



## IN THE FACE OF CHANGE

**F**inancial Year 2019/20 witnessed many commemorative moments for Changi Airport Group (CAG) – the opening of a new world-class travel experience at Jewel Changi Airport, the company's 10<sup>th</sup> anniversary celebrations, Changi Airport recognised as the Skytrax World's Best Airport for the eighth straight year, and more. The company was on track to reach new heights with all-time highs in business performance, amid a promising outlook for the global aviation industry.

But unexpectedly, the year ended with CAG being thrown off its growth trajectory by the global pandemic that has caused a collapse in air travel demand and created havoc in the world of aviation. With looming uncertainty facing the industry, it will be critical for the airport community to stand united. Working together with its partners, CAG is confident that the resilience and agility that it has built within the 'One Changi' community will see the airport through its darkest time.

As it has done for more than a decade, CAG continues to focus on meeting the needs of passengers and customers; its passion to serve remains unwavering, even in times of crisis.

# MISSION, VISION, VALUES



## MISSION

TO BE THE WORLD'S  
LEADING AIRPORT  
COMPANY,

growing a safe, secure and  
vibrant air hub in Singapore and  
enhancing the communities we  
serve worldwide.



## VISION

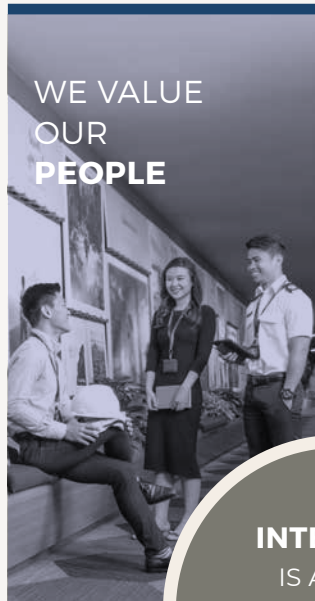
EXCEPTIONAL PEOPLE,  
CONNECTING LIVES

We aspire to build a company  
where ordinary people achieve  
exceptional results. We  
believe in the potential of our  
people. 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.



## VALUES





## CORPORATE PROFILE

**C**hangai Airport Group (Singapore) Pte Ltd (CAG) was formed on 16 June 2009 and the corporatisation of Singapore Changi Airport (IATA: SIN, ICAO: WSSS) followed on 1 July 2009. As the company managing Changi Airport, CAG undertakes key functions focusing on airport operations and management, air hub development, commercial activities and airport emergency services. CAG also manages Seletar Airport (IATA: XSP, ICAO: WSSL) and through its subsidiary Changi Airports International, invests in and manages airports around the world.

# CHAIRMAN & CEO MESSAGE



➔ Liew Mun Leong, Chairman (left) and Lee Seow Hiang, CEO (right)



FINANCIAL YEAR 2019/20 WAS A YEAR OF MIXED FORTUNES FOR CAG, BEGINNING WITH THE PROMISE OF A POSITIVE INDUSTRY OUTLOOK BUT ENDING ON A SOBERING NOTE INSTEAD.



The Group was performing well, and development projects were on track for Changi Airport to build on its position as a leading international air hub.

We were proud to raise industry benchmarks when we unveiled Jewel Changi Airport (Jewel) in April 2019 and presented a new airport experience to travellers. Widely recognised for its unique architecture and offering a multi-faceted experience of awe-inspiring attractions in an integrated shopping and dining complex, Jewel is a new icon for Singapore and has redefined what it means to be an airport and enhanced Changi's proposition as an attractive air hub for passengers.

Jewel epitomises CAG's bold spirit of innovation, and its successful launch to the world was symbolic for the company as it turned 10 in 2019. We were honoured to have the Prime Minister of Singapore be our Guest of Honour at Jewel's official opening in October, when we also marked CAG's 10<sup>th</sup> anniversary.

The celebration of a decade of achievements was sweetened by increasing demand for travel, reflected in a steady growth of 4.2% in Changi's passenger traffic in the first ten months of financial year 2019/20. During this period, Changi Airport welcomed six new airlines and added four new city links, including Busan and Seattle. The increase in passenger traffic translated to higher concession sales, up 1.5% year-on-year (y-o-y). Operating revenue for the same period was a healthy 8.6% higher than the previous year.

## **A Covid-19 Crisis**

As we entered the last two months of the financial year, CAG was not spared from the unprecedented coronavirus disease (Covid-19) global pandemic that has caused massive disruption to the international aviation industry. As the virus escalated at speed around the world, countries imposed travel restrictions and tightened border controls in a bid to keep the virus at bay. The strong performance that the Group had chalked up in the first ten months of the year was severely negated by the collapse in air travel.

Passenger traffic at Changi plunged 32.8% and 70.7% y-o-y in February

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CAG is determined to ride out this storm and we are confident of doing so because of the strong fundamentals upon which we are anchored.

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and March 2020 respectively. As a result, for the first time since 2008/09, Changi Airport saw passenger traffic decline, by 5.1% for the year to 62.9 million movements. Aircraft movement declined by 6.0%, with a total of 363,000 landings and take-offs, while Changi's total cargo throughput fell 7.5% to 1.97 million tonnes.

The sharp reversal of traffic growth due to Covid-19 inevitably created a deep dent in Changi Airport's retail revenue, which was otherwise growing by 1.5% in the first ten months of 2019/20 despite various headwinds. As a result of Covid-19, concessions revenue declined by 57.5% in the last two months of 2019/20, with full-year revenue down by 4.9%. At Jewel, where CAG holds a majority stake, business also suffered as Covid-19 dampened visitor numbers and patronage substantially.

Beyond Singapore, the Group's overseas ventures through wholly-owned subsidiary, Changi Airports International (CAI), also experienced a rough year worsened by Covid-19. CAI's key investment in Brazil's Tom Jobim International Airport (Tom Jobim) in Rio de Janeiro, in which it holds a 51% stake, continued to face challenging market conditions. Besides economic and political factors, and the cessation of operations of a major airline in May 2019, Covid-19 caused declining passenger traffic and capacity cuts by airlines, which further impacted Tom Jobim's business prospects. In view of these factors, the Group

has recognised a one-off non-cash impairment of assets in Tom Jobim.

Against the backdrop of a gloomy business climate, the Group closed the financial year with total revenue of S\$3.1 billion, 2.6% above the previous year, largely due to first-time contributions from Jewel. Net profit attributable to the shareholder was S\$435 million or 35.8% lower than the year before, mainly due to the impairment of assets in Brazil, as well as the impact of Covid-19.

#### **Anchoring on Strong Fundamentals**

CAG is determined to ride out this storm and we are confident of doing so because of the strong fundamentals upon which we are anchored. As we look back at the year in review, our achievements are an encouraging reminder of what the Group can accomplish, together with our partners.

#### **Operational Readiness**

During the year, our Aviation Safety Unit successfully renewed the Changi and Seletar Aerodromes' certification for another five years, following the completion of comprehensive audits by the Civil Aviation Authority of Singapore. Changi Airport also achieved a deficiency-free rating by the International Federation of Air Line Pilots' Associations for the 38<sup>th</sup> consecutive year since the airport's opening in 1981.

We continued to improve safety and efficiency in the airside

with the use of virtual reality technology to train staff in a safe and controlled simulated environment. We also enhanced wildlife management with the approved use of pyrotechnics. In November 2019, we held an inaugural engineering innovation day to cultivate a culture of innovation among our engineers, regardless of age, seniority or expertise. These efforts demonstrated our commitment to operational readiness, with safety and productivity continuing to be the critical areas of our focus.

#### **Passion for Service Excellence**

At CAG, delighting passengers is in our DNA, and the year would not have been complete without new experiences to excite and surprise our visitors. Changi Airport continued to be recognised as the world's best with 27 best airport awards received during the year including an unprecedented eighth consecutive World's Best Airport accolade by Skytrax.

When we presented the world with a whole new multi-dimensional experience at Jewel, with its array of shops, restaurants, best-in-class attractions and lush verdant landscaping, we also enhanced the Changi Experience with more airport facilities within Jewel, such as early check-in and GST refund counters, a new Changi Lounge for passengers, as well as an expanded and refreshed T1.

