

# Corporate Governance

## Building on the strong foundations of transparency, accountability and integrity.

### CORPORATE GOVERNANCE STATEMENT

At StarHub, we are committed to upholding sound corporate governance and sustainability practices and policies that promote transparency, accountability and integrity. We recognise that this is essential for the long-term sustainability of our business and value creation for our stakeholders.

### CORPORATE GOVERNANCE REPORT 2016

This report describes our corporate governance framework, policies and practices for the financial year ended 31 December 2016 (FY2016). StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012, and in some areas, has made improvements from the previous financial year ended 31 December 2015.

## 1. BOARD MATTERS THE BOARD'S CONDUCT OF AFFAIRS

### The Board's Role

The Board has oversight of the business performance and affairs of the Group. The Board leads, directs and works closely with Management, with a view to the long-term success of the various businesses of the Group.

The Board takes on the following key roles and responsibilities:

- Provide entrepreneurial leadership and guidance to Management and steer the Group through its strategy and corporate plan;
- Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets. This framework is supported by clear and

robust procedures and delegated authorities;

- Regularly review the performance of Senior Management and the remuneration framework of the Board and Senior Management;
- Review and approve key operational and business initiatives, major funding and investment proposals, acquisitions and divestments;
- Recognise that the perceptions of key stakeholder groups affect StarHub's reputation, identify the key stakeholder groups (which include customers, suppliers and business partners) and guide Management in StarHub's strategy and approach in addressing the concerns of these key stakeholder groups;
- Set StarHub's values and standards (including ethical standards), to ensure that the Group's obligations to shareholders and stakeholders are well-understood and duly met;
- Provide guidance on the social, ethical and environmental impact of the Group's activities and monitor compliance with StarHub's sustainability policies and practices; and
- Ensure the Group's compliance with all relevant laws and regulations.

The Board and individual Directors are obliged to act in good faith and consider the best interests of StarHub and all its shareholders at all times.

The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

### Board Committees

The Board has established the following Board committees (Board Committees) to facilitate the discharge of its functions:

- the Audit Committee (AC);
- the Strategy Committee (SC);
- the Nominating Committee (NC);
- the Executive Resource and Compensation Committee (ERCC); and
- the Risk Committee (RC).

The composition of the Board Committees and their specific responsibilities are set out in the later sections of this Report. The Terms of Reference of the respective Board Committees are available on the StarHub Investor Relations (IR) website.

Additional Board committees may be formed to undertake specific duties if necessitated by business requirements.

The Board delegates specific areas of responsibilities to each Board Committee. Each Board Committee is required to operate and make decisions on matters within its terms of reference and applicable limits of authority.

The Board reviews the decisions made by each Board Committee regularly. The respective Chairman of each Board Committee updates the Board at Board meetings, in relation to key matters raised and/or decisions made at the last-held meeting of the respective Board Committees. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC, the NC and the RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.

### Board Meetings

For FY2016, the Board held a total of five meetings. In keeping with past practice, a full-day Board Strategy offsite was held to conduct an in-depth review of the Group's strategy going forward and to consider the Group's budget for the upcoming financial year.

Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that require the Board's review and approval. StarHub's Constitution allows Board meetings to be held via audio and video conferencing to facilitate the Board's decision-making process.

Board meetings for the upcoming financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and attend the upcoming financial year's Board meetings according to the respective meeting schedules.

The number of Board and Board Committee meetings held in FY2016 and the attendance of the Directors at these meetings as well as the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2016 are tabulated below:

**Table 1**

	Board Meetings	Board Committee Meetings					AGM & EGM
		AC	SC	NC	ERCC	RC	
<b>No. of Meetings Held</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>1</b>
Steven Terrell Clontz	5	–	4	–	–	–	1
Tan Tong Hai	5	–	–	–	–	2	1
Ma Kah Woh	5	4	–	–	–	–	1
Peter Seah Lim Huat <sup>(1)</sup>	5	–	–	3	5	–	1
Nihal Vijaya Devadas Kaviratne CBE	5	4	4	–	–	–	1
Teo Ek Tor	5	–	–	3	5	2	1
Sio Tat Hiang <sup>(2)</sup>	4	–	–	2	4	2	1
Lim Ming Seong	5	4	4	–	5	–	1
Liu Chee Ming	4	–	3	–	–	–	1
Robert J. Sachs <sup>(3)</sup>	5	–	4	–	–	–	–
Rachel Eng Yaag Ngee	5	4	–	–	–	–	1
Nasser Marafih	3	–	–	–	–	–	1
Takeshi Kazami	4	–	–	–	–	–	1
Stephen Geoffrey Miller <sup>(4)</sup>	–	–	–	–	–	–	–

**Notes:**

- (1) After the end of FY2016, Mr Peter Seah Lim Huat stepped down from the Board and ceased to be the NC Chairman and the ERCC Chairman (as well as a NC member and an ERCC member) with effect from 1 January 2017.
- (2) After the end of FY2016, Mr Sio Tat Hiang stepped down from the Board and ceased to be a NC member, an ERCC member and a RC member with effect from 1 January 2017.
- (3) Mr Robert J. Sachs stepped down from the Board and ceased to be a SC member with effect from 30 December 2016.
- (4) After the end of FY2016, Mr Stephen Geoffrey Miller was appointed as a non-executive Director, a SC member and an ERCC member with effect from 1 January 2017. Mr Miller was also appointed as the RC Chairman with effect from 10 January 2017, succeeding Mr Teo Ek Tor.

## Corporate Governance continued

### Board Orientation and Continual Training & Development

StarHub has a comprehensive induction programme for all newly-appointed Directors that is specifically tailored for the Group's business and operations. Management conducts briefings for newly-appointed Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction programme also includes meetings with the CEO and Senior Management.

To ensure that all Directors have relevant information and up-to-date working knowledge of the Group's business and operations, each Director is issued with a tablet which enables him or her to access the StarHub Board Portal. The StarHub Board Portal is specifically designed to provide information in accordance with the principles and guidelines of the Code including:

- information on Directors' duties and how to discharge those duties;
- the contact details of the Board and Senior Management;
- the terms of reference of the respective Board Committees; and
- the insider trading policy and Directors' share trading policy of StarHub.

The Board encourages the Directors to continually develop and refresh their knowledge and skills, and keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. The Company Secretary facilitates the arrangement of internal briefings as well as external seminars and trainings for the Directors (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST). In addition, the Company Secretary and members of Senior Management also provide regular updates to keep the Directors abreast of relevant developments, including:

- updates on key legal, regulatory, industry and accounting changes which affect the Group, given during Board meetings or via email; and
- articles and reports (including industry news and analyst reports) relevant to the Group's business, regularly circulated to the Directors and uploaded onto the StarHub Board Portal for their reference.

