



Changi, OUR HOME

ANNUAL REPORT 2014/15



CHANGI
airport group

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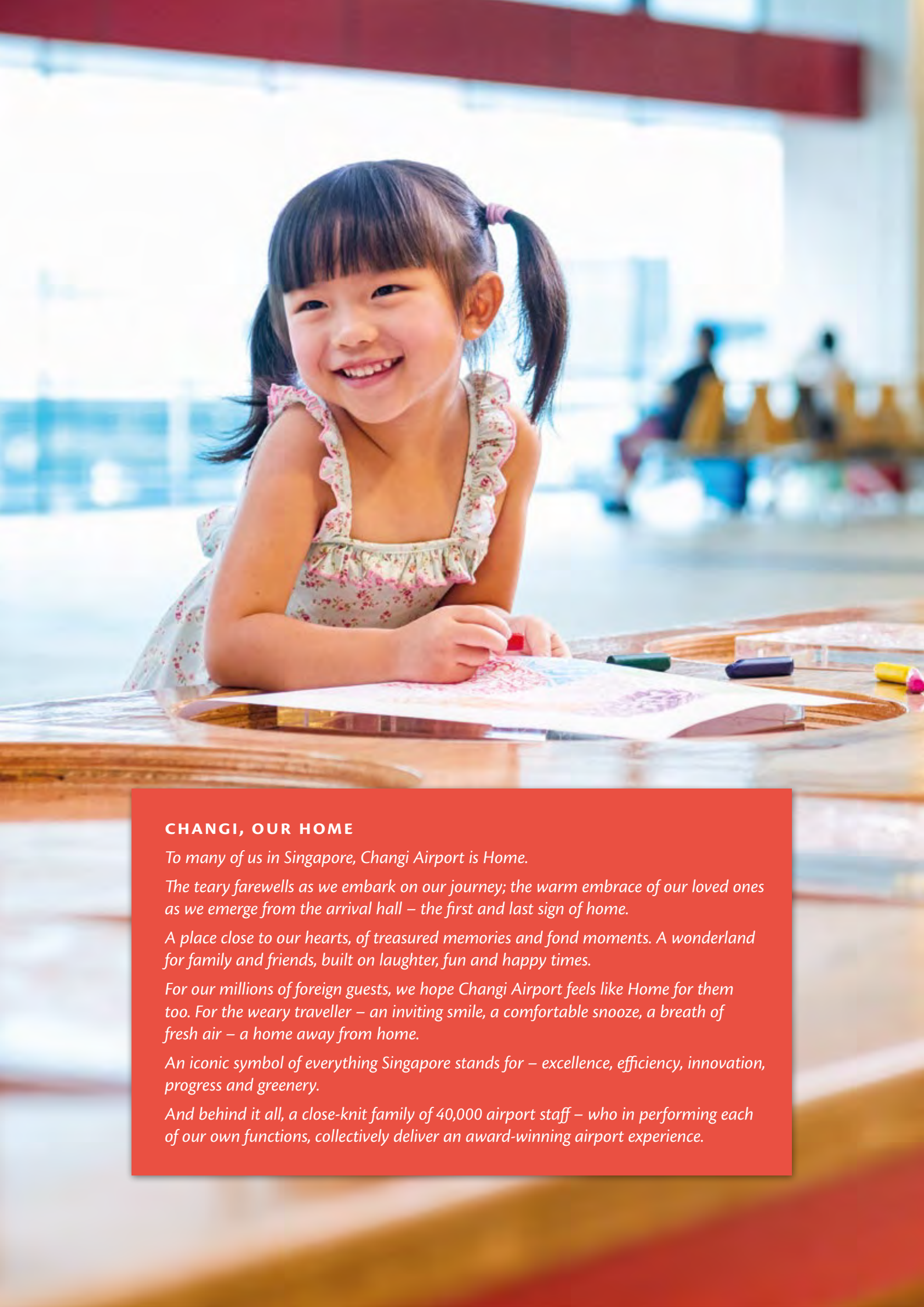
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CHANGI, OUR HOME

To many of us in Singapore, Changi Airport is Home.

The teary farewells as we embark on our journey; the warm embrace of our loved ones as we emerge from the arrival hall – the first and last sign of home.

A place close to our hearts, of treasured memories and fond moments. A wonderland for family and friends, built on laughter, fun and happy times.

For our millions of foreign guests, we hope Changi Airport feels like Home for them too. For the weary traveller – an inviting smile, a comfortable snooze, a breath of fresh air – a home away from home.

An iconic symbol of everything Singapore stands for – excellence, efficiency, innovation, progress and greenery.

And behind it all, a close-knit family of 40,000 airport staff – who in performing each of our own functions, collectively deliver an award-winning airport experience.

WHERE IT FEELS LIKE HOME

Changi Airport – a special place of tender farewells and sweet reunions, where your loved ones await. We understand the stresses of travel, and try our best to make passengers' time here a delight. A caring smile, a friendly hand, and little personal touches that positively surprise our passengers. Beautiful gardens, tranquil ponds, and comfortable chairs with your personal charging point. The joy of sipping a cup of coffee while watching the planes go by. Where you feel the comfort and warmth of home.







A SHOPPING WONDERLAND

Home to over 350 retail stores and 160 dining outlets, Changi Airport is a retail paradise. For the shopaholic traveller, their holiday begins the minute they step into the airport. We continually strive to push the curve with innovative new retail concepts and experiences – unveiling the world's first Cosmetics & Perfumes and Wines & Spirits duplexes in an airport. Working closely with our retail partners, we give our passengers a strong proposition of refreshing new brands, exclusive product launches and attractive savings – making Changi one of the best airports in the world to shop at.





BUILDING OUR FUTURE

Planning ahead for future capacity needs has been a key principle behind the development of Changi Airport throughout its history. We are in exciting and dynamic times, as we work on several major infrastructure projects that will prepare Changi for its next stage of growth. Terminal 4, Jewel Changi Airport and Changi East mark the second phase of Changi Airport's development, which will cater to its future growth, and strengthen Changi as an air hub and travel destination.





OUR FAMILY

As we face the dual-challenges of planning for Changi Airport's future while continuing to achieve operational excellence, the most important ingredient for success is our people. To bring Changi to its next level of growth, a key priority for us is to nurture and grow our talent pool of 1,700 within the CAG family, and to build a strong and dynamic team that will drive the continued success of the Singapore air hub.





REACHING OUT TO THE COMMUNITY

As the organisation behind a much-loved icon of Singapore, we are firmly rooted in this island nation and committed to making a meaningful contribution to the local community. Through a series of programmes and activities run by Changi Foundation, we strive to make a positive impact on the lives of the youths we work with. It is our goal to support and help them realise their fullest potential, and to inspire them in their journey to adulthood.





OUR MISSION

To be the *world's leading airport company*, growing a vibrant air hub in Singapore and enhancing the communities we serve worldwide.

OUR VISION

Exceptional People, Connecting Lives

We aspire to build a company where ordinary people achieve exceptional results. Working together as a team, we bring great ideas to life and achieve exceptional results beyond our individual capabilities.

Customers are our inspiration. From the youngest child to the largest corporation, we understand that what we provide connects people in ways that will enhance their lives.

OUR VALUES

Integrity is at the heart of everything we do

We value
our people

We are
committed to
our customers

We are
the best in
our business

We succeed
with our
partners



Changi Airport Group (Singapore) Pte Ltd (CAG) was formed on 16 June 2009 and the corporatisation of Changi Airport followed on 1 July 2009. As the airport company managing Changi Airport, CAG undertakes key functions focusing on airport operations and management, air hub development, commercial activities and airport emergency services.

Over more than three decades, CAG – previously as part of the Civil Aviation Authority of Singapore – has successfully established Changi Airport as the world's most awarded airport. With more than 490 accolades under its belt, Changi has come a long way since its humble beginnings in 1981, when Terminal 1 first opened.

One of the world's busiest international airports today, Changi Airport is a major air hub in Asia. It handled more than 54 million passenger movements for the financial year ended 31 March 2015 (FY2014/15), serving about 100 airlines flying to more than 320 cities in over 70 countries and

territories worldwide. With over 75,000 sqm of commercial space across its three terminals, Changi Airport is also one of Singapore's best places for shopping and dining. Increasingly, the airport has become a favourite haunt for Singapore residents, especially families.