At Changi's terminals, we refreshed our commercial offerings at

both the landside and airside. Besides introducing new brands and products, we opened a new lifestyle event space, ST3PS, at T3's basement 2 to cater for more fun activities and hosted themed programming activities during the school holidays and festive season.

In our commitment to create a more inclusive airport, our airport management team converted existing restrooms at the T3 basement into accessible changing rooms, including facilities such as an adult diaper changing station. Trials were also conducted to introduce facilities specially designed for persons with reduced mobility.

Building on our customer loyalty initiatives, we enhanced the Changi Rewards membership programme to include points accrual at Jewel as well, giving visitors more reasons to shop and dine at the airport. With the growing popularity of online shopping, strengthening our e-commerce offering was made a priority as we strove to grow our non-aeronautical business. Towards this end, iShopChangi's inventory expanded to more than 10,000 new products and it achieved 58% growth in sales during the first 10 months of the year.

#### **Care for Our People**

At the heart of CAG's business operations lies our people, whom we continue to develop and grow. As in the past, we engaged and empowered our employees through CAG's annual Learning Festival, with a focus on accelerating the digital readiness and innovation capabilities of all staff, including building their knowledge of cybersecurity and risk management.

We transformed learning with the launch of a new Learning Management System – Learn@CAG. This added to our suite of cloud-based HR systems for more convenient access to learning content on the go and enabled customised learning modules to be developed in-house, with an efficient system for tracking and reporting training completion.

We are pleased to see our efforts endorsed, with a second-place ranking among Singapore's most attractive employers in the 2019 Singapore Randstad Employer Brand Awards. This was the sixth consecutive year that CAG had been ranked in the top three.

#### **Harnessing the Strengths of a United Community**

In an unpredictable and uncertain Covid-19 environment, the strength of our airport community cannot be more valuable and critical. We have sought to lend our partners unwavering support and worked closely with government agencies to combat the challenges posed by the pandemic.

At the onset of Covid-19, our immediate priority was to safeguard airport workers and passengers. Precautionary measures such as temperature screening, enhanced cleaning and safe distancing were put in place, and we made it a point to go the extra mile to keep Changi's cleaning standards high with the use of an innovative self-disinfecting coating.

As airlines reduced flights due to the decrease in travel demand, our Aerodrome Safety Unit stepped up their risk assessment reviews to preserve operational safety amid the fluid operating situation. At the airfield, our Airport Operations

Planning and Airside team was all-hands-on-deck to facilitate the parking of unused planes of home-based airlines.

CAG rolled out various assistance schemes for our partners. This included jointly funding a S\$112 million Aviation Sector Assistance Package with the Singapore government to help partners defray costs and protect jobs. We have also been working to pass on the additional Enhanced Aviation Support Package and enhanced property tax rebates to our partners.

Given that a significant portion of rental for Changi Airport's concessionaires is pegged to passenger traffic, the drastic fall in passenger volume at Changi Airport due to Covid-19 has automatically helped to reduce the rental costs for our tenants. To further help them tide through this difficult period, various rental assistance packages were provided, starting from 1 February 2020.

To brace for a prolonged crisis, CAG has suspended operations in T2 and T4 to save on running costs such as utilities and cleaning as well as to optimise resources across the airport's terminals to better match the low travel demand and airlines' flight operations. The suspension of T2 operations will also allow for the terminal's expansion plans to be accelerated and completed ahead of schedule, by 18 months. Meanwhile, the construction of T5 at Changi East has been paused for at least two years.

Despite best efforts, some impact on jobs has been unfortunately unavoidable. CAG has rendered assistance to our airport partners to facilitate work redeployment and jobs matching for their

## CHAIRMAN & CEO MESSAGE

affected staff. We continue to work closely with various companies across Singapore to fill vacancies they have. In addition, CAG has stepped-up reskilling and training opportunities to help our tenants tap Singapore's SkillsFuture funding and other subsidies.

Even though passenger flights are now at the lowest levels in Changi's history, our air hub continues to play a key role in the facilitation of cargo flights to enable global supply chain flow - especially of vital commodities like food and medical supplies. We also continue to facilitate flights for returning overseas Singaporeans, including their smooth transition to designated Stay-Home Notice accommodations. We have also been assisting stranded foreign passengers at the airport, as they await arrangements for flights out of Singapore.

As much as we serve our passengers, we are also committed to ensuring the well-being of every airport worker. During the initial days of the crisis, when there was a supply crunch of items such as face masks and thermometers, CAG procured these as well as personal protective equipment (PPE) not just for our staff, but also those of our airport partners.

Within CAG, business continuity plans were activated with the segregation of staff performing critical functions to ensure that airport operations face minimal risk of disruption. Workplace adjustments were also carried out such as setting up facilities and technological support for safe distancing, split teams and work from home arrangements. Medical tele-consultation was also arranged, along with the roll-out of a mobile

phone-based temperature-recording system, for staff.

Our Changi East team worked relentlessly to help contain the Covid-19 situation at their dormitories housing foreign workers. In just over a week, some of the airport's infrastructure for emergencies, such as casualty clearance stations, was converted into isolation facilities with the necessary infrastructure and essential amenities to keep the workers safe.

### **Preparing for Clearer Skies Ahead**

The battle with Covid-19 has only just begun with travel recovery highly dependent on how countries around the world manage border controls, the relaxation of air travel requirements and the development of viable medical treatments for the virus. The future does appear daunting with the situation showing no signs of abatement.

While these uncertain times have called for CAG to explore new measures, what will stay the same is our pursuit of excellence, spirit of innovation, passion to serve passengers and care for people. This has been and will continue to be the cornerstones supporting Changi Airport's growth and development as we recover from the devastating impact of Covid-19.

The aviation industry remains promising in the long term as there is still a need and demand from people to fly again, both for leisure and business. At CAG, we will apply our boldness and creativity, working with relevant agencies and partners, to seek solutions for safe travel, under new policies and regulations. Be it the facilitation of safe travel for passengers, seeking new business opportunities in a

new world order, or planning for new developments to position Changi Airport for growth, we stand ready to meet this challenge.

In view of the significant impact of Covid-19 on CAG's financial results, and the need to conserve cash due to the uncertainty of the pandemic's impact on our business, CAG has implemented salary cuts of up to 30% for management and staff. The Group has also recommended no dividend payout for 2019/20. We are grateful for the support and understanding of our shareholder.

In these critical times, we appreciate and are grateful for the strong support we have received from the Singapore Government and our partners. We are most privileged to have a stellar and committed Board behind our management team to lend their wise counsel. We take this opportunity to thank our retired directors, Danny Teoh and Richard Magnus for their contributions to CAG over the years. We are also pleased to welcome Chng Sok Hui, Kwa Kim Li, Wahab Yusoff and Kee Teck Koon to the Board as we chart the course together, to see Changi Airport through these tumultuous times.



**Liew Mun Leong**  
Chairman



**Lee Seow Hiang**  
Chief Executive Officer

# BOARD OF DIRECTORS



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1. **Liew** Mun Leong
2. **Lee** Seow Hiang
3. **Tan** Ching Yee
4. **Tan** Gee Paw
5. **Lim** Zhi Jian

6. Michael George William **Barclay**
7. **Chia** Song Hwee
8. **Kee** Teck Koon
9. Eric **Ang** Teik Lim
10. Professor **Tan** Kong Yam

As of 17 July 2020



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- 11. **Ng** Chee Khern
- 12. Kelvin **Fan**
- 13. **Chng** Sok Hui
- 14. **Kwa** Kim Li
- 15. Wahab **Yusoff**

### **Liew Mun Leong**

#### **Chairman**

Mr Liew is the Chairman of CAG. He was appointed to the Board on 16 June 2009.

