Sustainability

SingPost publishes its annual sustainability report within five months of its financial year-end. In its FY2018/19 Sustainability Report, which is prepared in accordance to the Global Reporting Initiative Standards – 'Core' reporting requirements, we carried out an external stakeholder engagement exercise and conducted a materiality assessment exercise. In addition to the six material Environmental, Social and Governance (ESG) matters reported previously, new ESG topics have been identified for reporting (listed below).

- Ethics, anti-bribery and corruption

- Compliance with laws and regulations

- Business continuity planning

- Data security and privacy

- Responsible supply chain

- Fuel usage and associated greenhouse gas emissions

- Customer satisfaction [NEW]

- Product and service innovation [NEW]

- Community investment (additional) [NEW]

Engagement with Stakeholders

Trust is built over the years as we listen to and communicate with our stakeholders regularly. SingPost has put in place enablers to engage its stakeholders so as to better understand their needs and interests.

The basis for and methods of engagement with our stakeholders, along with the key areas of focus for each stakeholder group, are laid out in the table below.

In FY2017/18 and FY2018/19, the Company conducted stakeholder engagement exercises through surveys and meetings to understand the interests of various stakeholders, including our management and staff, the union, customers and investors, relating to environment, social and governance matters. The results of these engagements were key in the consideration of material factors for our sustainability reporting.

Stakeholders	Basis for engagement	Method of engagement and frequency	Key areas of focus/ concerns of stakeholders	SingPost's response
Shareholders – institutional investors, equity analysts, retail investors, Securities Investors Association of Singapore	Provide opportunities for investors to engage with management; allow investors to gain a better understanding of business and operations Reach out to a wider network of investors to broaden and diversify shareholder base	Regular one-on-one and group meetings and conferences with investors, roadshows; Retail Investor Day; site visits Quarterly results briefings for analysts Annual and extraordinary general meetings SGX announcements, annual report, circulars – as appropriate	Total shareholder returns Practices and targets for environment, social and governance factors	Roadmap laid out to improve Group's financial performance Framework in place to address environment, social and governance matters laid out in sustainability report

Stakeholders	Basis for engagement	Method of engagement and frequency	Key areas of focus/ concerns of stakeholders	SingPost's response
Employees/Other workers e.g. contract and temporary workers	Align with and understand the company's goals and strategy, and update on corporate developments For greater employee satisfaction, retention and productivity	Quarterly townhall staff meetings Regular management meetings Regular staff recreational activities Voice of Employees annual survey Internal announcements and memos from GCEO and management – as appropriate	Fair HR policies and practices Workplace safety and health Career advancement, learning and development, remuneration and welfare	Engage employees with HR framework: – Providing top talent; – Rewarding for performance; – Instilling a lean HR operating system; – Developing and growing our talent; and – Engaging every employee in the company's transformation Certified bizSAFE Level 3 organisation
Trade unions – Union of Telecoms Employees of Singapore ("UTES")	For mutual trust and openness Consult and collaborate on workplace decisions	Regular dialogues with union representatives	Welfare of union workers	Regular engagement to develop a good and collaborative relationship
Customers – corporates, retail customers, general public	Meet or exceed customer needs Provide consistent and high service quality; resolve complaints	Network of post offices, mySAM portal and kiosks, SingPost apps, call centre, e-feedback forms Regular engagement by sales team Annual customer service surveys for corporate and retail customers	Service quality Product and service offerings	Implement near, medium and long term measures to raise reliability and service standards of the postal operations Provide convenient 24/7 access to services with online and offline channels, and call centres Roll out new technologies and Smart Post Offices Introduce innovative product and service offerings