To spread the success of Changi Airport far and wide, CAG invests in and manages foreign airports through its subsidiary Changi Airports International (CAI). CAI's objective is to build a quality portfolio of airport investments worldwide with strong markets and significant development potential. Its key business activities include investments in airports, as well as the provision of consultancy and airport management services. Today, CAI's presence covers major economies including China, India, the Middle East and South America.

At Changi Airport, there is immense pride in providing impeccable service and unrivalled capabilities to deliver the iconic Changi Experience. More than just a model of functionality, the Changi Experience is about connecting passengers and engaging them, in ways that enhance their lives. Every journey through Changi Airport is an opportunity to bring people together and to help them realise their aspirations.





The siren blared nationwide when the clock struck 4.35pm on 29 March 2015. The hustle and bustle of activity across Changi Airport's terminal halls and gatehold rooms came to a standstill, as all fell silent. Passengers and the airport community joined the rest of the nation in a minute of quiet reflection, as they paid tribute to the founding father of modern Singapore, and the pioneer of Singapore aviation, Mr Lee Kuan Yew.

Passengers, visitors and airport staff alike stood with heads bowed – united in the moment of silent gratitude towards the man who had personally shaped the development of Singapore and the airport they stood in. Across the airport, many rose to their feet, standing at attention as they gathered around television screens to observe the state funeral proceedings. It was reminiscent of the emotional scene back in 1965, when neighbours huddled around small black and white televisions, watching the first Prime Minister of Singapore address the nation.

Not everyone would be aware that Changi Airport was Mr Lee's brainchild. It was his political leadership and foresight that resulted in the birth of Changi Airport – out of empty reclaimed land in



the eastern part of Singapore. In 1975, he decided it was advantageous to build a new airport in Changi as Paya Lebar Airport was nearing capacity. This was against the recommendations of foreign experts.

Mr Lee saw that building the airport on the Changi coast would give Singapore the flexibility to expand the aerodrome towards the sea to meet future expansion needs, as well as mitigate noise issues. It was a bold and difficult decision by Mr Lee which meant a capital commitment of S\$1.5 billion, a very large sum in those days. But with the support of a team of capable stalwarts, he pushed through his vision. Even then, he recognised the potential of Changi Airport to be the symbol of the nation's progress, and a beacon of the Singapore brand in the global arena.

As Terminal 1 was being built, Mr Lee took a personal interest in the development of the new airport, frequently flying over the site to oversee its construction. Over the next thirty-odd years, his unique vision and leadership have paid off with the government continuing to develop Singapore as an important hub for global aviation with strong support for open skies and liberalisation in the industry. These efforts have reaped significant economic gains for Singapore.

Today, the airport accounts for 3% of the country's Gross Domestic Product and some 77,000 jobs. And Changi Airport has become the world's most awarded airport, the world's seventh busiest for international traffic and a major air hub with links to more than 320 cities across the world.



Even after his retirement, Mr Lee continued to take a fond interest in the development of Changi Airport, visiting it on several occasions. He had previewed Terminal 3 prior to its opening in 2008, and graced the commemoration of the airport's corporatisation on 1 July 2009. He visited Changi one last time on 5 September 2014, for a briefing on the upcoming Jewel Changi Airport development and a tour of the site.

As CAG embarks on expansion plans that will take Changi Airport into its next phase of growth beyond this decade, one cannot help but marvel and be grateful for the foresight and decisiveness of Mr Lee decades ago. Because of that, the development

of Changi East – a plot of land set aside for future airport expansion – can proceed without the insurmountable roadblocks that many other airports in the world face.

CAG remains committed to preserving Mr Lee's legacy, through maintaining Changi Airport's international reputation for excellence and reliability. Furthermore, the growth and development of the airport, manifested through Terminal 4, Jewel and Terminal 5, will underscore his courage, vision and dedication towards building Singapore's future.

For all the opportunities created, successes realised and the dreams that will be built at Changi Airport – we thank you, Mr Lee.

1 CAG paid tribute to Mr Lee's pioneering role in shaping Singapore's aviation industry through a special commemorative mural at Terminal 3.



“Probably the boldest decision the government made was in 1975, to abandon the existing Paya Lebar Airport and develop Changi Airport... It turned out to be a sound investment... The returns on these investment in Changi have been incalculable.”

– Mr Lee at the World Travel and Tourism Council’s Dinner on 13 March 1995



致建 国总理 李光耀先生：
 感恩您一生為新加坡
 盡心盡力的付出和正勤
 建 国艰苦五十載
 国运昌隆 国泰民安
 我会 您的懷念您
 調志米



“It has not been easy. Changi Airport will have many good years as long as there is a team to marshal the various bodies to deliver the renowned Changi Airport experience to Singaporeans and travellers alike.”

– Mr Lee at the Changi Airport 25th Anniversary Dinner on 1 July 2006



A TRIBUTE TO
 MR LEE KUAN YEW
 THE PIONEER
 OF
 SINGAPORE AVIATION



“One of the best investments we made was to write off the S\$800 million sunk into Paya Lebar Airport which we handed over to the RSAF, and to build Changi Airport with two runways for S\$1.5 billion, which was then big money... If I had not intervened and we had built the second runway at Paya Lebar airport as our foreign experts recommended, Singapore’s airport could not have become an air hub.”

– Mr Lee at the launch of the new CAAS and CAG on 1 July 2009



Left:
Liew Mun Leong,
Chairman

Right:
Lee Seow Hiang,
CEO

It was a year of challenges for Changi Airport and regional aviation in FY2014/15. Three airline incidents in the space of 10 months impacted travel confidence even as airlines continued to face pressure on yields. Socio-political developments in China and Thailand further depressed air travel between Singapore and these markets.

Notwithstanding this, Changi Airport registered passenger traffic at 54 million passengers for the year, an increase of 0.2%. Concession sales remained healthy at S\$2 billion, the world's third highest for an airport.

These outcomes were possible only because of investments made to develop a strong Changi air hub, a world-class airport experience and enduring partnerships with our stakeholders.

GROWING WITH OUR PARTNERS

It has been through our firm partnerships with airlines from around the world that Changi Airport continues to expand its network connectivity. In FY2014/15, we added seven new airlines and

seven new city links, with more flight options to China and Southeast Asia. And for the first time, we welcomed a direct link to Central Asia with Uzbekistan Airways' direct service to Tashkent.

In light of the strong headwinds faced by our airline and airport partners, CAG launched a S\$100 million Growth And Incentive (GAIN) programme comprising cost support measures such as landing fee rebates, incentives for airlines to grow transfer traffic at Changi Airport and initiatives to raise productivity of the airport workforce. The popular Changi Transit Programme has also been extended for a third year.

With the global economic environment remaining soft, CAG is working even more closely with its partners to spur tourism arrivals in Singapore. In April 2015, we began a two-year S\$35 million partnership with the Singapore Tourism Board – a multi-pronged strategy to drive visitorship to Singapore, and to also showcase Changi Airport as a destination in its own right.

INNOVATING AIRPORT RETAIL

As retail remains a quintessential ingredient of the Changi Experience, we continue to seek innovation in our retail mix and stores' offerings. This has been exemplified in the transformation of our core category concessions, Liquor & Tobacco and Cosmetics & Perfumes, managed by DFS and The Shilla Duty Free respectively.

Shopping for wines and spirits or fragrances and beauty products is now an even more enjoyable experience with refreshed store interiors and many more brands and products on offer. The icing on the cake is the two flagship duplex stores – the world's first in an airport for these two categories, certainly architectural landmarks in the Transit Hall of Terminal 3.

Profit from our non-aeronautical business continues to be channelled into covering the costs of running the airport, allowing us to keep aeronautical charges low and hence maintaining our overall air hub competitiveness.

DELIVERING AN AWARD-WINNING AIRPORT EXPERIENCE

The year closed with another award milestone for Changi Airport in March 2015, with its third consecutive Skytrax award for World's Best Airport. This was our 24th award for the year, a reflection of Changi Airport's strong reputation among passengers around the world, and a testament to our steadfast commitment to service excellence. We share these honours with the 40,000-strong airport community, who are the bedrock of the award-winning Changi Experience.