Mr Liew was the founding Group President and CEO of CapitaLand Limited. He is concurrently the Chairman of Surbana Jurong Private Limited. Mr Liew sits on the boards of Singapore-China Foundation Ltd, the Chinese Development Assistance Council and Temasek Foundation Limited. He also chairs the Board of Temasek Foundation Nurtures CLG Ltd, the Management Advisory Board of NUS Business School and the NUS School of Continuing and Lifelong Education (SCALE) Industry Advisory Board. He is a Senior International Advisor of Temasek.

Mr Liew is the Provost's Chair Professor (Practice) (on pro bono) at NUS Business School, NUS Faculty of Engineering and the Lee Kuan Yew School of Public Policy. He is also the Rector of NUS Ridge View Residential College.

He was elected the President of International Organisation for Standardisation (ISO) for the term 1997 to 1998.

With over 47 years of experience in the construction and real estate industries both locally and overseas, Mr Liew has been involved in several of Singapore's public sector projects, including the development of Changi Airport from the beginning in 1975. For his exceptional contributions, Mr Liew was awarded the Meritorious Service Medal by the President of Singapore in 2011. In 2016, Mr Liew was conferred France's National Order of the Legion of Honour (Ordre national de la Légion d'honneur), with the rank of Knight.

Mr Liew graduated from the University of Singapore with a degree in Civil Engineering and is a registered professional civil engineer. He has published five books, titled Building People: Sunday Emails from a CEO, Volumes 1-3, Building People Volume 4: Sunday Emails From a Chairman and Sunday em@ils from a Chairman, Volume 5.

### **Lee Seow Hiang**

#### **Chief Executive Officer**

Mr Lee is the CEO of CAG. He was appointed to the Board as Executive Director on 16 June 2009.

Mr Lee is concurrently Deputy Chairman of Changi Airports International Pte Ltd, Director of Jewel Changi Airport Holding Pte Ltd and Chairman of Changi Foundation Board. He also chairs the National Library Board and sits on the Board of NTUC FairPrice Co-operative Ltd. He holds the appointment of President, Airports Council International (ACI) Asia-Pacific Regional Board and is a Director on the ACI World Governing 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 the late 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 of Business Administration from the Massachusetts Institute of Technology, USA.

### **Tan Ching Yee**

Mrs Tan is a Non-Executive Director of CAG. She was appointed to the Board on 1 May 2017.

Mrs Tan is the Permanent Secretary of the Ministry of Finance, Singapore. She also holds the appointment of Permanent Secretary (Special Duties), Prime Minister's Office. She assumed these posts on 1 May 2016. She is Chairman of the Inland Revenue Authority of Singapore and the Accounting and Corporate Regulatory Authority, and a board member of the National Research Foundation and the Lee Kuan Yew School of Public Policy.

She was previously Permanent Secretary at the Ministry of Health and the Ministry of Education. Before that, she was the Chief Executive of the then Infocomm Development Authority of Singapore, and also Deputy Secretary (Infocomm and Media Development) at the former Ministry of Information, Communications and the Arts. Prior to these roles, she had worked at the Ministry of Education and Ministry of Trade and Industry.

Mrs Tan read Economics at Cambridge University and obtained her Masters of Science in Management from the Graduate School of Business, Stanford University.

### **Tan Gee Paw**

Mr Tan is a Non-Executive Director of CAG. He was appointed to the Board on 1 May 2017.

Mr Tan previously served as Chairman of the Public Utilities Board, Singapore's national water agency from 1 April 2001 until his retirement on 31 March 2017. Mr Tan is a member of a number of government committees. He is the Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore.

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Previous appointments held by Mr Tan were Principal of Ngee Ann Polytechnic, and Permanent Secretary of the then Ministry of the Environment and Special Advisor to Land Transport Authority. He is currently a member of CAG's Executive Committee on Airport Development and a Director of Surbana Jurong Private Limited.

Mr Tan graduated with First Class Honours in Bachelor of Engineering (Civil) from the University of Malaya in 1967, and a Master of Science in Systems Engineering from the University of Singapore in 1971. He was conferred an Honorary Degree of Doctor of Science from the University of Westminster, UK in 1993, and an Honorary Doctorate in Engineering from Sheffield University, UK in 1995. In 2013, he was conferred an Honorary Degree of Doctor of Engineering by the Nanyang Technological University.

Mr Tan received the Public Administration Medal (Silver) in 1978 and a Special Award (Gold Medal) for Clean River Commemoration in 1987. He also received the Medal of Commendation at the NTUC May Day Award in 2005, the President's Award for the Environment in 2007 and the President's Science and Technology Medal in 2015. Mr Tan was conferred the Meritorious Service Medal in 2001 for his work as Permanent Secretary of the then Ministry of the Environment and the Distinguished Service Order in 2010 for his work as Chairman of PUB. In 2011, Mr Tan was conferred the Distinguished Engineering Alumni Award by the National University of Singapore; the Distinguished Member Award by the National University of Singapore Society in 2014; and the Distinguished Professional Engineer Award in 2018 by the Professional Engineers Board. He was elected an Honorary Fellow of the Institution of Engineers,

Singapore and awarded the Lifetime Engineering Achievement Award in 2015. Mr Tan was also elected as a Fellow of the Academy of Engineering, Singapore in 2012.

Mr Tan is the Special Advisor to Chairman, PUB, and a member of the Centre for Liveable Cities (CLC) Panel of Distinguished Advisors.

### **Lim Zhi Jian**

Mr Lim was appointed the Alternate Director to Mrs Tan Ching Yee on 1 May 2017.

He is Director (Reserves and Investment) at the Ministry of Finance. Prior to joining the Ministry of Finance in June 2016, he held various appointments in the Ministry of Manpower and the Monetary Authority of Singapore. At the Ministry of Manpower, he was the Deputy Director of the Foreign Workforce Policy Department. At the Monetary Authority of Singapore, he held the positions of the Deputy Director of the Strategic Planning Office and Senior Policy Analyst of the Prudential Policy Department.

Mr Lim was awarded the Overseas Scholarship by the Monetary Authority of Singapore and graduated from Carnegie Mellon University with a double major in Computer Engineering and Economics. He also holds a Masters in International Policy from Stanford University and a Master in Public Administration Edward S. Mason Program (Mason Program) from the Harvard Kennedy School.

### **Michael George William Barclay**

Mr Barclay is a Non-Executive Director of CAG. He was appointed to the Board on 16 June 2009.

Mr Barclay is the Group CEO of Mandai Park Holdings (MPH). He oversees both Mandai Park Development, the entity set up to

drive the rejuvenation of Mandai into an integrated wildlife and nature precinct, and Wildlife Reserves Singapore, the operator of four award-winning attractions - Jurong Bird Park, Night Safari, River Safari and Singapore Zoo.

Prior to joining Mandai Park Holdings, Mr Barclay was CEO of Sentosa Development Corporation for seven years. This followed on from stints as Regional Vice President Asia for the International Air Transport Association (IATA) and Chief Executive of SilkAir. Mr Barclay began his career with Singapore Airlines, holding various portfolios in Singapore, Germany, Switzerland, Belgium and the UK.

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

### **Chia Song Hwee**

Mr Chia is a Non-Executive Director of CAG and was appointed to the Board on 1 October 2018.

Mr Chia is the Deputy Chief Executive Officer of Temasek International Pte Ltd (Temasek).

Mr Chia is also a member of Singapore's Advisory Council on the Ethical Use of AI and Data, as established by the Infocomm Media Development Authority.

Prior to joining Temasek in 2011, Mr Chia was the Chief Operating Officer at GLOBALFOUNDRIES. Before the integration of GLOBALFOUNDRIES and Chartered Semiconductor Manufacturing Ltd (Chartered), he served as Director of the Board, and President & CEO of Chartered from June 2002 to December 2009. Mr Chia also held a number

## BOARD OF DIRECTORS

of management positions since he joined Chartered in 1996, including Senior Vice President, Chief Financial Officer, and Chief Administrative Officer.

Prior to his tenure at Chartered, Mr Chia was from the Schlumberger group, a global oilfield services group, where he was Regional Controller for Asia, Australia and Middle East for the drilling group.

