval and implementation a set of objective performance criteria to be applied from year to year for evaluating the performance of the Board, as well as decide and propose to the Board for approval and implementation a process by which the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board can be assessed;
- (i) Evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board in accordance with the assessment process and performance criteria referred to in (h) above;
- (j) Reviewing and recommending to the Board appropriate training and development programmes for the Directors; and
- (k) Other matters (if any) that the NC should consider, review or approve or in respect of which it should take any other action, as set out in the Code.

# CORPORATE GOVERNANCE

## 3. Nominating Committee (NC) (cont'd)

The number of applicable NC meetings held in 2014 and the attendance of each member at those meetings are as follows:

NC Member	Number of Applicable NC Meetings Held in 2014	Number of Applicable NC Meetings Attended
Chow Kok Kee	4	4
Roger Barlow	4	4
Kannan Ramesh	4	4

The NC determines on an annual basis the independence of a Director taking guidance from the Code on the definition of an “independent” Director and existence of relevant relationships or circumstances. The NC reviewed the independence of the Directors and arrived at its conclusions regarding each Director as set out in Section 1.

The NC noted that under the Code, the independence of a Director who has served for more than nine years since date of first appointment should be subject to rigorous review, and that Mr Roger Barlow (who was first appointed to the Board on 22 May 2002) has been with the Board for over nine years. The Board concurred with the NC that Mr Barlow had retained strong independent-mindedness in Board and Board Committee functions, notwithstanding his tenure of service, and that Mr Barlow had consistently exercised independent judgement in the best interests of the Company in the discharge of his Director’s duties and should be deemed independent.

During the year, the NC supervised an exercise to evaluate the Board’s and individual Director’s performance. The objective of the exercise was to identify and prioritise areas for continuous improvement to the Board’s effectiveness.

For the purpose of the evaluation exercise, an independent consultant was appointed to conduct the evaluation process. The evaluation of the Board as a whole and evaluation of individual Directors were based on the framework established and used in the previous years and as updated by the NC. The consultant provided summarised findings, interpretation of findings and preliminary recommendations for the Board’s consideration. In addition, the Company also appointed an independent advisor to provide valuable insight to the Chairman and the Board on the results of the evaluation. The consultant and the advisor do not have any other direct connection with the Company or any of its Directors.

All Directors assessed the Board as a whole on each of the following parameters:

- Board composition and independence
- Board role and functioning
- Board processes
- Information management
- Monitoring company performance
- Board Committee effectiveness
- Managing risks and adversity
- CEO performance management and succession planning
- Corporate integrity and social responsibility
- Director development and management
- Overall perception of the Board

### 3. **Nominating Committee (NC) (cont'd)**

In addition, the contribution of each individual Director to the effectiveness of the Board was assessed by their peers on the Board. The evaluation was based on the following five parameters:

- Contribution
- Knowledge and abilities
- Teamwork
- Integrity
- Overall effectiveness

The Board expects to carry out evaluation of the Board as a whole (including Board Committees) and self-evaluation exercises annually to identify areas of improvement and as a form of good Board management practice.

The Board accepted, as a guide, the NC's recommendation that a Director of the Company should not have more than six listed company board representations and other principal commitments, taking into consideration the definition of "principal commitments" in the Code. After considering the competing time commitments faced by Directors who serve on multiple boards and who have other principal commitments, the Board, in concurrence with the NC, determined that in fact, all the Directors have six or less listed company board representations and other principal commitments, and that the Directors were able to and have been adequately carrying their respective duties and responsibilities as Directors of the Company.

Directors are provided with continuing education or briefings in areas such as changes in financial reporting standards and issues which have a direct impact on financial statements, corporate governance, changes in laws and regulations, risks identification, as well as industry trends and updates, so as to update the Directors on relevant matters. In addition, Directors are invited from time to time to attend professional programs for Directors conducted by the Singapore Institute of Directors, and other relevant bodies.

### 4. **Remuneration Committee (RC)**

*(Code of Corporate Governance Principles 7 & 8)*

The RC comprises Mr Roger Barlow as Chairman, Mr Choo Chiau Beng, Mr Low Huan Ping, Mr Chow Kok Kee and Mr Alan Ow Soon Sian, all of whom are non-executive Directors. Mr Roger Barlow, Mr Chow Kok Kee and Mr Alan Ow Soon Sian are the independent Directors on the RC.

The Director of Human Resource assists the RC in the execution of its functions and the RC has access to external expert advice, if required.