While these awards are an affirmation of Changi Airport's ability to continually deliver a high standard of quality and efficiency, we face growing manpower challenges with the tight labour market in Singapore. In the face of these constraints, more than ever, we are driving innovation and productivity enhancements to improve efficiency and optimise use of resources. A good example is the formation of the Innovation Lab within the Airport Management cluster, tasked to harness creativity and infuse innovation into the airport's daily operations, across disciplines and clusters. The newly-created team will rethink procedures and processes, and leverage technology to develop creative solutions.

PREPARING FOR THE FUTURE

To secure the future of Singapore as an air hub, it is imperative that CAG plans for capacity expansion. This is to ensure Changi Airport's ability to cater to the long-term growth of both home-based

and foreign carriers and to capitalise on growth opportunities in Asia Pacific. Underpinning this philosophy are several projects we have embarked on – Terminal 4 (T4), the expansion of Terminal 1 (T1) and the Changi East development – to secure Changi Airport's status as the aviation gateway to the region.

The construction of T4 has made very good progress and we expect topping-out – when the superstructure is completed – by the end of 2015. T4 will be able to handle 16 million passengers per annum and will lessen congestion in the current three terminals which are already operating at more than 80% of their designed capacity. We look forward to opening T4 in the second half of 2017.

To prepare for the long term, CAG is working with the Ministry of Transport and various government agencies to develop Changi East, which will house Terminal 5 (T5) and Runway 3. Land preparation of the site has commenced as the first step of several major works to develop a three-runway system at Changi Airport.

These works include laying a massive network of some 40 km of runways and taxiways, to allow efficient aircraft movement between all the five terminals and three runways in the future enlarged airport, and building an extensive set of drainage systems to ensure that the Changi East site remains flood-free. Significant progress has also been made in the planning for T5, with the land use masterplan and terminal layout confirmed in March 2015.

ENHANCING CHANGI AIRPORT'S COMPETITIVENESS

As airports across the globe continue to compete for a share of the growing aviation pie, many are introducing new products – from theme parks to casinos – to distinguish themselves. The groundbreaking of Jewel Changi Airport in December 2014 laid the cornerstone for Changi Airport's game-changer. Jewel, designed by Moshe Safdie, will be an architectural wonder, and much more. It is CAG's answer to capturing mindshare at a global level, and come 2019 will reinforce Changi Airport's status as a preferred transfer hub and a must-see destination in its own right.

Along with the development of Jewel, we are expanding T1 to boost its handling capacity and enhance its facilities. The expansion works will provide more space for aviation facilities, including a larger arrival hall and baggage claim area, as well as additional taxi bays.

FLYING THE CHANGI FLAG

The overseas investment and consultancy activities undertaken by our wholly-owned subsidiary,

Changi Airports International (CAI), are an integral part of CAG's business and are part of our strategy to secure long-term, steady returns. CAI's overseas ventures directly create value for CAG, as they offer attractive developmental opportunities to CAG employees, who then bring back valuable experience and knowledge to Changi Airport after their attachment.

During the year, we continued to make headway beyond our shores. In October 2014, a CAI consortium won a bid to develop Hanthawaddy International Airport in Myanmar. The airport will serve as the gateway to a large emerging economy of approximately 53 million people.

In December last year, CAI signed a consultancy deal with the Maldives Airport Company Ltd to help expand and develop Male's Ibrahim Nasir International Airport. Two months later, a consortium formed by CAI and its Russian partners won a tender to acquire shares in Vladivostok International Airport.

ATTRACTING AND GROOMING TALENT

CAG holds on to the belief that its people are core to the success of the company. We regularly review the organisation structure and people capabilities to ensure that CAG remains best placed to be an innovative and performance-oriented company, ready for the challenges ahead. We are pleased that our efforts to attract, groom and retain talent have been recognised – CAG was named Singapore's second most attractive employer in the 2015 Randstad Awards.

CAG continues to build its Terminal H (for heartware) in developing a company culture that is enriching and enjoyable, creating an excellent environment for our staff, and their growth. The year also saw a focus on strengthening CAG's leadership capability development, with the second module of the leadership milestone programme rolled out, alongside the implementation of 360-degree feedback and coaching for our senior leaders in the SVP and VP grades.

ACHIEVING ANOTHER YEAR OF HEALTHY RETURNS

Despite passenger volume remaining relatively unchanged, CAG delivered a good set of results for the year. Concession revenue, which forms the bulk of non-aeronautical revenue, grew strongly by 8%. This helped to mitigate weaker aeronautical revenue due to rebates extended to the airlines, resulting in net operating revenue growth of 2% to S\$2.2 billion.

Operating cost increased 6% to S\$1.3 billion, mainly due to wage pressure as a result of Singapore's progressive wage reforms and a tightening labour market as well as higher expenses incurred to support capacity building. We expect to face continued cost pressures in the coming years with the expansion in staff strength for the development projects, while escalating manpower costs from our labour-intensive industry will continue to impact operating expenses. Nevertheless, we will continue to exercise stringent financial discipline by putting in place productivity initiatives alongside effective cost-control measures to control operating cost.

The Group's EBITDA dipped 1% to S\$1.2 billion, as a result of rebates under the GAIN programme and higher opex for development projects. Net profit after tax declined 13% to S\$782 million. This was due to significant one-off gains, including property tax adjustments and divestment gains from CAI, in the previous financial year. Shareholder's equity increased from S\$5.7 billion to S\$6.1 billion in FY2014/15.

CAG's strong financials enables it to invest its earnings to improve airport infrastructure and fund near-term development projects. Our focus remains on maintaining cost discipline so as to achieve sustainable returns over the longer term.

REMEMBERING A PIONEER

The year ended on a sad note for us with the passing of Singapore's Founding Father, Mr Lee Kuan Yew on 23 March 2015. Mr Lee was without doubt the Pioneer of Singapore Aviation, the driver of the airport's move from Paya Lebar to Changi.

In doing so, Mr Lee ensured that there was sufficient land for Singapore's airport to grow for many more decades.

We at CAG and in the larger Changi Airport community will remember and honour Mr Lee's legacy. Beyond the gleaming beacon that is Changi Airport, Mr Lee's vision was for committed partners in aviation working together to achieve a greater good for the Singapore air hub. This, we firmly believe, must remain the formula for Changi Airport's continued growth and success.

LOOKING AHEAD

Changi Airport's exceptional double-digit growth following the end of the global financial crisis in 2009 has tapered, and we expect passenger traffic growth in the coming years to moderate to low-single digits, in line with the airport's historical long-term trend.

The global outlook suggests challenging conditions ahead as major economies continue on their slow growth trend. Key economies in Asia, which accounts for 80% of our business, are still undergoing economic restructuring which will impact travel demand in the short term. Likewise, concession sales at Changi Airport will be buffeted by the slowdown in traffic and weaker economic growth of our major source markets.

While lower oil prices are expected to improve the bottomline for Asia Pacific airlines, overcapacity and intensifying competition will continue to result in cautious expansion. As we enter FY2015/16, passenger traffic to and from China and Thailand have been slowly recovering. However, Changi Airport continues to face intense competition on some transfer/transit routes.

Yet, we remain optimistic about Changi Airport's future. Governments in our key markets are taking the right steps in ensuring sustainable long-term growth for their countries. In 2020, Asia will be home to half the world's middle class, with rising disposable incomes. This will be positive for the Singapore air hub, which is in the epicentre of this growth opportunity.

As we celebrate Singapore's Golden Jubilee in 2015, CAG will continue to contribute to the country's aviation story. We aim to grow traffic at Changi Airport, without compromising service standards. We will improve quality and efficiency through innovation, and enhance results and outcomes through collaborative partnerships with our many stakeholders who share our common and collective dream.

We would like to express our gratitude to all CAG employees, the Changi Airport community, our airline and airport partners, government agencies and our fellow Board Directors. We welcome Prof Tan Kong Yam who joined the Board in January 2015.