Sustainability

Stakeholders	Basis for engagement	Method of engagement and frequency	Key areas of focus/ concerns of stakeholders	SingPost's response
Suppliers e.g. airlines, international postal agencies, delivery partners, etc.	Meet SingPost's requirements Cost efficiency Meet or exceed quality standards and code of conduct	Tender documents and requirements (Requests for Proposal, Invitation to Quote) – as appropriate Tender briefing sessions – as appropriate	Transparent procurement policies	Provide clear expectations in tender requirements Regular review of procurement policy and practices
Local communities	Contribute towards the well-being of the community	Ongoing Corporate Social Responsibility (CSR) programmes; regular staff CSR Activities Regular meetings with community partners, and non-profit organisations	Contribution towards community Promotion of environmental sustainability	A strategic CSR framework put in place, focusing on heritage, the environment and community Annual donations and sponsorships Ongoing CSR programmes
Government/Regulators e.g. Infocomm Media Development Authority, Singapore Exchange, Ministry of Manpower, National Environment Agency	Adherence to regulators' requirements Contribute towards public interest	Meetings – as appropriate Regulator queries – as appropriate Annual quality of service audits Participation in initiatives led by government agencies – as appropriate	Adherence to regulations Service quality standards and obligations as the public postal licensee Prompt redress of complaints by public/ customers Collaborations for public interest	Open and collaborative approach Review of systems and process to maintain high standards
Universal Postal Union (UPU)	Adherence to regulators' requirements Discuss matters impacting SingPost's interest in the international mail distribution system	Participation in UPU meetings – as scheduled Participation in UPU working groups and committees – as appropriate	Obligations as UPU member Compliance to regulations and service quality standards	Regular engagement to address matters impacting SingPost's interests

The Company's corporate website – www.singpost.com – is updated on a timely basis to provide stakeholders with current and relevant information. A dedicated "Contact Us" section on the corporate website offers various avenues of contact such as phone, live chat, and a dedicated section for feedback. Separate sections are provided for different audiences – customers, media and investors, as well as other engagement platforms such as LinkedIn, Facebook and Instagram.

COMMUNITY ENGAGEMENT

As a trusted organisation that connects businesses, communities and people, we seek to be good stewards of our heritage and the environment, and to contribute towards uplifting the well-being of the disadvantaged in the community.

Environment

As a global player in eCommerce logistics, we are sensitive to the environmental impact of our operations and are committed to taking steps to reduce the impact. In FY2018/19, we set a target of 35 per cent reduction in our absolute greenhouse gas emissions from FY2017/18 base levels by 2030.

During the year, we continued to explore various measures to reduce our carbon footprint. We started a study on the use of greener vehicles for delivery as part of our consideration on replacement of fleet with greener vehicles. We are also exploring the installation of solar photovoltaic systems at our major buildings – Regional eCommerce Logistics Hub and SingPost Centre.

ReCYCLE, our nationwide e-waste recycling initiative with partner Singtel, collected about 15,740 kg of electronic waste, an increase of 63 per cent over the previous year. During the year, 11 community partners came onboard to set up *ReCYCLE* bins at their premises.

Community

SingPost introduced *Programme Silver* in FY2018/19, a programme to help contribute towards addressing issues arising from the ageing population in Singapore.

Under *Programme Silver*, we launched the *Postman Home Visits* initiative in December 2018. The initiative allows for our postmen to volunteer checking on needy seniors while on their delivery rounds. The initiative is running in two neighbourhoods – Henderson and Ang Mo Kio, and we plan to expand this to more neighbourhoods across Singapore gradually over the next few years.

As part of our care for the community, dementia awareness training is conducted for our postmen and included in the new hires' onboarding training, so that our postmen are able to step forward to help persons in their neighbourhoods who may be lost.

We introduced courses for active seniors to learn about the new technologies and services at our new-generation Smart Post Offices. The courses are conducted by volunteer staff from various departments in the organisation, and are organised in conjunction with People's Association's *Smart Nation for Seniors* programme.

To help raise awareness of social issues among our staff and tenants in our office building, we introduced quarterly brown bag talks and experiential sessions on community matters. These included dialogue sessions with the deaf and blind guides to understand issues in their landscape.

Our *Food Distribution Initiative*, which has been running for 10 years, taps on our delivery network to distribute unsold food from bakeries and hotels to collection centres for needy seniors and families several times a week. In FY2018/19, the fleet collected and dropped off 36,920 buns and loaves of bread costing about S$73,000, helping to reduce food wastage and supporting 440 families weekly at the collection centres.