# CORPORATE GOVERNANCE

## 4. Remuneration Committee (RC) (cont'd)

The RC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the Code and other salient factors:

- (a) Recommend to the Board a framework of remuneration for the Board of Directors and key executives;
- (b) Recommend to the Board the specific remuneration packages for all executive and non-executive Directors and the CEO or executive of similar rank if the CEO is not an executive Director;
- (c) Recommend to the Chairman of the Board for endorsement of the remuneration of the CEO;
- (d) Review the remuneration of senior management;
- (e) Decide on long-term incentive benefits, including the Company's Share Option Scheme and the scope of eligibility for such long-term incentive;
- (f) Approve the granting of share options under the Company's Share Option Scheme and administer the Share Option Scheme in accordance with the rules of the Scheme; and
- (g) Ensure that remuneration of the Board of Directors is in compliance with the Code.

The number of applicable RC meetings held in 2014 and the attendance of each member at those meetings are as follows:

RC Member	Number of Applicable RC Meetings Held in 2014	Number of Applicable RC Meetings Attended
Roger Barlow	5	5
Chow Kok Kee	5	5
Low Huan Ping	5	5
Teo Soon Hoe <sup>1</sup>	5	4
Alan Ow Soon Sian	5	5

<sup>1</sup> The late Mr Teo Soon Hoe passed away on 14 December 2014

## 5. Disclosure on Remuneration

(Code of Corporate Governance Principles 8 & 9)

The Company sets remuneration packages to ensure that they are competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise to run the Group successfully.

In setting remuneration packages for Directors and officers of the Group, the pay and employment conditions within the industry and in comparable companies are taken into consideration.

## 5. Disclosure on Remuneration (cont'd)

Directors' fees are subject to shareholders' approval at the Annual General Meeting. Each non-executive Director is paid a fixed fee, the amount of which takes into account the level of responsibilities held. The framework for determining fees payable to each non-executive Director for 2014 is as follows:

<b>Board</b>	Chairman	S\$100,000 per annum
	Member	S\$50,000 per annum
<b>Audit Committee</b>	Chairman	S\$40,000 per annum
	Member	S\$25,000 per annum
<b>Risk Committee</b>	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum
<b>Nominating Committee</b>	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum
<b>Remuneration Committee</b>	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum

The annual remuneration of non-executive Directors payable for 2014 is as follows:

<b>Non-Executive Director</b>	<b>Position Held</b>	<b>Director's Fee</b>
<b>Teo Soon Hoe<sup>1</sup></b>	Board Chairman RC member Risk Committee member <sup>2</sup>	S\$132,808
<b>Roger Barlow</b>	Board member RC Chairman NC member	S\$105,000
<b>Chow Kok Kee</b>	Board member NC Chairman AC member RC member	S\$130,000
<b>Jamaludin Ibrahim</b>	Board member Risk Committee member <sup>3</sup>	S\$56,713
<b>Kannan Ramesh</b>	Board member Risk Committee Chairman AC member NC member	S\$130,000
<b>Low Huan Ping</b>	Board member RC member Risk Committee member	S\$100,000
<b>Alan Ow Soon Sian</b>	Board member AC Chairman RC member Risk Committee member	S\$140,000

<sup>1</sup> The late Mr Teo Soon Hoe passed away on 14 December 2014

<sup>2</sup> The late Mr Teo was appointed to the Risk Committee with effect from 30 May 2014. Mr Teo passed away on 14 December 2014

<sup>3</sup> Dato' Sri Jamaludin Ibrahim resigned as a Risk Committee member with effect from 9 April 2014



# CORPORATE GOVERNANCE

## 5. Disclosure on Remuneration (cont'd)

For each non-independent non-executive Director, fees are paid to the relevant shareholder nominating him, save that fees in respect of the late Mr Teo Soon Hoe will be payable to his estate directly, for the period from 1 June 2014 to 14 December 2014, following his retirement from the Keppel Group of Companies with effect from 1 June 2014.

Non-Executive Directors' fees for 2014 have been adjusted to market rate, taking into consideration the size of the Company and increased responsibilities of the Directors.