Thank you for your unwavering commitment and dedication, which have been instrumental in helping Changi Airport stand in good stead. We look forward to your continued support and partnership.



Liew Mun Leong
Chairman



Lee Seow Hiang
Chief Executive Officer

BOARD OF DIRECTORS



1. LIEW MUN LEONG

Chairman

Mr Liew is the Chairman of Changi Airport Group. He was appointed to the Board on 16 June 2009. Mr Liew was the founding President and CEO of CapitalLand Group. He is currently the Chairman of Surbana Jurong Private Limited and also serves on the boards of Singapore Exchange Limited, CapitalLand Hope Foundation (the philanthropic arm of CapitalLand), National University of Singapore (NUS) Business School, Human Capital Leadership Institute, Chinese Development Assistance Council and Singapore China Foundation Ltd.

In 2013, Mr Liew was appointed as Provost Chair Professor (Practice), pro bono at both the NUS Business School and the Faculty of Engineering.

He was elected President of International Organisation for Standardisation (ISO) for the term 1997 to 1998, and was the Chairman of the Board of Governors of Temasek Polytechnic from 1999 to 2006.

With over 40 years of experience in the construction and real estate industries both locally and overseas, Mr Liew has been instrumental in a number of Singapore's public sector projects, including the development of Changi Airport. For his exceptional contributions, Mr Liew was awarded the Meritorious Service Medal by the President of Singapore in 2011.

Mr Liew graduated from the University of Singapore with a degree in Civil Engineering and is a registered professional civil engineer. He has also published three books titled *Building People: Sunday Emails from a CEO, Volumes I, II and III*.



2. LEE SEOW HIANG

Chief Executive Officer

Mr Lee is CEO of Changi Airport Group. He was appointed to the Board on 16 June 2009. He is concurrently Deputy Chairman of Changi Airports International Pte Ltd and a Director of SMRT Corporation Ltd. He is also a member of the Advisory Board to the IATA-NTU Advanced Management Program (AMP) and its Executive MBA degree in Aviation Management, as well as a Member on the Airports Council International (ACI) World Governing Board and First Vice President of the ACI Asia-Pacific Regional Board.

From 1989 to 2005, Mr Lee held various appointments in the Republic of Singapore Air Force (RSAF) and the Ministry of Defence, with his last appointment being Deputy Head of Air Operations in HQ RSAF. From 2005 to 2008, he was the Principal Private Secretary to then Minister Mentor Lee Kuan Yew in the Prime Minister's Office.

Mr Lee was awarded the SAF (Overseas)/President's Scholarship in 1989 and the SAF Postgraduate Scholarship (General Development) in 2002. He holds a Bachelor of Arts (Honours) from the University of Cambridge, UK, and a Master in Business Administration from the Massachusetts Institute of Technology, USA.



3. LIM SOO HOON

Ms Lim is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 16 June 2012.

She was appointed Permanent Secretary (Finance) (Performance) at the Ministry of Finance on 1 April 2012. She is also the Chairman of the Accounting & Corporate Regulatory Authority (ACRA).

In her capacity as Permanent Secretary (Finance) (Performance), she oversees the Ministry's central role in creating a high performance government through efficient and effective use of resources and integrating key programmes, processes and systems across the various government agencies.

Ms Lim joined the Administrative Service in 1981 after graduating with a Bachelor of Economics (Honours) from the University of Adelaide on a Colombo Plan Scholarship. She also holds a Master in Public Administration from Harvard University.

She has served in various portfolios in the Singapore Civil Service, including the Ministry of Trade and Industry, the former Ministry of Communications and Information, the former Ministry of Labour, and the Registry of Vehicles. She was appointed Permanent Secretary, Ministry of Community Development in 1999 and became Permanent Secretary (Public Service Division), Prime Minister's Office in 2005 before joining the Ministry of Finance in 2012.



4. DERRICK WAN YEW MENG

Mr Wan is presently the Alternate Director to Ms Lim Soo Hoon. He is Director (Reserves and Investment) at the Ministry of Finance. Prior to joining the Ministry of Finance in November 2008, he was Director (Investments and Projects) at the Central Provident Fund and has held appointments in the Ministry of Manpower, Ministry of Law and Ministry of Defence.

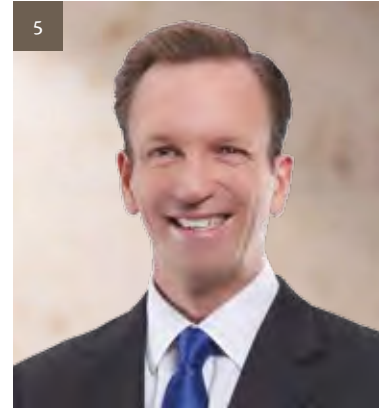
Mr Wan is a Chartered Financial Analyst (CFA), a Chartered Alternative Investments Analyst (CAIA) charter holder and holds a Professional Risk Manager (PRM) certification. He was awarded the Overseas Merit Scholarship to study at the University of York, UK, where he graduated with First Class Honours (with Distinction) in Economics and Econometrics. He also holds a Master of Science in Financial Engineering from the National University of Singapore and a Master in Business Administration from Columbia University, New York.

5. MICHAEL GEORGE WILLIAM BARCLAY

Mr Barclay is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 16 June 2009. Mr Barclay is CEO of Wildlife Reserves Singapore. He also sits on the boards of Sentosa Leisure Management and the Mount Faber Leisure Group.

For seven years prior to joining Wildlife Reserves Singapore in October 2015, Mr Barclay was the CEO of Sentosa Development Corporation. He was Regional Vice President Asia Pacific at the International Air Transport Association from 2007 to 2008, and Chief Executive of SilkAir from 2004 to 2007. He also held various portfolios for Singapore Airlines in Singapore, Germany, Switzerland, Belgium and the UK from 1991 to 2004.

Mr Barclay holds a Master of Science degree in Transport Planning & Engineering from the University of Leeds and has completed the Advanced Management Programme at Harvard Business School.



BOARD OF DIRECTORS



6. MIGUEL KO KAI KWUN

Mr Ko is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 7 September 2009. Mr Ko is currently the Group CEO of Ascendas-Singbridge Pte Ltd. He was previously the Chairman and President of the Asia-Pacific Division for Starwood Hotels & Resorts Worldwide Inc. with strategic oversight of the operating and financial performance of the hotel group in the region. Prior to that, he was Deputy Chairman and CEO of CDL Hotels International Limited.

Recognised for his knowledge and insight by the Asia Pacific tourism industry, Mr Ko was voted Regional Hotel Chief of the Year (2007 & 2008) by the readers of Travel Weekly. He was named Visionary Leader of the Year and was a recipient of the Global Awards at the World Travel Mart (2007) in London and was honoured with the Lifetime Achievement Award 2012 at the China Hotel Investment Conference in Shanghai.

Mr Ko has a Bachelor in Business Administration in Economics from the University of Massachusetts and a Masters in Business Administration from Suffolk University. He is also a non-participating Certified Public Accountant (CPA), licensed by the State Board of Accountancy in the State of New Hampshire, United States.

7. ERIC ANG TEIK LIM

Mr Ang is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 18 November 2009. Mr Ang is currently Senior Executive Advisor at DBS Bank Ltd. Among other appointments, he previously served as the head of capital markets at the bank and was the Deputy Chairman of NTUC Fairprice Co-operative Limited. He worked on many landmark deals in the capital markets industry, including the initial public offerings of Singapore Airlines, Singapore Telecom and Singapore's first real estate investment trust, CapitaMall Trust.



Mr Ang serves on the boards of Surbana Jurong Private Limited, Raffles Medical Group Ltd, DBS Foundation Ltd, Sembcorp Marine Ltd, and Hwang Capital (Malaysia) Berhad. He holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

8. DILHAN PILLAY SANDRASEGARA

Mr Sandrasegara is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 15 January 2010. He is the Head of Enterprise Development Group, as well as Co-head, Americas, of Temasek International Pte Ltd. Prior to joining Temasek, he was a corporate lawyer.