In addition, the Directors are free to conduct independent or collective discussions with Management and subject matter experts on any area of interest or concern. Where needed, operational site visits are organised to enable the Directors to have a clear understanding of issues faced by the Group.

### BOARD COMPOSITION AND GUIDANCE

Currently, the Board comprises 11 Directors. During FY2016, Mr Robert J. Sachs stepped down from the Board as an independent Director on 30 December 2016, after having served on the Board for 11 years. After the end of FY2016, Mr Peter Seah Lim Huat and Mr Sio Tat Hiang stepped down from the Board as non-executive Directors on 1 January 2017, after having served on the Board for 14 years and 4 years respectively. The Board thanks Mr Sachs, Mr Seah and Mr Sio for their past service and invaluable contributions to the Group.

As part of StarHub's ongoing renewal of the Board, Mr Stephen Geoffrey Miller was appointed to the Board as a non-executive Director, the RC Chairman, a SC member and an ERCC member in January 2017. The following changes to the Board also took effect in January 2017:

- Mr Steven Terrell Clontz was appointed as a NC member;
- Mr Ma Kah Woh, an independent Director, was appointed as a RC member;
- Mr Peter Seah Lim Huat stepped down from the Board and ceased to be the NC Chairman and the ERCC Chairman (as well as a NC member

- and an ERCC member);
- Mr Teo Ek Tor, an independent Director, was appointed as the ERCC Chairman, succeeding Mr Peter Seah Lim Huat. Mr Teo also ceased to be the RC Chairman (and a RC member);
- Mr Sio Tat Hiang stepped down from the Board and ceased to be a NC member, an ERCC member and a RC member; and
- Ms Rachel Eng Yaag Ngee, an independent Director, was appointed as the NC Chairman, succeeding Mr Peter Seah Lim Huat.

Mr Tan Tong Hai, the Group CEO, remains the sole executive Director on the Board.

The independent Directors on the Board are Mr Ma Kah Woh, Mr Nihal Vijaya Devadas Kaviratne CBE, Ms Rachel Eng Yaag Ngee, Mr Teo Ek Tor and Mr Liu Chee Ming, representing more than one-third of the Board. The Chairman, Mr Steven Terrell Clontz, is not an independent Director within the meaning of the Code given his executive position at Singapore Technologies Telemedia Pte Ltd.

The individual profile of the Directors and all principal directorships and chairmanships in any listed companies held by the Directors currently and in the preceding three years, are found in the 'Board of Directors' and 'Directors' Particulars' sections of the Annual Report.

The NC rigorously reviews the independence of each non-executive Director annually, particularly those who have served more than nine years. As at 1 January 2017, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming, have served on the Board for more than nine years. The NC recommends, and the Board takes the view, that the key consideration in ascertaining the effectiveness of a Director's independence is his ability to exercise independence of mind and objectivity of judgement to act honestly and in the best interest of the Group. When assessing objectivity and

independent judgement, the NC and the Board consider, *inter alia*, the approach, character and attitude of each non-executive Director, including whether such Director:

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group; and
- has any material contractual relationship with the Group other than as a Director.

After careful rigorous review, the NC recommends, and the Board is of the firm view, that Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming have each demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent.

Any Director who has an interest or relationship which is likely to impact on his/her independence or conflict with a subject under discussion by the Board is required to immediately declare his/her interest or relationship to the Board, remove himself/herself from the information flow, and abstain from participating in any further discussion or voting on the subject matter.

Interested person transactions (IPTs) entered into by any of the entities in the Group are governed by the Shareholders' Mandate for Interested Person Transactions as approved by shareholders each year at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual. Review procedures have been established by StarHub to ensure that all IPTs are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of StarHub and its minority shareholders. Under

the review procedures, the IPT terms and pricing are to be (a) consistent with StarHub's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties; and (b) fair and reasonable. StarHub will also consider factors such as specification compliance, track record, experience and expertise, as well as preferential rates/discounts for bulk purchase. An authorised senior officer who does not have any conflict of interest in relation to the IPT will determine whether the price and terms are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured.

In FY2016, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's wholly-owned subsidiary companies as well as associated company, SHINE Systems Assets Pte. Ltd..

StarHub does not provide loans to Directors as a matter of corporate policy and therefore no loans have been provided by StarHub to the Directors in FY2016.

The Board, through the NC, annually examines its size and composition to ensure its overall effectiveness. Given the scope and nature of the Group's operations, the Board is of the view that its current size of 11 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirements of the Group's business.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity. They possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience, and customer-based experience and knowledge. The Board, as a group, constantly seeks to maintain an appropriate mix of expertise, experience (both local and

international), knowledge, gender, culture and nationality. It encourages robust and quality deliberations among the Directors, and mitigates 'group thinking' in decision-making. The Board enjoys the unique contribution that each Director brings to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions. The immense network of contacts across the industries which such diversity provides has proven invaluable to StarHub.

The Chairman and Directors support the CEO in stakeholder engagements, including with shareholders, business partners and regulators.

In furtherance of their duties, the Directors are given access to independent professional advice at StarHub's expense should they deem such advice necessary. At least once a year, non-executive Directors meet to discuss, *inter alia*, Management's performance without the presence of Management.

## CHAIRMAN AND CEO

In StarHub, there is a clear division in responsibilities between the leadership of the Board and Management. The Chairman and the CEO of StarHub are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No one individual holds considerable concentration of power within the Group.

The Chairman is Mr Steven Terrell Clontz, who is a non-executive Director and unrelated to the CEO. He:

- leads the Board to ensure its effectiveness on all aspects of its role;
- sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promotes a culture of openness and constructive debate at the Board;
- ensures that the Directors receive

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- complete, adequate and timely information. He works with the CEO in relation to the Board's requirements for information in order to contribute effectively to the Board decision-making process;
- encourages effective communication with shareholders;
  - encourages constructive relations within the Board and between the Board and Management. As the primary link between the Board and Management, he provides continuity between Board meetings and thereby oversees the effective implementation of the Board's decisions;
  - facilitates the effective contribution of non-executive Directors; and
  - promotes high standards of corporate governance.

The CEO is Mr Tan Tong Hai. He leads the Management and is responsible for the day-to-day running of the Group's business operations as well as the effective implementation of the Group's strategies and policies.