Mr Chia graduated with a Bachelor of Business (Accountancy) with distinction from Edith Cowan University, Australia and is a member of CPA Australia. He was honoured with the EE Times Annual Creativity in Electronics (ACE) Award for Executive of the Year in 2007.

### **Kee Teck Koon**

Mr Kee is a Non-Executive Director of CAG. He was appointed to the Board on 1 March 2020.

Mr Kee is the Deputy Chairman of NTUC Income Insurance Co-operative Limited and from 1 October 2019, Non-Executive Director and Board Advisor of NTUC Enterprise Co-operative Limited, the holding entity of NTUC FairPrice, NTUC Income, NTUC First Campus and four other social enterprises. He is also the Non-Executive Director of NTUC Fairprice Co-operative Limited, and an independent director of two public listed companies, namely, CapitaLand Ltd and Raffles Medical Group Ltd.

Mr Kee also sits on the board of Mandai Park Holdings Pte Ltd and is a member of Angsana Fund Investment Committee (AFIC), Singapore Labour Foundation.

Mr Kee was the Executive Director of NTUC Enterprise Co-operative Limited from January 2017 before he stepped down in September

2019. He also stepped down as the non-executive Chairman of Changi Airports International Pte Ltd (CAI) in December 2019, a post he has held since 2012. He was also the Non-Executive Director, Fullerton Fund Management Company Ltd.

Mr Kee started his career in 1979 with the Singapore Armed Forces and was with the Ministry of Defence until 1991. Thereafter he held senior management appointments with several organisation before joining the CapitaLand Group in 2003. He spent 13 years in various senior leadership positions in CapitaLand and retired as its Chief Investment Officer in July 2009. His other senior roles in CapitaLand included being CEO overseeing the group's real estate fund management, commercial, retail mall and serviced residence businesses.

Mr Kee holds a Master of Arts in Engineering Science from Oxford University, United Kingdom.

### **Eric Ang Teik Lim**

Mr Ang is a Non-Executive Director of CAG. He was appointed to the Board on 18 November 2009.

Mr Ang was a Senior Executive Advisor at DBS Bank before retiring in January 2020. He has been with DBS Bank since the start of his banking career in 1978. Prior to his role as an Advisor at DBS Bank, he was the head of its Capital Markets. Through the years, Mr Ang has developed a wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines Ltd, Singapore Telecoms Ltd and CapitaMall Trust Ltd.

His current directorships include Sembcorp Marine Ltd,

Raffles Medical Group, Wing Tai Holdings Limited, Surbana Jurong Pte Ltd and NetLink NBN Management Pte Ltd. He is also the Co-Chairman of the SGX Disciplinary Committee. He was previously a Director of Hwang Capital (Malaysia) Bhd and DBS Foundation Ltd.

Mr Ang graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree.

### **Professor Tan Kong Yam**

Professor Tan is a Non-Executive Director of CAG. He was appointed to the Board on 30 January 2015.

Professor Tan is presently Professor of Economics at the Nanyang Technological University. He is also Deputy Chairman of APS Asset Management (China) and sits on the boards of Surbana Jurong and CapitaRetail China Trust Management.

From 1984 to 1988, 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, who had been invited by Mr Deng Xiaoping to advise China on economic development strategy. 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 11<sup>th</sup> five-year plan (2006 to 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 to 2002) and head of the Department of Strategy and Policy at the NUS Business School. He has also worked at the Hoover

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Institution at Stanford University and World Bank in Washington.

Professor Tan is a graduate of Princeton University with a Bachelor of Art (Honours) and has a PhD in Economics from Stanford University.

### **Ng Chee Khern**

Mr Ng is a Non-Executive Director of CAG. He was appointed to the Board on 1 March 2018.

Mr Ng is Permanent Secretary for Smart Nation and Digital Government in the Prime Minister's Office. He leads the Smart Nation and Digital Government Group, which was formed in May 2017. He is also Chairman of the Government Technology Agency of Singapore (GovTech) board, a Director of the boards of CapitaLand Mall Trust Management, member of CapitaLand Mall Trust Management Audit Committee and a board member of the National Research Foundation (NRF).

Mr Ng previously held the following positions: Permanent Secretary (Defence Development) in Singapore's Ministry of Defence, 2nd Permanent Secretary in Singapore's Ministry of Health from August 2014 to February 2016, Director of the Security and Intelligence Division from 2010 to 2014, and Chief of the Republic of Singapore Air Force from 2006 to 2009. Mr Ng was also a board member of the Civil Aviation Authority of Singapore.

Mr Ng was a recipient of the President's Scholarship and Singapore Armed Forces Overseas Scholarship. He holds a Bachelor of Arts (Second Upper Class Honours) and a Master of Arts in Philosophy, Politics and Economics from the University of Oxford. He also graduated with a Master

of Public Administration from Harvard University.

### **Kelvin Fan**

Brigadier General (BG) Fan is a Non-Executive Director of CAG and was appointed to the Board on 15 August 2018.

BG Fan is currently the Chief of Staff – Air Staff in the Republic of Singapore Air Force (RSAF). He is concurrently the Commander of the Air Defence and Operations Command.

BG Fan joined the Singapore Armed Forces (SAF) in 1998 as an Air Warfare Officer and has served various command roles in Ground Based Air Defence units. Prior to his current appointment, BG Fan has served as Director (Policy) in the Ministry of Defence, as well as Head Air Operations and Head Air Plans in the RSAF.

BG Fan is also a member of the Singapore Administrative Service. Between 2007 and 2009, he served as Senior Assistant Director in the Ministry of Trade and Industry, where he was responsible for developing tourism policies such as the Integrated Resorts.

In 1998, BG Fan was awarded the SAF Overseas Scholarship. He has a Master of Economics from Cambridge University, UK, and a Master of International and Developmental Economics from Yale University, USA. BG Fan was also a 2010 graduate of the US Air Force Command and Staff College in Maxwell Air Force Base, USA. In 2013, BG Fan was awarded the SAF Post-Graduate Scholarship as well as the Lee Kuan Yew Post-Graduate Scholarship. He graduated with a Master of Business Administration from the Sloan School of Management, Massachusetts Institute of Technology in 2014. In 2015, BG Fan was awarded the Public Service Administration (Military) (Silver).

### **Chng Sok Hui**

Mrs Chng is a Non-Executive Director of CAG. She was appointed to the Board on 1 October 2019.

Mrs Chng is the Chief Financial Officer of DBS Group, and a member of the DBS Executive Committee. Prior to this appointment in 2008, she was the Managing Director and Head of Risk Management at DBS Group and held the position for six years.

Mrs Chng is the Chairman of the Board of DBS Bank India Limited. She serves on the Board of Singapore Exchange Limited and chairs its Risk Management Committee. Additionally, she is the Council Member of the International Integrated Reporting Council and member of the CareShield Life Council. Mrs Chng has previously served on the Boards of Bank of the Philippine Islands, the Inland Revenue Authority of Singapore, Housing & Development Board, Accounting Standards Council and, for 10 years, as the Supervisor of the Board of DBS Bank (China) Limited.

Mrs Chng is a Chartered Financial Analyst (CFA), a Certified Financial Risk Manager (FRM), an IBF Distinguished Fellow as well as a Fellow Chartered Accountant of Singapore. Mrs Chng was the recipient of AsiaRisk's Risk Manager of the Year Award in 2002 and The Asian Banker's Inaugural Risk Manager of the Year Award in 2012. Mrs Chng was named Best CFO at the Singapore Corporate Awards 2013 and Accountant of the Year in the inaugural Singapore Accountancy Awards in 2014. She is a member of the International Women's Forum (Singapore).

### **Kwa Kim Li**

Ms Kwa is a Non-Executive Director of CAG. She was

## BOARD OF DIRECTORS

appointed to the Board on 1 October 2019.

Ms Kwa is the Managing Partner of Lee and Lee, Advocates and Solicitors, one of Singapore's oldest law firms, founded in 1955 by Singapore's first Prime Minister Mr Lee Kuan Yew.