Mr Sandrasegara serves on the boards of the Singapore Management University, Singapore Institute of Legal Education, Changi Airports International Pte Ltd, Temasek Life Sciences Ventures Pte Ltd, Fullerton Financial Holdings Pte Ltd, the National Research Foundation in Singapore, Mandai Safari Park Holdings Pte Ltd, Vertex Venture Holdings Ltd and Ascendas-Singbridge Pte Ltd. He is also a member of the Capital Markets Committee of the Monetary Authority of Singapore. He was previously a member of the Singapore Corporate Governance Council.

He graduated from NUS with a Bachelor of Laws and obtained a Master of Law from the University of Cambridge.





9. DANNY TEOH LEONG KAY

Mr Teoh is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 23 July 2010. He is a Board Member of Ascendas-Singbridge Pte Ltd, CapitaMall Trust Management Limited, DBS Bank Ltd, DBS Group Holdings Ltd, DBS Bank (China) Ltd, DBS Foundation Ltd, JTC Corporation and Keppel Corporation Ltd.

Mr Teoh was a partner at KPMG from 1989 until September 2010 when he retired as its Managing Partner. Mr Teoh qualified as a Chartered Accountant in the UK in 1981 and is a member of the Institute of Chartered Accountants of England and Wales.

10. RICHARD ROKMAT MAGNUS

Mr Magnus is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 23 July 2010. He is currently the Chairman of the Public Transport Council, Public Guardian Board, Political Films Advisory Committee, Bioethics Advisory Committee, Ministry of Home Affairs' Remote Gambling Act Appeals Advisory Panel and is a Member of the Public Service Commission and the Ministry of Home Affairs Independent Review Panel.

In the private sector, Mr Magnus serves on the Boards of Temasek Cares CLG Limited, CapitaLand Mall Trust Management Limited, Allgrace Investment Management Private Limited, and is the Chairman of the Management Board of Human Capital (Singapore) Pte Ltd. He was also Singapore's First Representative to the ASEAN Inter-Governmental Commission on Human Rights and the first Chairman of the Casino Regulatory Authority of Singapore. Mr Magnus is an Expert Member on UNESCO's International Bioethics Committee, as well as an alumnus of the National Agenda Council of the World Economic Forum.

A retired Senior (now termed Chief) District Judge, Mr Magnus was awarded the Meritorious Service Award for his exceptional public service and the



Outstanding Volunteer award by the Ministry of Social and Family Development. Most recently, he was awarded the Public Service Star by the State in 2015.

Mr Magnus graduated from NUS with a Master of Laws. He is also an alumnus of the Harvard Business School and the John F Kennedy School of Government.

11. PROFESSOR TAN KONG YAM

Professor Tan is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 30 January 2015. Professor Tan is presently Professor of Economics at the Nanyang Technological University and Director of the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy at NUS. He is also Deputy Chairman of APS Asset Management Pte Ltd and sits on the boards of Surbana Jurong Private Limited, Ascendas-Singbridge Pte Ltd and CapitaRetail China Trust Management Limited.

From 1984–88, Professor Tan was the assistant director on exchange rate policy at the Monetary Authority of Singapore and assistant to the late Dr Goh Keng Swee, the former Deputy Prime Minister of Singapore. From June 2002 to June 2005, he was a senior economist at the World Bank office in Beijing. In 2004, he was a member of the World Bank expert group on the eleventh five-year plan (2006–2010) for the State Council in China. The expert group provided analysis and policy recommendations to the Chinese government. Prior to that, he was the chief economist of the Singapore government at the Ministry of Trade and Industry (1999–2002) and head of the Department of Strategy and Policy at NUS Business School. He has also worked at the Hoover Institution at Stanford University and the World Bank in Washington.

Professor Tan graduated from Princeton University with a Bachelor of Art (Honours) and holds a Doctorate in Economics from Stanford University.

EXECUTIVE MANAGEMENT

CHANGI AIRPORT GROUP

1. **LEE Seow Hiang**
Chief Executive Officer

2. **TAN Lye Teck**
*Executive Vice President
Airport Management*

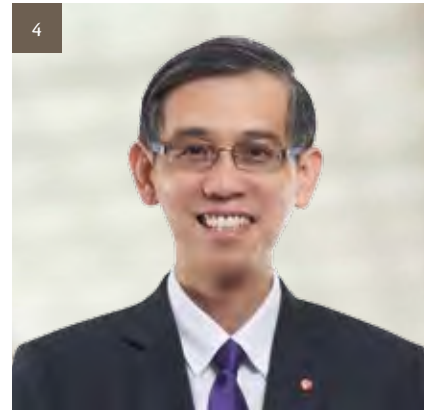
3. **YAM Kum Weng**
*Executive Vice President
Air Hub & Development*