The Board does not have a lead independent Director. The NC and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that: (a) the Chairman and the CEO are separate persons; (b) the Chairman and the CEO are not family members; (c) the Chairman is not part of the Management team; and (d) the Directors are able to exercise objective and independent judgement.

### BOARD MEMBERSHIP

StarHub has instituted a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board. To this end, the Board has established the NC to lead and facilitate this process with written terms of reference that clearly set out its authority and duties.

Currently, the NC comprises the following non-executive Directors, who are independent of Management:

- Ms Rachel Eng Yaag Ngee, NC Chairman and independent Director (*appointed to the NC with effect from 1 January 2017*)
- Mr Steven Terrell Clontz, non-executive Chairman of the Board (*appointed to the NC with effect from 1 January 2017*)
- Mr Teo Ek Tor, independent Director

During FY2016, the NC held 3 meetings.

The Board notes that Mr Steven Terrell Clontz is not considered independent within the meaning of the Code in view of his executive role at Singapore Technologies Telemedia Pte Ltd. However, after due consideration, the Board and the NC are of the view that his appointment does not interfere with the exercise of his independent judgement on the Board or prevent him from acting objectively in the best interests of the Group in carrying out his duties. The Board and the NC further note that Mr Clontz is not involved in the day-to-day running of the Group's business and operations, and is independent of Management, with a clear separation of role between Management and the deliberations of the NC.

In proposing a Director as a candidate for appointment or re-election, the NC considers several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority of Singapore.

In accordance with StarHub's Constitution, all Directors who are

appointed by the Board during the financial year are required to retire and stand for election by shareholders at the first AGM of StarHub after their appointment. The Code requires all Directors to retire and stand for re-election by shareholders at least once in every three-year period.

The NC reviews and considers the independence of each Director on an annual basis. If the NC considers that a Director is independent notwithstanding the existence of specific relationships or circumstances mentioned in the Code, it provides its view to the Board for the Board's determination. The NC will consider factors such as the Director's independent business judgement, objectivity, integrity and conduct in acting honestly in the best interests of the Group. Conversely, the NC has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances mentioned in the Code, and will similarly provide its views to the Board for the Board's determination. The NC has considered and is of the view that all the independent Directors are sufficiently independent and are able to objectively exercise their judgement in the best interests of the Group.

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties for FY2016, and will continue to do so in the financial year ending 31 December 2017. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director with multiple board representations may hold, the NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each

Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub.

The Board does not have any alternate Directors. All Directors dedicate their personal time and attention to the affairs of StarHub.

### BOARD PERFORMANCE

StarHub believes that Board performance is ultimately reflected in the performance of the Group. The NC has the responsibility of assessing the effectiveness of the Board as a whole, and the contribution of the Board Committees and each Director to the effectiveness of the Board.

For FY2016, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon Hewitt) as independent external consultants to facilitate the annual review of the performance of the Board and the Board Committees. The review process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular:

- the adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, experience and knowledge of the Board;
- information management and Board processes, including level and timeliness of information provided to the Board;
- integrity and corporate social responsibility of the Board;
- managing StarHub's performance;
- the effectiveness of Board Committees;
- CEO performance and succession planning;
- Director's training and development; and
- risk management.

As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the

key areas and individual interviews with each Director were carried out.

The annual review process facilitates consideration by the Board of its membership, including renewal considerations. The results of the performance evaluation exercise are collected, analysed and presented to the NC, in consultation with the Chairman. The NC reviews and recommends to the Board the follow-up actions required to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of StarHub. Where appropriate, Management may also be involved in the review process, and will assist in implementing the necessary measures.

The awards and accolades that StarHub has received from the investment community are testament to sound corporate governance. In FY2016, StarHub was ranked eighth in the list of the world's most sustainable company according to the 2016 Corporate Knights' Global 100 index, and the significant awards received by StarHub include the Gold – Best Investor Relations Award (*Companies with at least S\$1 billion in market capitalisation*) as well as the Winner – Most Transparent Company Award (*Telecommunications and Utilities Category*) in the Singapore Corporate Awards 2016 and the Merit – Singapore Corporate Governance Award (*Big Cap Category*) in the SIAS 17<sup>th</sup> Investors' Choice Award.

### ACCESS TO INFORMATION

At least three (3) business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are password-protected to safeguard security. Throughout the financial year, the Board also receives monthly management and financial reports providing updates on key performance indicators and a financial analysis of

the Group, and regular analysts' reports and media articles on StarHub and the industry. Collectively, such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.

Independent of the information provided to the Directors as described above, Management is available at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors. Consequently, the Directors are able to gain a deeper understanding of StarHub's operations and information, allowing them to better strategise and guide StarHub in their role as Directors.

Furthermore, the StarHub Board Portal allows the Directors to securely access and read Board and Board Committee papers and materials electronically using tablet devices provided by StarHub at their convenience.

The Directors have separate and independent access to the Company Secretaries, who are trained in legal and company secretarial practices. The Company Secretaries attend all Board meetings and are responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, they facilitate good information flows within the Board and its Board Committees, between the Board and Management, and advise the Board on all legal and corporate governance matters. The Company Secretaries also facilitate the orientation of new Directors and assist in arranging professional development and training for the Directors as required. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

## Corporate Governance

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### 2. REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has instituted a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors. The Board has established the ERCC to ensure that this is duly implemented.

Currently, the ERCC comprises the following non-executive Directors, who are independent of Management, with the ERCC Chairman being an independent Director:

- Mr Teo Ek Tor, ERCC Chairman and independent Director (*appointed as the ERCC Chairman with effect from 1 January 2017*)
- Mr Stephen Geoffrey Miller, non-executive Director (*appointed to the ERCC with effect from 1 January 2017*)
- Mr Lim Ming Seong, non-executive Director

During FY2016, the ERCC held 5 meetings.

The Board notes that Mr Stephen Geoffrey Miller and Mr Lim Ming Seong are not considered independent within the meaning of the Code in view of Mr Miller's executive role and Mr Lim's directorship at Singapore Technologies Telemedia Pte Ltd. However, after due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by Mr Miller and Mr Lim on the Board or prevent them from acting objectively in the best interests of the Group in carrying out their duties. The Board and the NC further note that Mr Miller and Mr Lim are not involved in the day-to-day running of the Group's business and operations, and are independent of Management, with a clear separation of role between Management and the deliberations of the ERCC.

In overseeing StarHub's remuneration policies, the ERCC's key duties are to

review and recommend the following to the Board for endorsement:

- the general remuneration framework and specific remuneration packages for key management personnel (as defined in the Code); and
- the remuneration framework for each Director (including Director's fees, allowances and share-based awards).