Ms Kwa graduated in 1979 from the National University of Singapore and was called to the Singapore Bar in 1980. She has been in active practice with the firm for over 35 years, and her practice spans various aspects of law. Although her pet area of practice is real estate, Ms Kwa also advises on loans, trusts, wills, probates, joint ventures and cross border transactions.

Ms Kwa also holds various positions outside her legal practice, including directorships in Jurong Town Corporation, Mapletree Commercial Trust and HSBC Bank (Singapore) Limited. In the health sector, she sits on the Board of National University Health System (NUHS) and is a Trustee of the Singapore Cardiac Society. She is also the Honorary Advisor to the Real Estate Developers Association (REDAS). Abroad, she sits on the Boards of London listed Laura Ashley PLC and Corus UK Group of Hotels.

She was awarded the Ministry of Education "Service to Education" Award and the Ministry of Health 5 years Appreciation Service Award.

### **Wahab Yusoff**

Mr Wahab is a Non-Executive Director of CAG. He was appointed to the Board on 1 October 2019.

Mr Wahab holds the position of Vice President (Asia Pacific & Japan) at Forescout Technologies Pte. Ltd. Forescout Technologies

provides integrated security platform services to enable enterprises and government agencies to gain situational awareness of their extended enterprise environment to reduce cyber and operational risks.

With more than 30 years of experience in the IT, Computer & Cybersecurity Industry, Mr Wahab has held various leadership roles in numerous companies that are focused on helping multi-national corporations establish and grow their operations in the Asia Pacific region. Prior to joining Forescout Technologies, Mr Wahab was the Vice President and General Manager of Palo Alto Networks ASEAN from 2015 to 2017. He also held the role of Vice President of McAfee & Intel Security South Asia from 2009 to 2015 and was EMC South Asia's Vice President and General Manager from 2003 to 2009.

Mr Wahab is presently a Member Board of Director of Workforce Singapore (WSG), EZ-Link Pte Ltd and Rekanext Capital Partners (a Venture Capital fund focused on ASEAN pre-series start-ups). He is also a member of Singapore's Future Economy Council, Advisory Committee of Singapore Polytechnic School of Computing, Vice Chairman of Institutional Discipline Advisory Committee 6 - Singapore Prisons and Chairman of M3 @ Punggol-Pasir Ris.

Mr Wahab holds a Bachelor of Engineering degree from the National University of Singapore and is a graduate of INSEAD's International Executive Programme.

# EXECUTIVE MANAGEMENT TEAM



1



2



3



4



5



6

1. **Lee Seow Hiang**  
Chief Executive Officer
2. **Eugene Gan**  
Chief Executive Officer,  
Changi Airports International
3. **Lim Peck Hoon**  
Executive Vice President,  
Commercial

4. **Ng Lai Leng**  
Chief Financial Officer  
Executive Vice President, Corporate  
Executive Vice President, Enterprise  
Performance & Development
5. **Tan Lye Teck**  
Executive Vice President,  
Airport Management
6. **Yam Kum Weng**  
Executive Vice President,  
Airport Development

# MANAGEMENT TEAM



## CHANGI AIRPORT GROUP

### Ang Siew Min

Senior Vice President,  
Development Operations

### Chan Boon Seng

Group Project Director,  
Changi East Construction

### Choy Da Wen

Group Senior Vice President,  
Transformation & Enterprise  
Development

### Chung Choon San

Group Project Director,  
Changi East Construction

### Goh Hwai Kar

Senior Vice President,  
People Services & Rewards

### Jayson Goh

Managing Director,  
Airport Operations Management

### Hung Jean

Chief Executive Officer,  
Jewel Changi Airport Development

### Koh Miaw Ling

Senior Vice President,  
Terminal 5 Building

### Koh Ming Sue

Managing Director,  
Engineering & Development

### Leck Siew Leng

Senior Vice President,  
Internal Audit

### Alvin Lee

Chief,  
Airport Emergency Service

### Audrey Lee

Group Senior Vice President,  
Regulatory & Economic Affairs

### Jacqueline Lee

Senior Vice President,  
Changi East Programme  
Management Office

### Leong How Yin

Group Project Director,  
Changi East Planning,  
Design and Construction

### Leong Kok Hoong

Senior Vice President,  
Development Contracts  
& Cost Control

### Leong Yuh Khee

Senior Vice President,  
Corporate IT & Technology

### Leslie Pakianathan

Project Director,  
Tunnel Construction  
Management

### Lim Ching Kiat

Managing Director,  
Air Hub Development

### Albert Lim

Senior Vice President,  
Passenger Experience

### Ling Ming Koon

Senior Vice President,  
Airport Operations Planning  
& Strategy  
Senior Vice President,  
Airsides Operations

### Jeffrey Loke

Senior Vice President,  
Pricing & Commercial Strategy

### Jessie Loong

Senior Vice President,  
Legal & Compliance

### Matthew Ngan

Senior Vice President,  
Changi East Mechanical & Electrical

### Ong Chee Chiau

Group Senior Vice President,  
Changi East Terminal 5 Planning

### Ong Sim Lian

Group Senior Vice President,  
Design Management

### Tan Boon Seng

Project Director,  
Project Control

### Ivan Tan

Group Senior Vice President,  
Corporate and Marketing  
Communications

### Tan Kok Siong

Project Director,  
Changi East Construction

### Justina Tan

Managing Director,  
People

### Teng Hwee Onn

Senior Vice President,  
Engineering Management  
& Systems Planning

### Teo Chew Hoon

Group Senior Vice President,  
Airsides Concessions

### Wen Dazhi

Senior Vice President,  
Tunnel Design Management

### Ivy Wong

Senior Vice President,  
Strategy & Transformation

### Yeo Kia Thye

Managing Director  
Airport Operations Planning  
& Airside



## CHANGI AIRPORTS INTERNATIONAL

### Sher Khan

Managing Director,  
Changi Airport Consultants

### Mabel Kwan Wei Yee

Managing Director,  
Investments

As of 17 July 2020

### Peter Lee Chung Shek

Managing Director,  
Changi Airport Planners  
& Engineers

### Lim Wee Ping

Managing Director,  
Strategy and Planning

### Low Beng Lan

Chief Financial Officer

### Ng Kuan Luen

Director,  
Portfolio Strategy

### Oon Wei Ying

Director,  
Risk Management

### See Ngee Muoy

Managing Director,  
Legal & Compliance

# FINANCIAL REVIEW

## Financial Highlights

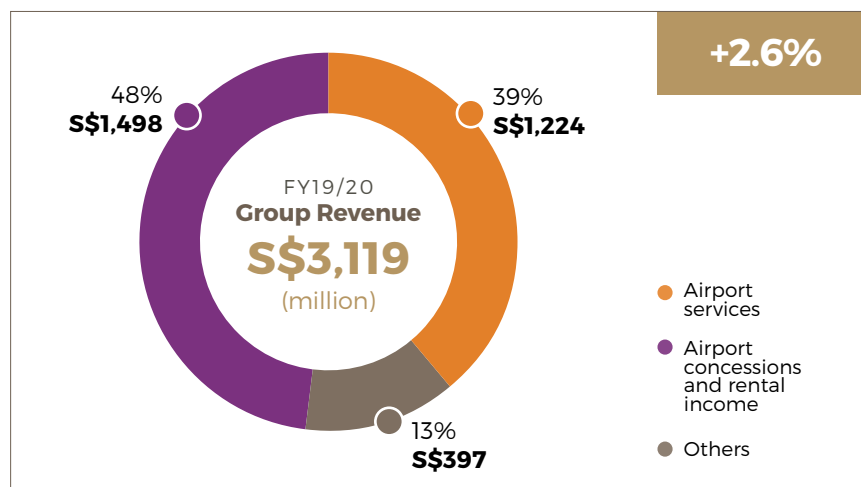
	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
<b>Profit &amp; Loss (S\$'mil)</b>					
Total revenue	2,164	2,305	2,602	3,040	<b>3,119</b>
Total expenses	1,284	1,401	1,649	2,120	<b>2,252</b>
EBITDA	1,167	1,208	1,310	1,466	<b>1,597</b>
Profit attributable to equity holder of the Company	786	662	849	677	<b>435</b>
<b>Financial Position (S\$'mil)</b>					
Assets	8,460	9,260	14,894	15,108	<b>15,953</b>
Liabilities	1,874	2,223	6,457	6,647	<b>7,818</b>
Equity	6,586	7,037	8,437	8,461	<b>8,135</b>
Equity attributable to shareholder of the Company	6,594	7,044	7,600	7,839	<b>7,892</b>
<b>Financial Ratios</b>					
EBITDA margin	53.9%	52.4%	50.3%	48.2%	<b>51.2%</b>
NPAT margin	36.2%	28.5%	32.1%	18.9%	<b>4.7%</b>
Return on equity	12.3%	9.6%	11.6%	8.8%	<b>5.5%</b>