4. **FOO Sek Min**
*Executive Vice President
Corporate*

5. **LIM Peck Hoon**
*Executive Vice President
Commercial*

6. **NG Lai Leng**
Chief Financial Officer

7. **FONG Kok Wai**
*Executive Vice President
Engineering &
Development*



CHANGI AIRPORTS INTERNATIONAL

8. **LIM Liang Song**
Chief Executive Officer



CHANGI AIRPORT GROUP

CHOY Da Wen

Senior Vice President
Changi East Programme
Management Office

CHUNG Choon San

Project Director
Changi East Construction

Jayson GOH

Senior Vice President
Airport Operations Management

HUNG Jean

Senior Vice President
Landside Concessions

KOH Ming Sue

Senior Vice President
Engineering & Master Planning

LECK Siew Leng

Senior Vice President
Internal Audit

Audrey LEE

Senior Vice President
Economic Affairs

Steve LEE

Senior Vice President
Corporate IT & Technology /
Chief Information Officer

LEONG How Yin

Project Director
Changi East Planning,
Design & Construction

LEONG Kok Hoong

Project Director
Changi East Contracts
& Cost Control

LIM Ching Kiat

Senior Vice President
Market Development

LIM Wee Ping

Senior Vice President
Corporate Strategy
& Business Development

Jessie LOONG

Senior Vice President
Legal / Company Secretary

NG Chew Song

Senior Vice President
Projects & Contracts

ONG Chee Chiau

Senior Vice President
Changi East T5 Planning

ONG Sim Lian

Senior Vice President
Design Management

Cletus PACKIAM

Chief
Airport Emergency Services

Ivan TAN

Senior Vice President
Corporate & Marketing
Communications

Justina TAN

Senior Vice President
Human Resource

TAN Kok Siong

Project Director
Changi East Construction

TENG Hwee Onn

Senior Vice President
Engineering & Specialised Systems

Ivy WONG

Senior Vice President
Airsides Concessions

YEO Kia Thye

Senior Vice President
Airport Operations
Planning & Airside

CHANGI AIRPORTS INTERNATIONAL*

CHAN Mew Yoong

Director & Head
Human Resources

LOW Beng Lan

Chief Financial Officer

NG Kuan Luen

Director & Head
Risk Management

Jose PANTANGCO

Managing Director
Consultancy & Business
Development

SEE Ngee Muoy

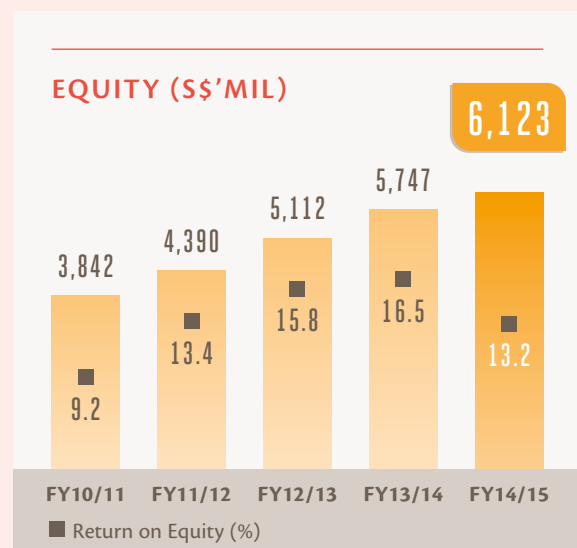
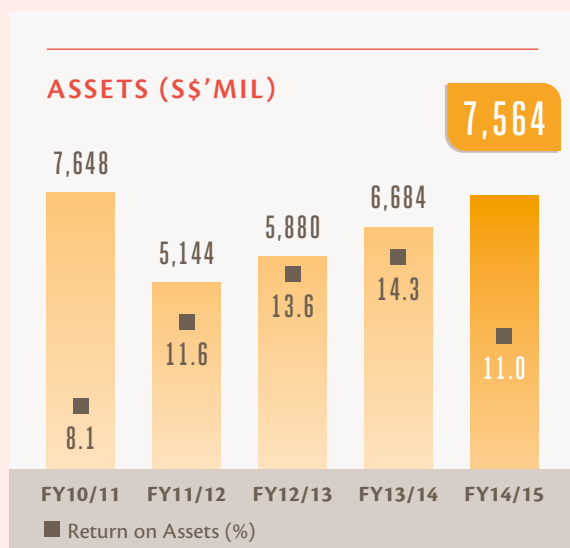
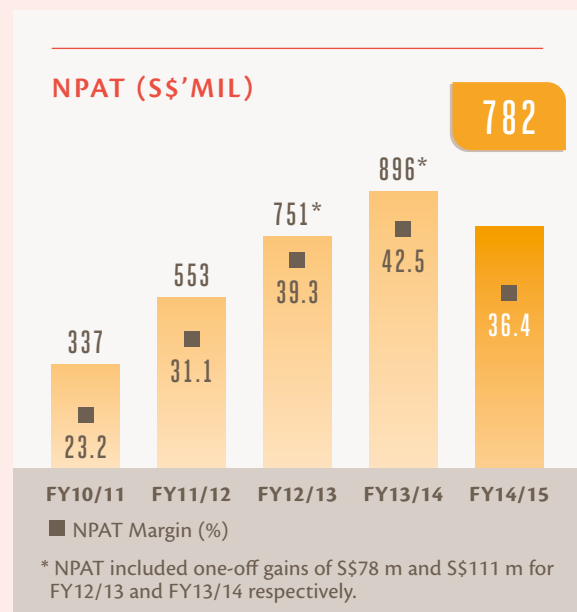
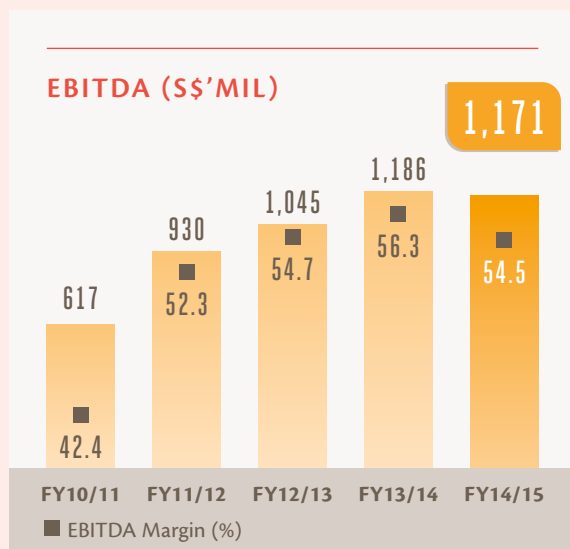
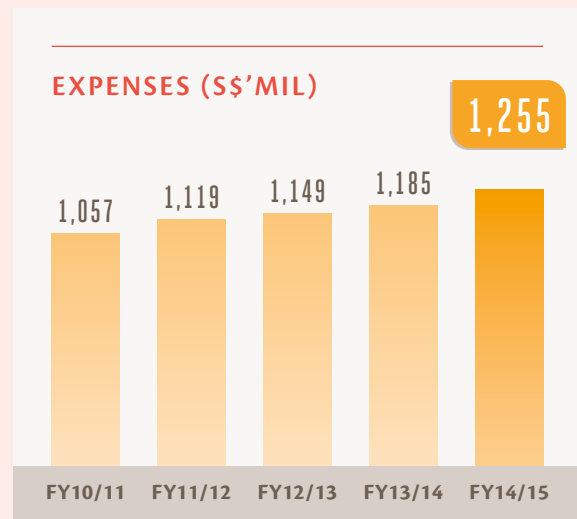
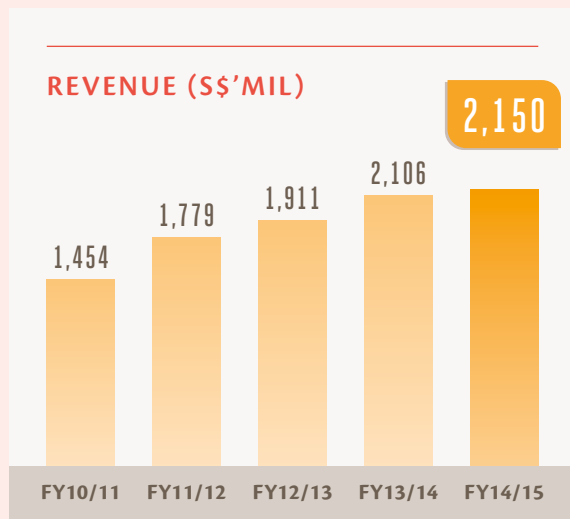
Managing Director
Legal & Compliance

L SOMKIAT

Managing Director
Changi Airport Planners
and Engineers

* Members of Changi Airports International's Management Committee

FINANCIAL REVIEW



FY: Financial year ended 31 March.

THE YEAR IN REVIEW

FY2014/15 was a challenging year for aviation in the region. Several developments, including three airline incidents, an austerity drive by the Chinese government and political unrest in Thailand, depressed air travel demand. In addition, overcapacity in Indonesia post liberalisation of air rights and the consolidation of airline capacity to protect yields further dampened Changi Airport's traffic growth. Notwithstanding this, CAG managed to end the year in review with 54.0 million passenger movements at a year-on-year (y-o-y) growth rate of 0.2%.

Despite the tepid growth in passenger volume, the Group still delivered a set of good results for FY2014/15. Operating revenue increased by 2% y-o-y to S\$2.2 billion, mainly due to our continual efforts to drive concession sales, partially offset by lower revenue from airport services resulting from rebates extended to our airline partners. During the year, CAG and CAAS responded to the challenging operating environment by providing S\$150 million of cost-relief measures to the aviation community over a period of two years. Of the S\$150 million rebates, CAG contributed S\$100 million via the Growth and Assistance Incentive plan (the "GAIN programme"), aimed at lowering costs for airlines, boosting passenger traffic and improving operational efficiency at Changi Airport.

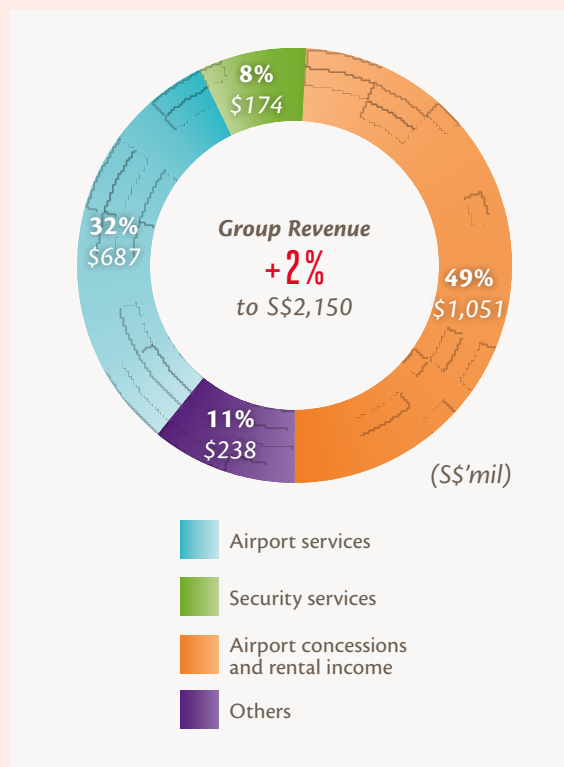
On the cost front, operating expenses grew 6% to S\$1.3 billion. The increase was due to the higher cost of our labour intensive contracts, which were subjected to cost pressures from structural wage reforms and manpower shortages in Singapore. We also invested more into service and security improvements, as well as launched new promotions to drive concession sales at the airport. Higher expenses were also incurred to support the multiple development projects to build capacity for growth.

The Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of S\$1.2 billion, which was 1% lower than last year, due mainly to rebates given under the GAIN programme and higher operating expenses. Net profit after tax (NPAT) declined by 13% to S\$782 million, due in part to one-off gains from property tax adjustments and divestments of our overseas investments, amounting to S\$111 million in the prior year.

CAG's strong financial position enables it to invest in multiple development projects to meet long-term capacity needs as we continue to grow Changi Airport as a preminent air hub in the region. We will continue to focus on cost efficiency and productivity to keep operating expenses at

sustainable levels while driving innovation and enhancing service standards.

OPERATING REVENUE



The Group's operating revenue grew 2% to S\$2.2 billion, driven mainly by the strong performance from non-aeronautical revenue, which helped to mitigate lower aeronautical revenue due to tepid passenger volume growth and significant rebates given to airlines.

Revenue from **Airport services and security services** contracted 3.6% to S\$861 million.

While passenger traffic was maintained at 54 million passengers, significant rebates were extended to airlines and airport partners to tide them over the challenging operating environment.

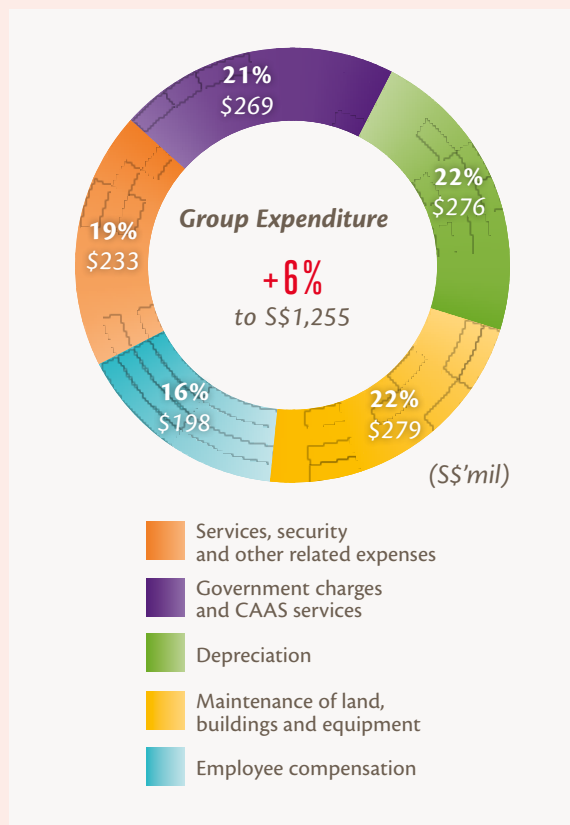
The S\$100 million GAIN programme launched by CAG during the year served to provide cost relief to the aviation community over a period of two years in the form of landing fee rebates for long haul services, across-the-board parking and aerobridge fee rebates. In August 2014, CAG augmented this support further with the Gateway Incentive Programme to motivate airlines to grow transit and transfer traffic via Changi. This included extending the popular Changi Transit Programme for the third consecutive year. In addition to the above, CAAS also announced the absorption of S\$50 million in service charges to CAG, which CAG in turn passed on to the airlines via additional landing fee rebates.

FINANCIAL REVIEW

Through dedicated marketing efforts and strategic cultivation of partnerships, we continue to grow Changi's connectivity with the addition of seven new airlines and seven new city links. CAG is also working closely with its partners to spur tourist arrivals to Singapore.

Airport concessions and rental income grew 7% y-o-y to reach S\$1.1 billion. Changi Airport's retail performance remained strong and generated sales of over S\$2 billion for the year despite a more challenging operating environment. The transformation of the core category concessions, namely Liquor & Tobacco and Cosmetics & Perfumes, managed by DFS and The Shilla Duty Free respectively, helped to boost concession revenue. CAG also expanded its presence in the digital sphere with the launch of a Chinese version of its e-commerce portal iShopChangi, widening the customer segments to capture Chinese-speaking passengers. Shoppers and diners also enjoyed more value with the relaunch of Changi Airport's loyalty programme, Changi Rewards. CAG's anchor retail campaigns, 'Be a Changi Millionaire' and the yearly Christmas promotion were also well-received and helped to drive concession sales. The strong performance from the non-aeronautical segment enables CAG to subsidise and keep aeronautical charges at Changi Airport competitive.

OPERATING EXPENSES



The Group's operating expenses grew 6% to S\$1.3 billion. The increase came from all groups of expenses, in particular, maintenance expenses, services and security-related expenses, as well as employee compensation.

Sustained wage pressures due to wage reforms and the tight labour market conditions in Singapore weighed on CAG's and its contractors' costs. We also invested more into service improvements such as the introduction of shopping concierge services and stepped-up training for airport service staff to drive service excellence for Changi's customers. To drive concession sales at the airport, concerted marketing and promotion efforts were undertaken, including the relaunch of the Changi Rewards programme, expansion of the iShopChangi portal, as well as various promotion campaigns throughout the year.

In addition, as CAG continued to invest in capacity building, additional manpower and expenses were also incurred to support multiple development projects. To moderate cost increases, the Group continued to drive productivity and innovation initiatives, leveraged technology to reduce manpower reliance and also propagated smart procurement practices company-wide to secure best value outcomes.

EBITDA/PROFIT AFTER TAX

The Group achieved EBITDA of S\$1.2 billion and NPAT of S\$782 million for the financial year ended 31 March 2015. NPAT was 13% lower than last year, mainly due to one-off gains from its property tax adjustments and gains from divestments of our overseas investments, amounting to S\$111 million in the previous financial year.

FINANCIAL POSITION

Shareholder's equity improved by S\$376 million to reach S\$6.1 billion.

Total **assets** amounted to S\$7.6 billion, an increase of S\$880 million compared to last year. The major components of total assets were property, plant and equipment (of \$2.8 billion) and cash and cash equivalents (of \$3.8 billion). The surplus cash has been ear-marked to fund development projects in the pipeline.

The Group achieved return on equity (ROE) and return on asset (ROA) of 13.2% (FY2013/14: 16.5%) and 11% (FY2013/14: 14.3%) respectively for FY2014/15.

The Board and Management of Changi Airport Group (CAG) are deeply committed to our Company's central core value – integrity, which is at the heart of all we do. We strive to meet and maintain the highest standards of corporate governance, professionalism and integrity to build a company which stakeholders can be proud of. To thrive and to operate a sustainable business over the long term, and to uphold and protect the Company's brand and reputation, CAG strongly believes that it has to be accountable to its immediate business and regulatory environment, as well as to the wider community.

CAG has a Code of Conduct, which sets out the principles, policies and standards of conduct that it expects of all employees in their day-to-day activities and in the decisions they make. The Company has implemented a whistle-blowing framework to prevent, detect and deter unethical or illegal conduct or behaviour, while protecting whistle-blowers from retaliation.

THE BOARD OF DIRECTORS

1. CAG's Board of Directors is our highest decision-making body, which oversees the Company's long-term strategies and provides management guidance for continuing and steady growth, while protecting the interests of stakeholders.

Composition and Balance

2. The Board, headed by non-executive Chairman, Mr Liew Mun Leong, comprises 10 Directors, of whom only the CEO, Mr Lee Seow Hiang, is an executive Director. The majority of our Board members are independent. Our Directors are individuals with broad and diverse expertise and experience, both domestically and internationally.
3. The Board Directors of CAG are:
Mr Liew Mun Leong – Chairman
Mr Lee Seow Hiang – CEO
Ms Lim Soo Hoon
Mr Derrick Wan Yew Meng (*Alternate Director to Ms Lim Soo Hoon*)
Mr Michael George William Barclay
Mr Miguel Ko Kai Kwun
Mr Eric Ang Teik Lim
Mr Dilhan Pillay Sandrasegara
Mr Danny Teoh Leong Kay
Mr Richard R. Magnus
Professor Tan Kong Yam (*appointed on 30 January 2015*)

The profiles of the Directors can be found on pages 24 to 27 in this annual report. Changi Airports International (CAI),

a wholly-owned subsidiary, has a separate Board of Directors.