When reviewing and recommending the remuneration framework and packages, the ERCC covers all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. The framework and packages are linked to:

- the performance of StarHub, the Group and the relevant individual;
- industry practices and compensation norms; and
- the need to attract key management personnel in order to ensure the continuing development of talent and the renewal of strong leadership for StarHub.

With regards to the CEO and key management personnel, the ERCC ensures that the remuneration paid to them is strongly linked to the achievement of business and individual performance targets. The performance targets are determined by the ERCC based on realistic yet stretched levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

In addition, the ERCC oversees the following:

- succession planning for the CEO, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year;
- assessing and approving performance share awards and restricted stock awards under StarHub's approved share plans,

and recommending the grant of share awards to Directors and key management personnel for the Board's approval;

- assessing and approving candidates for key appointments; and
- overseeing the development of Management and reviewing succession plans for key positions in the Group.

All decisions by the ERCC are made by a majority of votes of the ERCC members present and voting.

No ERCC member or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to such individual, or where there are conflicts of interests. The CEO is present at all ERCC discussions on the compensation and incentive policies for StarHub's key staff, such as share awards, bonus framework, salary and other incentive schemes, save for ERCC discussions which relate to the CEO's own compensation, terms and conditions of service or the review of his performance, of which he absents himself.

The ERCC has access to expert professional advice on remuneration of the Board and executives. The ERCC has appointed Carrots Consulting Pte Ltd (Carrots) and Aon Hewitt as its remuneration consultants for FY2016 and is satisfied that the independence and objectivity of Carrots and Aon Hewitt are not affected by any relationship between StarHub and each of Carrots and Aon Hewitt respectively.

The ERCC reviews StarHub's obligations arising in the event of termination of an executive Director's and/or any key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses. The ERCC aims to be fair and avoid rewarding poor performance. Prior to any such termination, the ERCC's approval is required.

During FY2016, the ERCC engaged

Carrots to conduct a Pay-for-Performance Alignment Study. The results showed that there was sufficient evidence indicating Pay-For-Performance Alignment for StarHub in both absolute and relative terms over the three-year period from the financial years 2013 to 2015. Additionally, the ERCC also took into consideration the challenges in the industry/market as well as the job complexity and found the CEO's total compensation to be aligned to the performance of StarHub. Carrots also conducted a Compensation Risk Assessment. The ERCC reviewed the various compensation risks that may arise and introduced mitigating policies to better manage the risk exposure that was identified. The ERCC has been undertaking periodic reviews of the compensation-related risks.

#### LEVEL AND MIX OF REMUNERATION DISCLOSURE ON REMUNERATION Non-Executive Directors' Remuneration

Non-executive Directors receive 70% of their Directors' remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub

Restricted Stock Plan. This remuneration structure encourages non-executive Directors to hold shares in StarHub so as to better align the interests of the non-executive Directors with the interests of shareholders and the long-term interests of StarHub.

#### Cash Component

Each non-executive Director receives a basic retainer fee, attendance fee and travel allowance (for overseas Directors). Non-executive Directors who perform additional services in Board Committees receive additional fees. The Board Chairman and the Chairman of each Board Committee also receive a higher fee compared with the members of the Board and the respective Board Committees, in view of their greater responsibilities.

#### Share Component

The restricted share awards consist of the outright grant of fully-paid shares, without any vesting conditions attached. However, in order to encourage the alignment of the interests of the non-executive Directors and shareholders, non-executive Directors who receive the restricted share awards are required

to hold a minimum number of shares in StarHub with a value equivalent to the prevailing annual basic retainer fee, or the aggregate of (a) the total number of shares awarded as part of their remuneration for the financial year ended 31 December 2011 and each subsequent financial year thereafter and (b) 50% of the total number of shares awarded from the financial year ended 31 December 2007 to 31 December 2010, whichever is lower. Non-executive Directors can only dispose of all their shares in StarHub one year after ceasing to be a Director. The number of shares to be awarded to a participating non-executive Director will be determined by reference to the volume weighted average price of a share on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the forthcoming AGM. The number of shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining shares arising.

The non-executive Directors' remuneration for FY2016 will be subject to shareholders' approval at the upcoming AGM.

**Table 2**

Annual Fees for the Board		
Board Chairman:		\$165,000
Non-Executive Director:		\$65,000
Additional Annual Fees for the Board Committees		
Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Strategy Committee	\$30,000	\$16,000
Nominating Committee	\$24,000	\$15,000
Executive Resource and Compensation Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000



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### Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2016:

Executive Director's Remuneration					
Name of Executive Director	Fixed <sup>(1)</sup> (\$)	Variable <sup>(2)</sup> (\$)	Benefits <sup>(3)</sup> (\$)	Share-based Compensation <sup>(4)</sup> (\$)	Total (\$)
Tan Tong Hai	995,615	871,767	79,862	835,635	2,782,879
Non-Executive Directors' Remuneration					
Name of Non-Executive Directors	Cash-based (\$)		Share-based (\$)		Total (\$)
Steven Terrell Clontz <sup>(a)</sup>	176,050.00		75,450.00		251,500.00
Ma Kah Woh	96,950.00		41,550.00		138,500.00
Peter Seah Lim Huat	110,250.00		47,250.00		157,500.00
Nihal Vijaya Devadas Kaviratne CBE	124,950.00		53,550.00		178,500.00
Teo Ek Tor	115,500.00		49,500.00		165,000.00
Sio Tat Hiang <sup>(a)</sup>	102,200.00		43,800.00		146,000.00
Lim Ming Seong	119,350.00		51,150.00		170,500.00
Liu Chee Ming	87,500.00		37,500.00		125,000.00
Rachel Eng Yaag Ngee	84,350.00		36,150.00		120,500.00
Nasser Marafih	75,950.00		32,550.00		108,500.00
Takeshi Kazami <sup>(a)(b)</sup>	58,100.00		–		58,100.00
Non-Executive Director who resigned during FY2016					
Robert J. Sachs <sup>(c)</sup>	75,779.90		32,477.10		108,257.00

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2016.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2016. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under the EVA scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well-trained workforce. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

(3) Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

(4) Shares awarded to the Executive Director, Mr Tan Tong Hai, under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a two-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 150% of the RSP conditional award and 0% to 182.5% of the PSP conditional award. Over the last two financial years 2014 and 2015, the average number of shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.

(a) Fees are payable to Director's employer company.

(b) Mr Takeshi Kazami had declined the share award and will only receive the cash component of his remuneration. Mr Kazami holds no shares in StarHub.