### The Year in Review

The Group<sup>1</sup> achieved consolidated operating revenue of S\$3.1 billion in financial year 2019/20, representing a 2.6% growth from the previous year. Changi Airport remained the key revenue contributor for the Group, accounting for 85% of the Group's total revenue, followed by Tom Jobim Airport, a 51% owned subsidiary of Changi Airports International (CAI), at 10%, and Jewel Changi Airport (Jewel) at 4%. The opening of Jewel in April 2019 created a new revenue stream for the Group and was the key driver for the increase in Group revenue. The Group performed strongly in the first ten months of the financial year, fuelled by strong travel demand at Changi Airport as well as Jewel's opening. However, the strong performance was adversely impacted in the last two months due to concerns about the Covid-19. The resulting global travel restrictions and border controls led to a collapse in the demand for air travel.

The Covid-19 pandemic also affected the financial performance of the Group's airport investments overseas, particularly Tom Jobim Airport in Rio de Janeiro, Brazil. The market conditions in Brazil continued to be challenging. Besides economic and political factors and the cessation of operations of a major airline in May 2019, Covid-19 caused declining passenger traffic and capacity cuts by airlines, which further impacted the airport's business prospects. As a result, the Group has recognised a one-off non-cash impairment of assets in Tom Jobim.

Consequently, the Group ended the financial year with a net profit



attributable to shareholder (or Net Profit) of S\$435 million, a decrease of 35.8% as compared to the prior year.

### Group Operating Revenue

Changi Airport performed strongly in the first ten months of 2019/20. By the end of January 2020, passenger movements had grown to 57.8 million, 4.2% higher year-on-year (y-o-y). The commendable improvement was driven by strong travel demand, partially offset by a reduction caused by the insolvency of Jet Airways (which resulted in the loss of nine daily India-Singapore services), as well as capacity constraints faced by airline partners arising from the worldwide grounding of the Boeing 737 Max aircraft. Underpinned by the strong passenger traffic growth, concession sales at Changi grew 1.5% in the first ten months of the financial year.

However, demand for air travel collapsed in the last two months of the financial year, as fears of the Covid-19 outbreak led to government-imposed travel restrictions and border controls around the world. This crippling turn of events resulted in Changi Airport

recording a plunge in passenger movements of 32.8% and 70.7% y-o-y in February and March 2020 respectively. It ended the financial year at 62.9 million passenger movements, 5.1% lower than in 2018/19.

The sharp reversal in traffic growth due to Covid-19 inevitably created a dent in Changi's retail business, which had otherwise grown in the first ten months of 2019/20. Concession revenue dived by 57.5% in the final two months of 2019/20 and consequently, Changi Airport registered a 4.1% y-o-y decline in airport concession and rental income to S\$1.3 billion.

Overall, operating revenue recorded by Changi Airport for the full year amounted to S\$2.6 billion, flat from the year before, due to the dismal performance in the last two months.

The Covid-19 pandemic also affected the financial performance of the Group's overseas investments, in particular that of Tom Jobim Airport in Rio de Janeiro, Brazil. Revenue contributed by Tom Jobim fell by S\$38 million y-o-y to S\$299 million

<sup>1</sup> The CAG Group comprises Changi Airport Group (Singapore) Pte Ltd and its subsidiaries, mainly made up of Changi Airports International (CAI) Group (which holds a stake in Tom Jobim International Airport in Rio de Janeiro), Jewel Changi Airport (Jewel) Group and Changi Travel Services (CTS) Group.

as a result of the challenging market conditions and the Covid-19 pandemic.

On a brighter note, the highly anticipated opening of Jewel in April 2019 brought in an additional revenue source for the Group. While sales at Jewel was also affected by Covid-19 in the last two months of the financial year, Jewel's higher-than-expected number of visitors in its first year of operations helped to supplement the Group's topline with S\$129 million in revenue in FY2019/20.

Overall, despite the gloomy operating environment following the Covid-19 outbreak, the Group's operating revenue achieved 2.6% y-o-y growth to reach S\$3.1 billion, largely due to first-time contributions from Jewel.

#### Relief Provided to Partners

With air travel grinding to a halt, the Group has rolled out various assistance schemes to help its partners operating at Changi Airport tide through the crisis.

Together with the Singapore Government and the Civil Aviation Authority of Singapore (CAAS), a S\$112 million Aviation Sector Assistance Package (ASAP) was launched in February 2020 to help Changi Airport's partners defray costs, maintain jobs as well as safeguard Changi's air connectivity. In addition to the ASAP, CAG has also been working to pass on the additional Enhanced Aviation Support Package and enhanced property tax rebates to its partners.

As a significant portion of rental for Changi Airport's retail concessionaires is pegged to passenger traffic, the low levels of passenger traffic at Changi Airport due to Covid-19 automatically

reduced the rental costs for tenants. To help tenants tide through the challenging retail climate, various rental assistance packages were provided, starting from 1 February 2020. Beyond rental adjustments and rebates, operating hours for retail shops have also been shortened to help tenants reduce their operating costs.

During the year, CAG continued to support its airline partners through multiple incentive and collaborative programmes under the Changi Airport Growth Initiative to incentivise airlines to pursue growth, drive traffic and enhance connectivity to Changi.

Jewel has also played its part in supporting its tenants during these uncertain times. When the Covid-19 pandemic struck, Jewel immediately offered its tenants rental rebates from February. Additional rebates were offered post financial year-end.

#### Group Operating Expenses

On the cost front, the Group's operating expenses increased by 6.2% to S\$2.3 billion, largely due to higher depreciation and operating cost incurred with the opening of Jewel in April 2019 as well as investing in new capabilities in drone

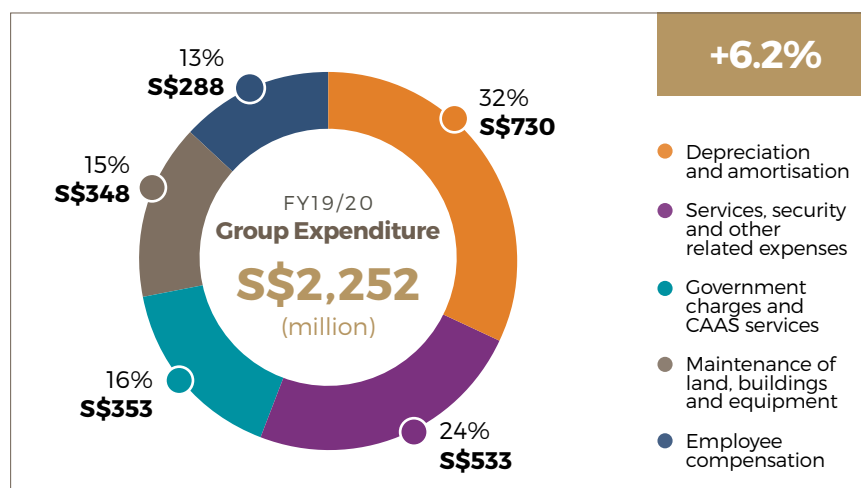
monitoring and prevention. This was partially offset by a reduction in employee compensation costs as the Group started to put in place measures to tighten its operating cost in view of the Covid-19 pandemic.