In setting the remuneration packages of the CEO and senior management, performance-related elements are incorporated in order to align interests with those of shareholders and link rewards to corporate and individual performance. In view of the competitive pressures in the talent market, the remuneration paid to the CEO and the top five key management personnel are disclosed in bands. In 2014, the level and mix of the annual remuneration of the CEO and Executive Director, and each of the top five members of senior management (who are not also Directors), in bands of S\$250,000, are set out below:

	Fixed	Bonuses	Central Provident Fund	Benefits- in-kind	Share Options	Number of Share Options Granted
<b>Above S\$1,000,000 to S\$1,250,000</b>						
Karen Kooi Lee Wah	40%	38%	1%	7%	14%	800,000
<b>Above S\$750,000 to S\$1,000,000</b>						
Patrick Michael Scodeller	43%	24%	1%	20%	12%	500,000
<b>Above \$500,000 to \$750,000</b>						
Poopalasingam Subramaniam	58%	24%	2%	5%	11%	300,000
<b>Above S\$250,000 to S\$500,000</b>						
Lee Kok Chew	55%	24%	3%	6%	12%	300,000
Alan Goh	58%	26%	3%	6%	7%	200,000
Lim Sock Leng	58%	24%	3%	7%	8%	200,000

In 2014, share options were granted to the above members of the senior management team as part of the Company's Share Option Scheme, further details of which can be found on pages 89 to 91 of the Annual Report.

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is between S\$2,500,000 to S\$2,750,000.

The Company does not have any employee who is an immediate family member of a Director or the CEO in 2014.

## 6. Audit Committee (AC)

*(Code of Corporate Governance Principles 12 & 13; Listing Manual Rule 1207(6))*

The AC comprises Mr Alan Ow Soon Sian as Chairman, Mr Kannan Ramesh and Mr Chow Kok Kee as members, all of whom, including the Chairman, are independent Directors. Two of the members, including the Chairman, have accounting, tax or related financial management expertise or experience.

The AC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles set out in the Code and other salient factors:

- (a) Review with the external auditor the audit plan including the nature and scope of the audit before its commencement, their evaluation of the systems of internal controls, their annual reports and their management letters and management's response;
- (b) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- (c) Review the assistance given by management to the external auditor;
- (d) Review the independence and objectivity of the external auditor;
- (e) Review the nature and extent of non-audit services performed by the external auditor;
- (f) Examine the scope of internal audit procedures and the results of the internal audit;
- (g) Review the adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls, policies and systems established by management and reporting on any pertinent aspects of risks thereto (collectively, internal controls), and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the internal and/or external auditor;
- (h) Meet with the external and internal auditors without the presence of management at least annually;
- (i) Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- (j) Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

# CORPORATE GOVERNANCE

## 6. Audit Committee (AC) (cont'd)

- (k) Review interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (l) Make recommendation to the Board on the appointment/re-appointment/removal of the external auditor, and approve the audit fees and terms of engagement of the external auditor; and
- (m) Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The number of applicable AC meetings held in 2014 and the attendance of each member at those meetings were as follows:

AC Member	Number of Applicable AC Meetings Held in 2014	Number of Applicable AC Meetings Attended
Alan Ow Soon Sian	4	4
Kannan Ramesh	4	3
Chow Kok Kee	4	4

During the year, the AC had full access to and cooperation from the Company's management, and internal and external auditors. The CEO, Chief Financial Officer (CFO) and Chief Commercial Officer (CCO), as well as the internal and external auditors, attended the meetings of the AC. The AC also had full access to the internal and external auditors without the presence of management.

The AC reviewed the financial statements of the Group before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's financial condition, internal and external audits, and the effectiveness of the Group's system of accounting and internal controls.

The AC considered the volume of non-audit services provided by the external auditor to the Group, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor, confirmed their re-nomination. The aggregate amount of fees paid to the external auditor in FY 2014 and a breakdown of the fees paid in respect of audit and non-audit services is stated in the notes to the financial statements.

## 7. Risk Committee

*(Code of Corporate Governance Principle 11)*

The Risk Committee was established by the Board on 16 July 2012 to assist the Board in discharging its duties to shareholders on risk management, and to help improve Board monitoring of the risk management system, framework and processes of the Company and the Group. The Risk Committee comprises Mr Kannan Ramesh as Chairman, Mr Low Huan Ping, and Mr Alan Ow Soon Sian as members, all of whom are non-executive Directors and two of whom, including the Chairman, are independent Directors.