We contributed over S$400,000 in cash donations and sponsorships during the year. We have been a major corporate sponsor of the Singapore Philatelic Museum since 1995 and a partner in Community Chest's employee payroll donation matching programme, *SHARE*, since 2004. We continue to support the annual UTES – U Care Bursary awards, contributing S$80,000 towards bursaries for 221 children of our employees. During the year, various staff/departments also organised fundraising activities to raise funds for charities. Other means of support to partners and charity organisations included space at our retail mall and auditorium for events by community partners and donation tin placement at post offices.

RISK MANAGEMENT

Risks come in various forms and from different sources that may impact the business. Some risks can be eliminated, some may be accepted and managed as part of our business model, while others are beyond our control and can only be mitigated. The risk management strategy involves assessing and balancing risk probabilities, preparing for reasonable contingencies while minimising precautionary expenditure or activity.

The risk governance structure and framework is set out in the Corporate Governance Report, including risk management processes and internal controls. This section identifies the key risks to our assets and business, as well as the interests of our shareholders.

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Data Protection and Privacy Risk

We consider it critical to protect the data privacy of our customers in our systems' infrastructure. Significant failure of security measures may undermine customer confidence and result in litigation from customers and/or regulatory fines and penalties. We are committed to ensure data privacy by protecting personal data of our customers and employees. We also ensure compliance with applicable privacy laws at all times, and perform regular reviews in order to refine our practices.

We have established proper security policies, procedures, technological enhancements to minimise the risk of privacy breaches or data leakages. We have also put in place an escalation process for incident management, which ensure timely response, internally and externally, to minimise the impact. An online Cyber Security Awareness training has also been rolled out to all staff within the Company on an ongoing basis.

Cyber Attack Risk

SingPost recognises the threats and potential damage from cyber attacks and invests in its people, processes and technology to minimise cyber exposures and mitigate risks. We have in place a holistic cyber defence strategy involving: Identification (of signs of attacks and vulnerabilities of SingPost's IT infrastructure), Detection of intrusion, Prevention and Response. We conduct cyber security awareness workshops for staff members and have implemented IT tools to detect phishing and malware intrusions. We have also established policies and standards to manage and address cyber security risks. To enhance the management of this risk, we have appointed a Chief Information Security Officer who is responsible for our cyber security risk management strategy and programme.

Technology Risk

Technology is a critical component of SingPost's transformation into an eCommerce logistics company. In developing and investing in technology, there are associated risks, including the implementation of new infrastructure, data security and continuity of critical IT facilities and systems. Information Technology (IT) risk is managed through an enterprise technology risk approach. This covers risk governance, communication, monitoring, assessment, mitigation and acceptance, and is supported by a set of IT policies and standards, control processes and risk mitigation programmes.

Technology failure can disrupt business operations, impact corporate reputation and lead to financial losses. To mitigate such risks, the Board Risk and Technology Committee, comprising mainly of Directors with competencies in technology, oversees our technology and IT strategy for investments and capital expenditure. This Committee reviews and evaluates plans, policies and proposals relating to IT matters, the progress of significant IT projects, and the management of IT risks. Implementation is then carried out at Business and Support Units.

Postal Regulatory Compliance and Declining Mail Business Risk

As the designated Public Postal Licensee, SingPost is required to meet stringent Quality of Service (QoS) standards for basic letter delivery services set by the Infocomm Media Development Authority (IMDA). Under IMDA's QoS framework, the targets include stipulation that 99 per cent of local basic letters addressed to a person within the Central Business District have to be delivered by the next working day; and that 100 per cent of local basic and registered letters are required to be delivered by the next working day. These QoS standards are considered the world's most stringent. SingPost is also required to comply with the Postal Services Act (Cap. 237A), the Postal Competition Code, Postal Services Regulations, Codes of Practices, the Postal Licence, Directions, and Guidelines issued by the IMDA. Non-compliance with the above, including QoS failures and breach of licence conditions may result in financial penalties.

In line with global postal industry trends, we face declining letter mail volumes due to substitution by digital communications. Operating costs in Singapore and terminal dues (out-payments to other postal operators for the delivery of international mail) have also been increasing.