Depreciation and amortisation expenses, which formed the largest component of the Group's operating expenses, increased by 33.7% y-o-y to S\$730 million. This was mainly attributed to the opening of Jewel and the completion of the TIE project and the adoption of SFRS 116 Leases. Under this new accounting standard, the expenses related to Changi's land leases previously shown in the Consolidated Income Statement as "annual ground rent" are replaced by depreciation expense and interest expense.

#### Net Profit

The Group registered Net Profit of S\$435 million, 35.8% lower than the prior year. This was mainly driven by weaker operating performance due to the impact of the impairment of assets at Tom Jobim Airport as well as Covid-19.

Tom Jobim Airport suffered losses during the year and the demand



for travel is expected to remain suppressed in the immediate future as the recovery of the industry may take a few years. As operations in Tom Jobim Airport have been affected by the challenging business environment in Brazil and the Covid-19 pandemic, an impairment review was carried out to assess the recoverable amount of its intangible assets, primarily its concession right to operate and manage Tom Jobim Airport. As a result of the assessment, the airport recorded an impairment charge of S\$323 million of which the Group's 51% share amounted to S\$165 million. Due to lower profit projections, Tom Jobim Airport also wrote down its deferred tax assets to its recoverable amount, which further lowered the Group's Net Profit by S\$35 million.

#### Financial Position

As at 31 March 2020, the Group's total assets and total liabilities amounted to S\$16.0 billion and S\$7.8 billion respectively.

Half or 50.8% of the Group's total assets were made up of property, plant and equipment and investment property. During the year, the Group invested close to S\$1.0 billion for the upkeep of airport facilities as well as the capacity enhancement such as Jewel, T1 expansion, the three-runway system and the ongoing Changi East development.

Intangible assets of S\$3.5 billion made up 22.2% of the Group's total assets, comprised mainly of the Group's concession right to operate and manage Tom Jobim Airport until 2039. A corresponding concession payable of S\$2.7 billion, or 34.8% of the Group's total liabilities, represented the Group's payment obligations to the Brazilian national agency of civil aviation for the concession right.

Cash and cash equivalents amounted to S\$2.4 billion, S\$659 million higher than the previous year. This increase was generated mainly from operating activities, buoyed by the strong performance during the first ten months of the financial year, partially offset by capital expenditure incurred for development projects. The strong cash position from past prudent cash management coupled with cost cutting measures will strengthen the Group's resilience as it manages the challenges of the Covid-19 pandemic.

With the adoption of SFRS 116 Leases on 1 April 2019, most of the leases previously classified as operating leases were brought onto the balance sheet as right-of-use (ROU) assets and lease liabilities. As at 1 April 2019, the Group recognised ROU assets of S\$1.2 billion and lease liabilities of S\$1.1 billion, with no restatement of comparative information.

As at 31 March 2020, the Group's total loans and borrowings amounted to S\$1.8 billion, or 23.1% of total liabilities. The majority of the Group's loans and borrowings are not due for repayment within the next 12 months.

Shareholder's equity increased marginally by less than 1% to reach S\$7.9 billion. The increase is attributed to the Net Profit generated by the Group of S\$435 million, offset by payment of dividends in relation to the previous financial year, as well as a reduction in the carrying value of Tom Jobim Airport due to the devaluation of the Brazilian Real vis-à-vis the Singapore Dollar.

#### Financial Outlook

With the acute decline in passenger traffic and the likelihood that weak

air travel demand will persist in the near term due to Covid-19, the Group has embarked on significant cost cutting measures to reduce operating and capital expenditure to conserve cash. For instance, Terminal 2 operations have been suspended for 18 months from 1 May 2020, while Terminal 4 has been placed on standby since 16 May 2020 until air travel demand picks up and a sufficient number of flights return to the terminal. In addition, Singapore's Ministry of Transport has announced that the construction of Terminal 5 would be paused for at least two years. This is to allow for time to assess traffic conditions, as well as to undertake studies to understand how the current designs could be adapted for potential new safety and regulatory requirements that are to be expected post Covid-19.

The effect of Covid-19 on the aviation industry is without precedent. The operating results of the Group is expected to be materially and adversely impacted for the year ending 31 March 2021. However, the Group will continue to invest towards achieving Changi Airport's long-term competitiveness while ensuring that it maintains high standards of safety and security.

In the longer term, the impact of Covid-19 on the operational and financial performance of the Group remains uncertain, and recovery of the aviation industry is dependent on future developments such as the opening up of international borders, requirements and regulations for air travel, as well as medical breakthroughs. The Group will continue to work closely with the relevant authorities and its airport partners to pursue recovery in the air travel sector while enabling a safe and comfortable flying experience for all passengers.

# CORPORATE GOVERNANCE

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

The Company's Code of Conduct sets out the principles 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 recently enhanced its whistle-blowing policy to detect and deter unethical or illegal conduct, and to protect whistle-blowers from retaliation.

## **The Board of Directors**

1. The Company's Board of Directors is our highest decision-making body. It oversees the Company's long-term strategies and provides guidance to Management for the long-term performance and financial soundness of the CAG Group ('the Group'), while safeguarding the interests of stakeholders.

## **Composition and Balance**

2. Headed by Non-Executive Chairman, Mr Liew Mun Leong, the Board comprises 15 Directors. Mr Lee Seow Hiang, our CEO, is the only executive member of the Board. The majority of our Board members are independent. Our Directors are individuals with broad and diverse expertise and experience.
3. The Board Directors of the Company are:  
Mr Liew Mun Leong - Chairman  
Mr Lee Seow Hiang - CEO  
Mrs Tan Ching Yee - Shareholder Representative  
Mr Lim Zhi Jian (Alternate Director to Mrs Tan Ching Yee)  
Mr Michael George William Barclay  
Mr Eric Ang Teik Lim  
Mr Danny Teoh Leong Kay (retired on 30 September 2019)  
Mr Richard R. Magnus (retired on 30 September 2019)  
Professor Tan Kong Yam  
Mr Tan Gee Paw  
Mr Ng Chee Khern  
Mr Chia Song Hwee  
BG Kelvin Fan  
Mrs Chng Sok Hui (appointed on 1 October 2019)  
Ms Kwa Kim Li (appointed on 1 October 2019)  
Mr Wahab Yusoff (appointed on 1 October 2019)  
Mr Kee Teck Koon (appointed on 1 March 2020)

The profiles of the Directors can be found on pages 8 to 14 in this annual report. Changi Airports International Pte Ltd (CAI), a wholly-owned subsidiary of the Company, has a separate Board of Directors, the majority of whom are also independent.

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. Nine 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), Operational Risk and Safety Committee (ORSC), Nominating Committee (NC), Capital Management Committee (CMC) and Technology Development Committee (TDC). Each committee is governed by its own terms of reference, which sets out the scope of the committee's authority, duties and responsibilities. Ad-hoc committees are also formed from time to time to review specific issues.
6. The Board meets at least four times a year.

## **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, regulatory, industry and other significant developments relating to the Group – to enable 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  
Mrs Tan Ching Yee  
Mr Eric Ang Teik Lim  
Mr Lee Seow Hiang

2. The EXCO reviews and recommends to the Board financing and investment strategies of the Group and approves significant investments by the Company and CAI. The EXCO also approves treasury matters such as the acceptance of banking and credit facilities, granting of corporate guarantees, debt capital market issuance, opening of bank accounts as well as hedging policies. The EXCO also sets the financial limits for the operational, procurement and treasury activities of the Company.
3. The Company expects to take on significant debt in the coming years to finance the development of Changi East. In light of this, the CMC was established at the end of 2018 to provide specific oversight in the area of capital management.
4. The CMC comprises five Directors:  
Mr Eric Ang Teik Lim - Chairman  
Mr Lim Zhi Jian  
Mr Chia Song Hwee  
Mrs Chng Sok Hui  
Mr Lee Seow Hiang
5. The role of the CMC is to review and recommend to the Company's Board and/or EXCO the financing strategies and plans of the Company (debt capital market issuances and bank facilities), as well as to guide and advise Management on the financing execution strategy.