(c) Mr Robert J. Sachs stepped down from the Board and ceased to be a SC member with effect from 30 December 2016. For Mr Sachs' remuneration in respect of FY2016, he will receive \$75,779.90 in cash and \$32,477.10 in the form of share award granted pursuant to the RSP.

(d) Mr Stephen Geoffrey Miller was appointed as a non-executive Director, a SC member and an ERCC member with effect from 1 January 2017. Mr Miller was appointed as the RC Chairman with effect from 10 January 2017, succeeding Mr Teo Ek Tor.

Details of the share awards granted by StarHub to the non-executive Directors under the StarHub Restricted Stock Plan can be found in the Directors' Statement.

### CEO/Executive Director and Key Management Personnel Remuneration

The ERCC seeks to ensure that the level and mix of remuneration for the CEO and key management personnel are competitive and relevant, aligned with shareholders' interests and promote the long-term success of the Group.

Remuneration for the CEO<sup>1</sup> and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits:

#### A. Fixed Component:

The fixed component comprises the base salary, Annual Wage Supplement and fixed allowances.

#### B. Variable Cash Component:

The variable cash component includes the Annual Variable Bonus and Economic Value Added (EVA) Incentive Plan.

#### Annual Variable Bonus (AVB)

The AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the overall strategic, financial and operational goals of the Group, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Group, the Company and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Business;
- Customer;
- Process; and
- People.

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the Group's performance at the end of each financial year. The final AVB payout can range from 0 to 1.5 times of the target payout.

#### EVA Incentive Plan (EIP)

The EIP rewards employees for sustainable shareholder value creation over the medium-term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the Group's business. A portion of the annual performance-related bonus of the key management personnel is tied to the EVA achieved by the Group in the financial year.

Under the EIP, one-third of the accumulated EVA performance bonus, comprising the EVA performance bonus declared for the current financial year and the balance brought forward from preceding financial years, is paid out in cash each financial year. The remaining two-thirds are carried forward in the individual key management personnel's EVA bank account. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years. This mechanism encourages the CEO and key management personnel to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

Based on the ERCC's assessment that the actual performance of the Group in FY2016 had partially met the pre-determined targets, the resulting annual payout under EVA was adjusted accordingly to reflect the performance level achieved.

### C. Share-based Compensation: StarHub Performance Share Plan (PSP)

The PSP serves as a long-term incentive to motivate the key management personnel to strive for superior performance and to align their interests with that of shareholders.

Pursuant to the PSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for a three year performance period. The performance measures used in PSP grants during FY2016 are:

- Relative TSR against the MSCI Asia Pacific Telecommunications Index (including Japan); and
- Absolute Total Shareholder Return (TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added).

A minimum threshold performance is required for any performance shares to be released to the recipient at the end of the performance period. The actual number of performance shares released will depend on the achievement of set targets over the performance period. For the performance measure of Absolute TSR, the achievement factor ranges from 0 to 2.0 times of 65% of the conditional award. For the performance measure of Relative TSR, the achievement factor ranges from 0 to 1.5 times of 35% of the conditional award.

The final PSP award is conditional on the vesting of the shares under the Restricted Stock Plan (RSP) which have the same performance end period.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels for PSP awards granted based on the performance period for the financial years from 2014 to 2016.

(1) As an executive Director, the CEO is remunerated as a key management personnel of StarHub. He does not receive Directors' fees for his Board directorship with StarHub.

## Corporate Governance

continued

### StarHub Restricted Stock Plan (RSP)

The RSP is established with the objective of motivating managers and key talent to strive for sustained long-term growth and superior performance of the Group. It also aims to foster a share ownership culture among employees within the Group and to better align employees' incentives with shareholders' interests.

Pursuant to the RSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on targets set for a two-year performance period. The performance measures, set based on the Group corporate objectives, are:

- Return on Invested Capital (ROIC); and
- Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

A minimum threshold performance is required for any restricted shares to be released to the recipient at the end of the performance period. The actual number of shares released will depend on the achievement of set targets over the performance period, and will be determined by the ERCC at the end of the performance period, capped at 1.5 times of the conditional award. The shares will be released in equal tranches over two consecutive years.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance level for RSP awards granted based on the performance period for the financial years from 2015 to 2016.

#### D. Market-related Benefits:

The benefits provided are comparable with local market practices.

The details of the top five key management personnel remuneration are set out in Table 3 (in bands of \$250,000 and percentage terms for the services rendered by them to the Group for FY2016).

**Table 3**

	Fixed <sup>(1)</sup> (%)	Variable <sup>(2)</sup> (%)	Benefits <sup>(3)</sup> (%)	Share-based Compensation <sup>(4)</sup> (%)	Total (%)	Remuneration bands <sup>(5)</sup>
Dennis Chia	49	28	4	19	100	B <sup>(6)</sup>
Kevin Lim	51	20	5	24	100	B
Howie Lau	59	16	6	19	100	A <sup>(6)</sup>
Jeannie Ong	51	21	4	24	100	A
Mock Pak Lum	56	19	5	20	100	A
<b>Total</b>					<b>\$4,778,256</b>	

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2016.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2016. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under the EVA scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well-trained workforce. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

(3) Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

(4) Shares awarded under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a two-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 150% of the RSP conditional award and 0% to 182.5% of the PSP conditional award. Over the last two financial years 2014 and 2015, the average number of shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.

(5) Remuneration bands:  
"A" refers to remuneration between \$750,001 and \$1,000,000 per annum  
"B" refers to remuneration between \$1,000,001 and \$1,250,000 per annum

(6) Share-based compensation to Mr Dennis Chia and Mr Howie Lau excludes a one-off time-based restricted award of 130,000 shares and 110,000 shares respectively.

If an executive Director or any key management personnel of StarHub is involved in fraud or misconduct, which results in a re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such executive Director or key management personnel under all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether and to what extent, such recoupment of the incentive is appropriate, based on the specific facts and circumstances of the case.

During FY2016, no employee of the Group whose remuneration exceeded \$50,000 per annum was an immediate family member of any Director or the CEO.

### 3. STRATEGIC MATTERS

The SC supports, advises and provides direction to the Group on the formulation, review and execution of the Group's strategies. The mandate for the SC includes:

- identifying and assessing significant intermediate and long-term opportunities (in terms of new frontiers of organic and inorganic growth) and threats in the Group's business areas and operations (including technology, competition, regulatory and financial) and the industry; and
- providing constructive input and recommendations to the Board on any strategic matter reviewed by the SC which requires the Board's approval.