## 7. Risk Committee (cont'd)

The Risk Committee, which has written terms of reference approved by the Board, performs the following functions taking into account the principles set out in the Code and other salient factors:

- (a) Advise the Board on the Company's overall risk exposure and strategy;
- (b) Review the effectiveness of the Company's risk management system and policies;
- (c) If deemed necessary by the Board, before a decision to proceed on a significant transaction is taken by the Board, advise the Board on the proposed actions thereto, if any, on the risk aspects and implications of risk exposures thereto;
- (d) Report to the Board on material matters, finding and recommendations, on the financial, operational and compliance risks and any other material risks applicable to the Company;
- (e) Obtain regular updates from management on key enterprise wide risks faced by the Company, so as to enable the Risk Committee to clearly define its oversight responsibilities and review the process available to manage these risks;
- (f) Set up process for the accurate and timely monitoring of significant exposures and risk types of critical importance;
- (g) Review the Company's overall risk profile; and
- (h) Review the risk policies and processes, where applicable and ensure that a review of the robustness and effectiveness of the risk policies and processes is conducted at least annually, which review may be facilitated by the external auditor or advisors.

The number of Risk Committee meetings held in 2014 and the attendance of each member at those meetings are as follows:

<b>Risk Committee Member</b>	<b>Number of Applicable Risk Committee Meetings Held in 2014</b>	<b>Number of Risk Committee Meetings Attended</b>
Kannan Ramesh	5	5
Jamaludin Ibrahim <sup>1</sup>	1	0
Low Huan Ping	5	5
Alan Ow Soon Sian	5	5
Teo Soon Hoe <sup>2</sup>	3	1

<sup>1</sup> Dato' Sri Jamaludin Ibrahim resigned from the Risk Committee with effect from 9 April 2014

<sup>2</sup> The late Mr Teo Soon Hoe was appointed to the Risk Committee with effect from 30 May 2014. Mr Teo passed away on 14 December 2014

# CORPORATE GOVERNANCE

## 7. Risk Committee (cont'd)

During the year, the Risk Committee had full access to and cooperation from the Company's management, the Company Secretary and Head of Risk Management. The CEO, Chief Operating Officer, CCO, CFO and the Head of Risk Management attended the meetings of the Risk Committee.

The Risk Committee may invite from time to time persons who have the relevant experience to assist the Committee, and obtain at the Company's expense, external legal or other professional advice on any matter within its terms of reference.

## 8. Risk Management

*(Code of Corporate Governance Principle 11; Listing Manual Rule 1207(4)(b)(iv))*

The Company is committed to continually improve its approach to managing risks to ensure that it maintains a strong, integrated risk and compliance culture.

The Board, assisted by the Risk Committee, has general oversight of the Company's risk management system and mitigation strategies. This includes reviewing of the Company's portfolio of risks and assessing the appropriateness of management's response to risk exposures. A senior management executive team is responsible for driving the risk management processes and ensuring compliance throughout the Company. Risk accountability is clearly assigned across all departments and functional units.

The internal controls, including financial, operational, compliance and information technology controls, and risk management systems are continually reviewed by the Board to improve consistency and effectiveness of risk identification and assessment across the Company. Risk training programmes are also conducted on an on-going basis to inculcate and reinforce a proactive risk management culture within the Company.

Overall, the Board considers that the Company, in its risk management system, adopts a prudent and proactive approach to achieve an optimal balance between risks and returns, mitigating key risks and maximising opportunities, thereby enhancing the Company's decision making capabilities and organisational resilience.

## 9. Internal Controls

*(Code of Corporate Governance Principle 11)*

The Group has established a system of internal controls to address the financial, operational, compliance and information technology risks of the Group. Based on the work performed by the internal and external auditors, and the reviews performed by management, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that, as at the date of this report, the Group's internal controls are adequate to address the abovementioned risks of the Group in its current business environment.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

## 9. Internal Controls (cont'd)

The Board receives assurance from the CEO and CFO during the meetings of the Board, Audit and Risk Committees:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) regarding the effectiveness of the Company's risk management and internal control systems.

## 10. Internal Audit

*(Code of Corporate Governance Principle 13)*

The Group has an internal audit function that is independent of the activities it audits, and the Internal Auditor has access to the relevant records of the Company.

The Internal Auditor reports primarily to the Chairman of the AC and administratively to the CEO. The AC approves the hiring, removal and evaluation of the Internal Auditor. The Internal Auditor meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC reviews, on an annual basis, the adequacy of the internal audit function. The AC has reviewed and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

## 11. Communication with Shareholders

*(Code of Corporate Governance Principles 14, 15 & 16)*

Communication with shareholders and the investment community forms an integral part of the Group's corporate governance and commitment to transparent, comprehensive and prompt disclosure. Various communication channels are used to inform shareholders about the performance of the Company and to provide updates on pertinent developments. These include annual reports, quarterly results and other announcements made through the SGXNET, press releases and the Company's website, as well as through the Annual General Meeting (AGM). Presentations given at appropriate intervals to representatives of the investment community, audio webcasts and call transcripts of quarterly results presentations, including question and answer sessions, are also made available on the Company's website.