#### **Executive Resource and Compensation**

1. The ERCC comprises the following non-executive Directors:  
Mr Liew Mun Leong - Chairman  
Mr Eric Ang Teik Lim  
Mr Chia Song Hwee
2. The ERCC supports and advises the Board on remuneration matters, leadership succession and development. The responsibilities 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:  
Mrs Chng Sok Hui – Chairman  
Mrs Tan Ching Yee  
Mr Eric Ang Teik Lim
3. The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to the Company's internal controls, financial and accounting matters, compliance, and business and financial risk management.
4. The AC is responsible for reviewing the effectiveness of financial, compliance and risk management frameworks, as well as the robustness of the reporting and disclosure processes. The AC also reviews the adequacy of whistleblowing arrangements implemented by the Company through which employees, partners, suppliers and contractors can raise concerns in confidence about possible improprieties in matters of financial reporting or other matters. All whistleblowing complaints are reviewed by the AC to ensure independent and thorough investigation, and adequate follow-up and resolution of the matters reported. The AC also provides oversight for the implementation of the Company's anti-bribery management system.
5. The AC performs independent review of the financial statements of the Company, and reviews 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.
6. The AC reviews the adequacy and effectiveness of the internal audit function and its processes, as well as ensures it is adequately resourced to carry out its function effectively. The AC reviews the Internal Audit (IA) Division's plans, its effectiveness and audit scope, and also approves its budget. The AC also reviews the internal audit reports to

verify the effectiveness and timeliness of actions taken by Management on the internal auditors' recommendations and observations.

7. The AC reviews and approves the external audit plan, the scope and results of the external audit. The AC also reviews the external audit reports to ensure that significant findings and observations regarding control weaknesses are promptly rectified. 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 the Audit Quality Indicators Disclosure framework established by the Accounting and Corporate Regulatory Authority. 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.
8. 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, financial and strategic (business) risk management and compliance matters to the AC, which ensures the 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 and compliance systems put in place by Management.
2. The internal controls established by the Company are supported by systems, processes and people. The Company's three lines of defence of risk management are as follows:
  - the first line of defence is the business units who are responsible for identifying and managing risks inherent in their businesses;
  - the second line of defence comprises the oversight and control functions such as Enterprise Risk Management (ERM), Legal and Compliance, Aerodrome Safety, Aviation

Security, Information Security, and Enterprise Performance; and

- the third line of defence is IA, which provides an independent assessment and assurance on the reliability, adequacy and effectiveness of the Company's system of internal controls, risk management procedures, governance framework and processes.
3. The Company's internal and external auditors review its key internal controls for material non-compliance or failures in internal controls and recommend areas of improvements. The AC also reviews the effectiveness of the actions taken by Management in response to 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 meeting business objectives.
  5. As part of the Company's anti-bribery management system and ISO37001 certification requirements, all employees have to undergo annual anti-bribery training, and divisions perform identification and assessment of bribery risk annually and put in place appropriate mitigating measures. Employees in sensitive positions are also required to submit Declaration of Anti-Bribery Compliance yearly.
  6. A separate TC evaluates and approves the award of tenders for goods and services exceeding S\$50 million in value, 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  
Ms Kwa Kim Li  
Mr Lee Seow Hiang

#### Internal Audit

7. IA assists the AC to ensure that the Company maintains sound risk management and internal control systems. IA is independent of the activities it audits. It 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.

8. IA adopts a risk-based approach in formulating its annual audit plan that aligns its activities to the key risks across the Company's businesses, focusing on key internal controls, including financial, operational and compliance controls. The annual audit plan is developed in consultation with, but is independent of, Management and is approved by the AC. IA also works closely with Management to provide internal consulting and control advisory to promote effective risk management, robust internal control and good governance practices in the development of new services/products and implementation of new/enhanced systems and processes. Internal audit practices are also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. IA also harnesses technology to maximise efficiencies in the way it audits, through robust use of analytics and adopting more continuous auditing going forward.
9. IA's assessments on the adequacy and effectiveness of internal controls over processes/systems across the businesses are reported to the AC, and a summary of key findings and recommendations are also discussed at the AC meetings. IA also tracks and reports to the AC on the implementation status of actions agreed by Management, so as to ensure prompt and adequate closure of audit observations.

#### **Airport Development**

1. The ECAD currently comprises four Directors and nine non-voting co-opted members, who provide additional advice and expertise in relation to the development projects.

The four Directors are:

Mr Liew Mun Leong - Chairman  
Mr Tan Gee Paw  
Mr Lim Zhi Jian  
Mr Lee Seow Hiang

The nine co-opted members are:

Professor Lui Pao Chuen  
Ms Patricia Chia  
Mr Chua Hua Meng  
Mr Goh Hup Chor  
Mr Lim Bok Ngam

Mr Tham Kui Seng  
Mr Lai Huen Poh  
Mr Lee Chuan Seng  
Mr Lee Kut Cheung

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 development projects at Changi Airport.

#### **Nominating Committee**

1. Established at the end of 2018, the NC comprises:
 

Mr Liew Mun Leong - Chairman  
Mrs Tan Ching Yee  
Mr Eric Ang Teik Lim  
Mr Chia Song Hwee
2. The NC assists the Board in reviewing the structure, size, composition, core competencies and skills required by the Board and its committees to support the strategic objectives and values of the Company, and makes relevant recommendations to the Board.

#### **Technology Development Committee**

1. The TDC comprises five Directors and one external member, who is co-opted to provide additional advice and expertise.
 

They are:  
Mr Ng Chee Khern - Chairman  
Mr Chia Song Hwee  
Mr Lim Zhi Jian  
Mr Wahab Yusoff  
Mr Lee Seow Hiang  
Prof Lui Pao Chuen co-opted member
2. The TDC provides guidance to Management on innovations driven by technology, as well as the development of technological capabilities in support of the Company's transformation. It also guides the Company on its strategy for the procurement of technology, co-development of solutions, or investments into startups with promising technologies.

# ENTERPRISE RISK MANAGEMENT

1. The Company manages a wide range of risks which includes operational and safety, regulatory, financial, and developmental projects risks. With Covid-19 causing an unprecedented impact on the global aviation industry, the Company has strengthened its risk governance and oversight by holding regular Covid-19 meetings to enable management and business units to stay updated and quickly respond to the latest Covid-19-related issues.
2. The Company's key challenge is to maintain safe, secure and efficient operations at Changi Airport, amid a "new normal" in many aspects of our business. We will closely monitor potential operational risks despite low-tempo operations, with emphasis on ensuring that critical airport systems do not fail after long periods of inactivity. In addition, we will ensure that there is clarity in risk ownership for all risks and regular risk reporting of top risks and controls to the Company's Risk Committee (RC), through the ERM division.
6. Management leads the Company's efforts in developing and strengthening its risk management processes and framework through the RC, supported by the ERM division.
7. Reporting to the AC and ORSC, the RC is chaired by the CEO and comprises Senior Management members of the Company. It meets regularly to review the Company's key risks and provide direction to strengthen the implementation of ERM in the Company.

## Risk Awareness Culture

## Risk Governance

3. Both the Board and Management are responsible for the management of risks in the Company. The Board, through the ORSC, provides oversight on operational and safety risks, while the review of the Company's financial and strategic risks are assisted by the AC.
4. The ORSC comprises three Directors and two co-opted members, who provide additional advice and expertise to the committee.
5. The three Directors are:  
Mr Michael George William Barclay - Chairman  
Ms Kwa Kim Li  
Mr Wahab Yusoff

The two co-opted members are:  
Mr Wong Woon Liong  
Mr Tan Kian Huay

8. Every employee of the Company and every person working in the airport community is a valued manager of risks. Therefore, the RC, through the ERM division, continues with its engagement efforts through inter-divisional risk workshops and meetings with risk owners.
9. The ERM division has also continued to strengthen collaboration with business units on areas such as critical engineering systems reliability, cybersecurity and supporting the Company's insurance programme.