Currently, the SC comprises non-executive Directors and a co-opted

member who are independent of Management. The members are:

- Mr Nihal Vijaya Devadas Kaviratne CBE, SC Chairman and independent Director
- Mr Steven Terrell Clontz, non-executive Chairman of the Board
- Mr Stephen Geoffrey Miller, non-executive Director (*appointed to the SC with effect from 1 January 2017*)
- Mr Lim Ming Seong, non-executive Director
- Mr Liu Chee Ming, independent Director
- Mr Nikhil O. J. Eapen, co-opted SC member

During FY2016, the SC held 4 meetings.

#### 4. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

The Board provides a balanced and informed assessment of the Group's performance, position and prospects to shareholders in the Group's quarterly and full-year operating performance and financial results which are released via SGXNET, together with the associated press releases and presentation slides relating to the financial results.

For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the requirements of the SGX-ST Listing Manual. For FY2016, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements for the Group. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

Management updates the Board with monthly management and financial reports which explain StarHub's performance (in comparison with its forecasted performance and budget) and financial position on a timely basis. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time.

#### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board takes responsibility for the governance of risks and to this end, has established and maintains a sound system of risk management and internal controls to safeguard shareholders' interests and StarHub's assets.

The RC assists the Board in its discharge of this responsibility. Currently, the RC comprises the following Directors:

- Mr Stephen Geoffrey Miller, RC Chairman (*appointed as the RC Chairman with effect from 10 January 2017*)
- Mr Tan Tong Hai, CEO and executive Director
- Mr Ma Kah Woh, independent Director (*appointed to the RC with effect from 1 January 2017*)

**Note:**

- (1) Mr Teo Ek Tor ceased to be the RC Chairman (and a RC member) with effect from 10 January 2017.

During FY2016, the RC held 2 meetings.

The RC has the following mandate:

- to review and recommend to the Board the type and level of business risk that the Group undertakes in achieving its business strategy, and the appropriate risk management framework and policies for managing risks that are consistent with StarHub's risk appetite;
- to provide oversight in the design, implementation and monitoring of the risk management framework, and system of internal controls (including operational, compliance and information technology controls), and to ensure that Management puts in place action plans to mitigate the identified risks where possible;
- to review the adequacy and effectiveness of StarHub's risk management system and system of internal controls (including operational, compliance and information technology controls);
- to review policies and procedures for timely risk identification and

containment; and

- to set and instill in StarHub an appropriate risk-aware culture for effective risk governance.

In addition, the AC also has the mandate to monitor the system of internal controls (including financial controls, operational controls which impact financial controls, compliance with accounting and listing rules and regulations, as well as information technology controls relating to financial systems).

The Board, upon recommendation by the RC, approved a Risk Appetite Statement to provide guidance to Management on key risk parameters. StarHub is committed to upholding high standards of corporate governance and applying consistent and effective risk management to enhance shareholder value. The Group faces a variety of internal and external risks due to complex business operations and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity. StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.

The RC is assisted by the Management Risk Committee (MRC), comprising relevant members of Senior Management. The MRC oversees, co-ordinates and monitors the implementation of the enterprise-wide risk management policies and procedures across the Group, including the Group's insurance programme and the facilitation of self-assessment exercise required of significant business units on an annual basis. The MRC

## Corporate Governance

### continued

also proactively identifies existing and emerging significant risks, and manages them at the enterprise level within StarHub on an ongoing basis. The MRC reports to the RC on a regular basis.

The RC has authority to investigate any matter within its terms of reference, and has full access to and co-operation from Management. The RC will also have full discretion to invite any Director or executive officer to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly.

In terms of internal controls, independent audits are conducted by the external and internal auditors on the effectiveness of the Group's key internal control systems. The AC is responsible for reviewing the audit reports and assessing the effectiveness of the actions taken by Management in accordance with the recommendations made by the external and internal auditors, and taking into account Management's views.

For FY2016, the Board has received written assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the risk management and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to the CEO and the CFO, in order to enhance the current processes for supporting the Board's opinion on the adequacy and effectiveness of the risk management system and internal controls of the Group.

Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported

by audit findings of the external and internal auditors and the relevant assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that there is no system of internal controls and risk management that can provide absolute assurance in this regard or against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

#### AUDIT COMMITTEE

Currently, the AC comprises the following non-executive Directors, with a majority (including the AC Chairman) being independent Directors:

- Mr Ma Kah Woh, AC Chairman and independent Director
- Mr Nihal Vijaya Devadas Kaviratne CBE, independent Director
- Ms Rachel Eng Yaag Ngee, independent Director
- Mr Lim Ming Seong, non-executive Director

During FY2016, the AC held 4 meetings and met with the external auditors without Management at least once.

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. The AC's

key responsibilities include:

- reviewing and approving quarterly and year-end financial results announcements and financial statements, before recommending to the Board for approval;
- monitoring compliance with relevant statutory and listing requirements to ensure the integrity of the Group's financial statements, including the relevance and consistency of the accounting principles adopted;
- reviewing and reporting to the Board at least annually on the adequacy and effectiveness of StarHub's internal controls (including financial controls, operational controls which impact financial controls, compliance with accounting and listing rules and regulations, as well as information technology controls relating to financial systems);
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors (taking into account the nature, extent and cost of non-audit services provided by the external auditors during the financial year);
- reviewing interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate for Interested Person Transactions that is renewable annually;
- making recommendations to the Board on the proposals to the shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditor;
- commissioning and reviewing findings of internal investigations into suspected fraud, irregularity, failure of internal controls or violation of any law that is likely to have a material impact on the Group's results; and
- reviewing reports made under StarHub's Whistle Blowing Policy, and where appropriate, directing the investigation of such matters and the follow-up of any actions to be taken.

The significant areas of focus by the AC in relation to the financial statements for FY2016 are outlined below. These areas were discussed with the external auditors, KPMG LLP, during the review and approval by the AC of their audit plan. During the year, Management kept the AC updated on the status of these areas and at the conclusion of their audit, the AC reviewed and discussed with the external auditors the results of their work and conclusions on these areas. These areas have been addressed by the external auditors in their Independent Auditors' Report on pages 140 to 146 of the Annual Report.