4. The roles of the Chairman and the CEO are separate and distinct. The Chairman leads the Board and facilitates effective and comprehensive Board discussions and decision-making on strategic issues, while the CEO has full executive responsibility for the management of the Company's businesses and implementation of the Group's strategies and policies.
5. Six committees have been formed to assist the Board in the detailed consideration of various matters. These are the Executive Committee (EXCO), Executive Resource and Compensation Committee (ERCC), Audit Committee (AC), Tenders Committee (TC), Executive Committee on Airport Development (ECAD) and Operational Risk and Safety Committee (ORSC). Each committee is governed by its own terms of reference, which sets out the scope of the committee's duties and responsibilities. Ad-hoc committees are also formed to review specific issues from time to time.
6. The Board meets at least four times a year to review CAG's business performance and financial results, and to approve the annual budget.

Access to Information

7. Prior to each Board Meeting and when necessary, the Board is provided with pertinent information – including updates on the Company's operating and financial key performance indicators, legislative, industry and other significant developments relating to the Group – which enables the Board to make informed and sound decisions. The Board has full access to the Senior Management team and the Company Secretary. Should the Directors require independent professional advice on matters relating to the businesses or issues affecting their duties, the Company will, at its expense, arrange for the appointment of relevant professional advisors.

CAPITAL & INVESTMENTS

1. The members of the EXCO are:
Mr Liew Mun Leong – Chairman
Mr Eric Ang Teik Lim
Mr Lee Seow Hiang
2. The EXCO reviews and recommends to the Board financing and investment strategies of the Company. The EXCO also approves significant investments by CAG and CAI. As an executive committee of the Board, it also assists the Board in reviewing and approving executive matters of

CORPORATE GOVERNANCE

the Company, including acceptance of banking and credit facilities, granting of corporate guarantees, debt capital market issuance as well as hedging policies and financial limits for Treasury and operational matters.

EXECUTIVE RESOURCE AND COMPENSATION

1. The ERCC comprises the following non-executive Directors:
Mr Liew Mun Leong – Chairman
Mr Eric Ang Teik Lim
Mr Miguel Ko Kai Kwun
2. The ERCC supports and advises the Board on remuneration matters, leadership succession and development. The roles of the ERCC include:
 - a. reviewing and approving the policy for determining executive remuneration, including the remuneration packages, service contract terms and benefits programme for key management executives;
 - b. approving the appointment of key management executives, overseeing their development and reviewing succession plans to ensure a strong pipeline of talent to enable the continued success of the Company; and
 - c. recommending the remuneration framework, including Directors' fees for non-executive Directors.

ACCOUNTABILITY AND AUDIT

Accountability

1. Management provides all members of the Board with reports on operating and financial information and key performance indicators on a quarterly basis and as the Board may require from time to time, to enable the Board to make balanced and informed assessments of the Company's performance, position and prospects.

Audit Matters

2. The AC comprises the following non-executive Directors:
Mr Danny Teoh Leong Kay – Chairman
Ms Lim Soo Hoon
Mr Eric Ang Teik Lim
3. The primary role of the AC is to assist the Board in ensuring integrity in its financial reporting and that sound internal control systems are in place. The AC's responsibilities include reviewing the financial information CAG provides to its shareholder and competent authorities and the effectiveness of key internal controls including financial, operational, compliance and risk

management, as well as the financial reporting processes that the Board and the Management of CAG have established. The AC also reviews the mechanisms put in place by CAG for employees, partners, suppliers and contractors to raise concerns in confidence; the procedures for independent investigation of the matters reported and for appropriate follow-up.

4. During the year, the AC performed an independent review of the financial statements of the Company. In the process, the AC reviewed the key areas of management judgment applied for adequate disclosure, critical accounting policies and any significant changes that would have a material impact on the financial statements.
5. Annually, the AC reviews and approves the audit plans of the internal auditors to ensure the adequacy of the audit scope in reviewing CAG's significant internal controls. The AC also reviews the adequacy of the internal audit function in terms of its resources, competency and standing within the organisation. The AC is also updated on the training received by the internal audit team to ensure that its staff continually updates their technical and auditing skills. The AC also reviews the reports of the external and internal auditors on the effectiveness of actions taken by Management on the auditors' recommendations and observations.
6. The AC reviews and approves the external auditor's audit plan for the year. Prior to making recommendations to the Board on the external auditor's appointment or reappointment, the AC reviews the external auditor's independence, objectivity and quality of work based on guidelines established by the Accounting and Corporate Regulatory Authority and through discussions with the external auditors. In line with best practice, the external audit partner is rotated every five years. The AC also reviews the non-audit fees awarded to the external auditors to ensure that the non-audit services performed by them would not affect their independence.
7. The AC meets with the internal and/or external auditors three times during the year. At least one of these meetings is conducted without the presence of Management, where the auditors may raise issues encountered in the course of their work directly to the AC.

INTERNAL CONTROLS

1. The Board and Management of the Company are fully committed to maintaining a robust system of internal controls, procedures and risk management to safeguard our shareholder's

interests and the Group's assets. The Board delegates its oversight responsibilities for internal controls, and financial and strategic (business) risk management to the AC, which ensures effectiveness and adequacy of the system of internal controls in the Company, while the ORSC assists the Board in reviewing the operational and safety risk management system put in place by Management.

2. CAG's internal controls framework, supported by systems, processes and people, comprises three components. The first is business governance and policies implemented by Management, providing direction and guidance on financial, operational, information technology and compliance matters. The second comprises the management and assurance frameworks, i.e. enterprise risk management and fraud risk management processes. These include conflict of interest declarations by employees and the implementation of the Whistle-blowing Policy and Code of Conduct to establish a clear tone on the expectations of employees' business conduct. The third is the independent assurance provided by the internal and external auditors.
3. CAG's internal and external auditors review the key internal controls of the Company; and any material non-compliance or failures in internal controls. Recommendations for improvement are reported to the AC, which reviews the effectiveness of the action taken by Management on the recommendations made.
4. The AC also reviews the effectiveness of the enterprise risk management framework and the risk management processes put in place to manage financial and strategic (business) risks while achieving business objectives.
5. A separate committee, the Tenders Committee (TC), evaluates and approves tenders for goods and services exceeding S\$50 million, with the exception of those related to new development projects and major redevelopment projects at Changi Airport, which come under the purview of the ECAD. The TC is chaired by a non-executive Director and comprises the following Directors: Mr Michael George William Barclay – Chairman
Mr Richard R. Magnus
Mr Lee Seow Hiang

Internal Audit

6. The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls. Internal Audit conducts regular audits of high risk areas, and undertakes investigations as directed by

the AC. It comprises suitably qualified and experienced staff, headed by the Senior Vice President, Internal Audit (SVP, IA). SVP, IA reports functionally to the Chairman of the AC, and administratively to the CEO. To ensure the independence of the IA function, the IA team has unrestricted access to the AC.

7. Internal Audit adopts a risk-based approach in its audit work, focusing on key internal controls, including financial, operational and compliance controls. Internal audit practices are also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
8. Audits are carried out on all significant business units and processes in the Company. The annual audit plan is developed in consultation with, but independent of, Management and is approved by the AC. Internal Audit's report on findings and recommendations are submitted to the AC with copies extended to the CEO and relevant senior management officers, and a summary of key findings and recommendations discussed at the AC meetings. Internal Audit also tracks and reports to the AC on the implementation status of actions agreed by Management, so as to ensure timely and adequate closure of audit findings.

AIRPORT DEVELOPMENT

1. The ECAD comprises the following directors:
Mr Liew Mun Leong – Chairman
Mr Derrick Wan Yew Meng
Mr Michael George William Barclay (*up to 8 October 2014*)
Mr Lee Seow Hiang

As and when necessary, external members may be co-opted to provide expertise in relation to the development projects.

2. The ECAD oversees new development and major redevelopment projects at Changi Airport. The roles of the ECAD include:
 - a. reviewing and approving collaborations, selection of consultants, architects and other professional advisors, design concepts, aesthetic element proposals and other proposals related to development projects at Changi Airport; and
 - b. reviewing and approving tenders for goods and services exceeding S\$50 million related to the development projects at Changi Airport.