To ensure obligations and service quality standards are met, SingPost has launched several initiatives to ensure competency in our role as Singapore's postal services provider. We continue to invest in postal infrastructure to enhance service quality and productivity. In January 2019, SingPost launched its SmartPost mobile app, an initiative to harness digital technologies to help our delivery staff improve operational efficiency and service quality. In addition, in April, SingPost had also launched its mobile app for our team of Quality Control officer (QC officers) to help automate the quality check process for quicker review and action to enhance service quality.

We ensure operational readiness through business continuity. Systems are in place for business operations to respond to incidents, crises and threats should these ever occur. We have contingency plans for a broad span of scenarios including

trans-boundary haze, pandemics and security threats, as well as other forms of disruption that might occur in the course of our business. In addition to operational response plans, we have also set out processes to communicate in a forthright manner to all our stakeholders and customers in times of disruption or crisis. Stakeholders can expect SingPost to give open and timely accounts of all incidents and the progress of the recovery efforts that are being carried out.

In addition, our crisis management and communication plans are reviewed and refined periodically, and updated into various business continuity plans. This enables us to respond to crises in an organised and efficient manner, and expedite the recovery process.

For example, in the event of dense haze, a crisis management team is in place with action plans for specific groups of staff at risk. Preparations include allocating recovery centres in operational facilities, and stocking up masks and eye drops for those working outdoors.

OUR PEOPLE, OUR GREATEST STRENGTH

At SingPost, investing in our people equates to investing in our future. Therefore, we focus on fostering a more robust learning culture within the organisation, building talent and leadership bench-strength as well as refining our job grading system. With this, we believe that we are ready to forge ahead and contribute towards SingPost's vision of becoming a global leader in eCommerce logistics and trusted communications.

Agile Workforce

This year, there was specific emphasis on offering more bite size and accessible learning opportunities to our employees through various modes under our *Grow@SingPost* campaign. In partnership with the SkillsFuture Festival team, we launched the *Grow@SingPost* campaign during our inaugural SingPost Learning Carnival that took place in July 2018. The week-long event, supported by valued partners such as SkillsFuture, Emergenetics, and the National Library Board, received tremendous response attended by an estimated 500 employees. The *Grow@SingPost* campaign comprises new initiatives including monthly Lunch & Learn sessions, SkillsFuture Series courses and specially curated On-Demand Learning Journeys supporting specific business upskilling needs. All these initiatives are aimed at building an agile workforce and significantly increasing the uptake of learning opportunities across the SingPost Group.

We continue to focus on building our talent and leadership bench-strength through a few new initiatives. 'The Leadership Formula' that comprises our signature Power of ME manager effectiveness programme, Harvard ManageMentor for on-the-go e-learning support and we had also introduced Leadership Café talks to ensure that all People Managers in SingPost are equipped to lead with impact. We launched a specially designed leadership skills programme targeted at AVP and above leaders in March 2019 as well.

A year into pioneering iLEAD, an accelerated development programme for high potential talents, more than 50 per cent of talents have progressed towards fulfilling critical roles within SingPost while a second cohort of talents commenced their iLEAD journey. This is a very significant investment for us as we deepen our talent pipelines in a bid to future proof SingPost.

As part of our digitalisation efforts, we launched an online cloud-based Learning Management System (LMS) offering real time and easy access to information on our learning programmes, calendar, and bite-size in-house online courses. This allows employees to register for training easily as well as plan and track their own development progress. The LMS system is also integrated with Harvard ManageMentor, thus offering access to all learning offerings under one roof.

Workplace Safety and Health

With our strong commitment to ensure that our employees are in a safe work environment and inculcate a strong safety culture, SingPost has kick-started a Workplace Health & Safety (WSH) Campaign on 5 March 2019. This month-long campaign includes a series of activities and events that focuses on promoting and increasing WSH awareness within the business. The campaign reinforces the importance of WSH alongside the current monthly WSH training programmes that are rolled out to all employees. SingPost is preparing for our re-certification renewal exercise for bizSAFE Level 3, to ensure that we maintain our competitive edge.

At SingPost, our employees are our greatest strength – we value and prioritise our employees' overall wellness. We conduct a series of activities such as on-site health screenings and ergonomics training for our employees to help them understand their health status better as well as encourage them to adopt a healthier lifestyle. SingPost is an active participant in the National Steps Challenge Season 4: Corporate Challenge 2018, run by the Health Promotion Board.