Significant Areas	How the AC reviewed these areas and what decisions were made
<b>Revenue recognition</b>	<p>The external auditors shared their approach to the audit of revenue in their audit plan, which identified the primary risk attaching to the revenue recognition to be the complexities in the telecommunication systems and their related reporting systems from which information is generated for revenue recognition. The external auditors reported on the results of their audit work in this area to the AC and elaborated on this matter as a key audit matter (KAM).</p> <p>The AC discussed the issues with Management and the external auditors in relation to the recognition of revenue. The AC was satisfied with the appropriateness of the revenue recognised in the financial statements for FY2016 and agreed with the external auditors that the differences identified were not significant to the income statement for FY2016.</p>
<b>Accruals</b>	<p>The basis of accruals required considerable judgement by Management due to the complexities of the underlying business transactions and the time taken to agree on the final amounts for certain costs. The external auditors have raised this as a KAM.</p> <p>The AC queried Management and the external auditors on the judgements and estimates involved in the accruals, and was satisfied that the amounts have been recorded appropriately as of 31 December 2016.</p>
<b>Impairment assessment of goodwill</b>	<p>This has been an area of focus by both Management and the external auditors, given the materiality of the goodwill (\$220.3 million as of 31 December 2016) and the subjectivity involved in impairment testing. The Group performs an annual impairment assessment on goodwill, which requires determination of the recoverable amount of cash generating unit (CGU) based on value-in-use. This requires Management to make significant judgements and estimates with regards to the computation of future cash flows, use of discount rates and other assumptions.</p> <p>The AC reviewed the assessments from Management and the external auditors, and queried the appropriateness of the assumptions made, including the consistent application of Management's methodology, the achievability of the business plans, assumptions in relation to terminal growth in the businesses and the discount rates used. The AC also reviewed the stress testing of Management's value-in-use calculation to ensure there is sufficient headroom over the carrying value of the CGU. The AC was satisfied with the appropriateness of the analyses performed by Management and had concurred that as of 31 December 2016, no impairment of the goodwill allocated to the CGU was required.</p>
<b>Valuation of trade receivables</b>	<p>The Group's trade receivables include balances due from both corporate and retail customers. Management evaluates and provides allowances for the trade receivables on specific individual balances and on the receivables portfolio collectively. The determination of allowance for doubtful debts for trade receivables involves estimates about the timing and collectability of past due debts, and the external auditors have raised this as a KAM.</p> <p>The AC reviewed information provided by Management and the external auditors in relation to the basis used as well as the specific doubtful debts to determine the level of allowance for doubtful debts, and was satisfied that as of 31 December 2016, the level of allowance for doubtful debts for the Group was adequate.</p>

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation from Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly.

The AC has performed a review of the independence and objectivity of the external auditors, as well as the volume and type of non-audit services provided by the external auditors during FY2016. The aggregate amount of external auditors' fees paid for FY2016 and the breakdown for the audit and non-audit services are set out in Note 21.3 to the Financial Statements of the Annual Report.

Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence. Accordingly, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as the Group's external auditors at the upcoming AGM. To further maintain the independence of KPMG LLP, the AC ensures that the audit partner in-charge of the Group is rotated every five years. Further, the Board ensures that a former audit partner will not be appointed as an AC member of StarHub within 12 months upon his or her cessation as a KPMG LLP partner and for so long as he or she has any financial interest in KPMG LLP. None of the Directors or Senior Management is or has in the past two years been a former employee or partner of the Group's external auditors.

## INTERNAL AUDIT

The internal audit function of the Group for FY2016 was carried out by RSM Risk Advisory Pte. Ltd., an independent firm. The internal auditor is guided by the Standards for the Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

## Corporate Governance continued

The internal auditor reports to the AC functionally, and to the CEO and the CFO administratively. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC.

The internal auditor adopts a risk-based auditing approach in developing the annual internal audit plan, which focuses on material internal controls, including financial, operational, compliance and information technology controls, across the Group's business. The internal audit plan is submitted to the AC for its review and approval at the start of each financial year. Periodic internal audit reports are submitted to the AC detailing the internal auditor's progress in executing the internal audit plan and any major findings and corrective actions taken by Management.

The AC conducts a review of the adequacy and effectiveness of the internal audit function annually, to ensure that StarHub maintains an effective internal audit function that is adequately staffed and independent of the audited activities.

During FY2016, the AC met with the internal auditor once without the presence of Management.

### 5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

StarHub respects shareholders' rights and promotes the fair and equitable treatment of all shareholders. StarHub keeps all of its shareholders sufficiently informed of its corporate affairs and activities, including any changes to StarHub or its business which may materially affect the price or value of StarHub shares, on a timely basis.

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET, which are also posted on the StarHub IR website. StarHub recognises that the release of timely and relevant

information is central to good corporate governance and assists shareholders to make informed investment decisions.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. Shareholders are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. In view of the Companies (Amendment) Act 2014, shareholders who are nominee companies, custodian banks or CPF agent banks (Relevant Intermediaries) may appoint more than two proxies to attend, speak and vote at the upcoming AGM and at subsequent general meetings.

### 6. COMMUNICATION WITH SHAREHOLDERS

StarHub protects and facilitates the exercise of shareholders' rights. StarHub reaches out to its shareholders through regular, effective and non-discriminatory communication with shareholders.

StarHub provides regular and timely information to the investment community regarding the Group's performance, progress and prospects as well as major industry and corporate developments and other relevant information. StarHub solicits and considers the views of shareholders via: (a) periodic analyst and media briefings throughout the year, (b) regular meetings between the CEO, the StarHub IR team and institutional investors through international road shows and conferences organised by major brokerage firms and (c) third-party perception studies on StarHub.

Apart from SGXNET announcements and the annual report, the StarHub IR website at [www.starhub.com/ir](http://www.starhub.com/ir), which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also

elect to be notified of any new updates via an e-mail alert service. However, new material price-sensitive information such as financial results are released via SGXNET before being posted on the StarHub IR website or before any media or analyst conferences are conducted. This ensures fair and non-selective disclosure of information to all shareholders.

Shareholders may direct their queries and concerns to the StarHub IR team at the contact particulars given at the StarHub IR website. The StarHub IR team is also prompt in keeping Management fully apprised of shareholder views and sentiments.

StarHub declares dividends on a quarterly basis, and informs its shareholders of the dividend payments in the respective quarterly and full year financial results announcements via SGXNET.

### 7. CONDUCT OF SHAREHOLDER MEETINGS

At general meetings, StarHub encourages shareholder participation through active discussion at the question and answer session.

Notices of the AGM and the annual reports are issued to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled AGM. This provides ample time for shareholders to review the notice of AGM and annual reports before the AGM and appoint their proxies to attend the AGM if they wish. As part of StarHub's commitment towards more environmentally-friendly and sustainable practices, electronic copies of annual reports (in the form of a CD-ROM) are issued by default, with hardcopies of annual reports available to shareholders on request.

All Directors (in particular the Chairman of the Board and the respective Chairmen of the Board Committees) and Senior Management attend all general meetings to address shareholders' queries.