In 2014, the Company continued to release its quarterly and full year results within one month from the end of the relevant financial period, in the form of a press release, financial statements containing management's discussion and analysis of performance and outlook, and a presentation containing highlights and a review of financial and operating performance. Conference calls with media and analysts were held jointly immediately after the release of results. Audio webcasts of these events were made available on the Company's website. Information on major new initiatives by the Group was also made public as soon as feasible.

The Company participated in several investor conferences and roadshows during the year, and discussions were based on publicly available materials and information. The Company does not practise selective disclosure, and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure.

# CORPORATE GOVERNANCE

## 11. Communication with Shareholders (cont'd)

The Group views the AGM as an important platform for shareholders to engage in interactive and open dialogue with the Board and senior management. As such, all Board members and senior management of the Group make their best effort to attend each AGM. The Annual Report and notice of the AGM were sent to all shareholders more than two weeks prior to the AGM which was held on 7 April 2014, to give shareholders sufficient time to review the information. During the AGM, shareholders had the opportunity to voice their views and direct questions regarding the Group to Directors, including the Chairman and the chairmen of the Board Committees, as well as to the Company's senior management.

All resolutions were put to vote by electronic polling at the AGM on 7 April 2014, and announcements of the detailed results showing the number of votes for and against each resolution and the respective percentages were also made at that AGM. Minutes of the AGM that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and members of senior management, was promptly prepared by the Company post-AGM and made available to shareholders upon request.

The Company managed ongoing communication with the investment community throughout the year and responded diligently and promptly to all enquiries from shareholders, analysts and other interested parties, through a dedicated Investor Relations team.

M1 remains focused on creating long-term value for shareholders. This is exhibited through our long-standing policy of maintaining a sustainable dividend payout ratio and returning excess cash to shareholders in the absence of value-enhancing opportunities. For 2015, we will continue to maintain a dividend policy of at least 80% of net profit after tax.

## 12. Securities Transactions

*(Listing Manual Rule 1207(19))*

The Group has issued a Code for Dealings in M1 Shares (M1 Code) for the guidance of Directors, management and other officers. The M1 Code, which is based on the SGX-ST Listing Rule 1207(19) with respect to dealings in securities, stipulates that Directors, management and other officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Group's first and third quarter results and one month before the announcement of the Group's half and full year results and ending on the date of the announcement of such results; and when they are in possession of price-sensitive and confidential information, in accordance with the laws of insider trading.

The M1 Code also includes the prohibition that an officer should not deal in the Company's shares on short-term considerations. The M1 Code is incorporated as part of the Group's Human Resources Manual and is available on the Intranet accessible by all staff. A reminder is also circulated to Directors, management and other officers every quarter before the commencement of the period during which dealings in shares are prohibited and to those with access to price-sensitive and confidential information.

### 13. Interested Person Transactions and Material Contracts

(Listing Manual Rule 907 & 1207(8))

Interested person transactions carried out during the financial year ended 31 December 2014 by the Group were as follows:

	Aggregate Value of All Interested Person Transactions during the Financial Year under Review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) 2014 S\$'000	Aggregate Value of all Interested Person Transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 2014 S\$'000
<b>Transactions for the Purchase of Goods and Services<sup>1</sup></b>		
Singapore Telecommunications Limited & its associates	-	4,660
Telekom Malaysia Berhad	-	9,867
Axiata Group Berhad	-	503
Keppel Logistics Pte Ltd	-	996
Keppel FMO Pte Ltd	-	867
CapitaMall Trust	-	1,377
Starhub Ltd	-	1,357
Temasek Holdings (Private) Limited & its associates	-	7,398
<b>Transactions for the Sale of Goods and Services</b>		
Telekom Malaysia Berhad	-	9,774
Axiata Group Berhad	-	292
Temasek Holdings (Private) Limited & its associates	-	457
<b>Total Interested Person Transactions</b>	-	37,548

<sup>1</sup> As defined in Chapter 9 of the Listing Manual of the SGX-ST

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.