The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Registered shareholders are invited to attend and participate actively in such general meetings, including seeking clarification and/or querying the Group's strategic direction, business, operations, performance and proposed resolutions.

StarHub ensures that there will be separate resolutions at general meetings on each substantially separate issue. Voting is carried out systematically and all resolutions passed are properly recorded. To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting.

Minutes of general meetings are made available on the StarHub IR website.

## 8. CONTINUAL COMMITMENT TO ENHANCE CORPORATE GOVERNANCE

Going beyond the requirements of the Code, the SGX-ST Listing Manual, the Companies Act and the Securities and Futures Act, StarHub has continued to implement additional measures to enhance the corporate governance of the Group for FY2016:

### SECURITIES DEALINGS

StarHub has adopted an enhanced insider trading policy, with respect to dealings in the securities of StarHub by the Directors and employees of the Group, which exceeds the requirements of the SGX-ST Listing Manual, pursuant to which:

- All Directors and employees of the Group are prohibited from dealing in StarHub's securities during the period:
  - (a) commencing two weeks prior to the announcement of the Group's results for each of the

first three quarters of its financial year and ending on the date of announcement of the relevant results; and

- (b) commencing one month prior to the announcement of the Group's full year results and ending on the date of announcement of the relevant results.
- All Management and employees directly involved in the preparation of the Group's quarterly and full year results are prohibited from dealing in StarHub's securities during the period commencing one month prior to the announcement of each of the Group's quarterly and full year results and ending on the date of announcement of the relevant results.

All Directors, Management and employees are notified by email prior to the start of each trading blackout period and the restrictions are only lifted after the announcement of the respective financial results. The policy also discourages trading on short-term considerations and reminds Directors, Management and employees of their obligations under insider trading laws.

In addition, StarHub has also adopted a share trading policy which requires Directors and Senior Management to give prior notice of their intended dealing in StarHub's securities to the Chairman, the CEO and the Head of Investor Relations, through the Company Secretary, in order to facilitate compliance by the Directors and Senior Management.

StarHub has also adopted a policy against acquiring any of its shares pursuant to its Share Purchase Mandate where a price-sensitive development has occurred or been the subject of a decision, until the development has been publicly announced.

While the SGX-ST Listing Manual permits the Board to seek a general mandate from StarHub's shareholders to allot and issue up to 20% of StarHub's total issued

share capital, the Board has decided to limit the mandate to 15% only. In addition, for the specific mandate from StarHub's shareholders to allot and issue Shares under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, the Board has decided to limit the aggregate number of Shares available for grant under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan to 8% of StarHub's total issued share capital (instead of the permitted 15% under the SGX-ST Listing Manual), taking into account any outstanding unexercised options and unvested share awards.

### WHISTLE BLOWING POLICY

StarHub takes a zero tolerance stance towards fraud and ethical violations. As such, the Group has instituted a robust procedure for the purpose of providing third parties and employees with accessible channels for reporting suspected fraud, corruption, financial impropriety, unethical conduct and other criminal or dishonest practices. Such channels include the employees' immediate supervisors, the relevant Heads of Department or the Head of Human Resource (as may be appropriate), as well as the AC.

The Investigation Committee (comprising representatives from the Senior Management) will investigate the suspected wrongdoing and implement any necessary rectification and prevention measures. Any personnel with a conflict of interest (whether actual or potential) will be barred from being appointed to the Investigation Committee. All cases of wrongdoing will also be reported to and reviewed by the AC.

In cases of suspected wrongdoing involving the CEO or the CFO, the Investigation Committee will be chaired by the AC Chairman (or his nominee). Upon completing the investigations for each case of suspected wrongdoing, the Investigation Committee may at its discretion decide whether to circulate the findings of the investigations to all employees, taking into account the interests of the Group.



## Corporate Governance

### continued

The Group's whistle-blowing policy aims to encourage the reporting of such matters in good faith, by lending confidence that whistle-blowers will be treated fairly and accorded with due protection against any reprisals. StarHub will take disciplinary action against any party who victimises whistle-blowers. Further, StarHub does not disregard anonymous complaints but will give due regard to such complaints. The Group's whistle-blowing policy is available on StarHub's intranet and corporate website for easy access by all employees and members of the public.

### EMPLOYEE CODE OF CONDUCT AND RULES ON BUSINESS CONDUCT

To guide employees in carrying out their duties and responsibilities with high standards of personal and corporate integrity when dealing with StarHub, its competitors, customers, suppliers and the community, StarHub has put in place the following:

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy; and
- Supplier and Vendor Policy.

StarHub's Employee Code of Conduct and Ethics as well as the Corporate Gift and Hospitality Policy cover business conduct (including employees' compliance with anti-corruption and anti-bribery laws), conduct in the workplace, protection of StarHub's assets, proprietary and confidential information and intellectual property, conflict of interest, non-solicitation of customers and employees, and workplace health and safety. In parallel, the Supplier and Vendor Policy covers internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance.

The Employee Code of Conduct and Ethics as well as the Corporate Gift and Hospitality Policy are available on StarHub's intranet, while the Supplier and Vendor Policy are available on StarHub's intranet and corporate website

for easy access by all employees and members of the public.

### COMPLIANCE LEAVE POLICY

StarHub has a Compliance Leave Policy which applies to employees who hold Senior Manager positions and above, finance advocates and employees with sensitive job functions such as handling monies, inventories, payroll processing and approvals, risk management and purchasing of goods and services. Under the Compliance Leave Policy, such employees are required to go on mandatory block leave for a period of at least five consecutive working days each calendar year. This arrangement allows covering officers to fully step into the duties of the employee on leave, as an additional check and balance against any breaches. This is an additional risk mitigation measure voluntarily put in place to enhance corporate governance.

### DOCUMENT CLASSIFICATION POLICY

StarHub has a document classification policy to guide employees in their handling of information and documents relating to the Group's business, activities and operations. Such information and documents are required to be classified as "Confidential", "For Internal Use" or "For Public Distribution", which helps to safeguard the information and documents, ensures that only appropriate persons have access to that information and that access is on a need-to-know basis only.

### STRATEGIC BUSINESS CONTINUITY MANAGEMENT (BCM)

StarHub was the first Info-Communications company in Singapore to be successfully certified to Singapore Standards SS540:2008 for Business Continuity Management (BCM) in May 2011. In May 2014, StarHub successfully converted to ISO 22301:2013, which is the ISO standard for BCM. StarHub's BCM program focuses on Info-Communications Network, Infrastructure and Support Services for Mobile, Television, Broadband and Fixed. The BCM

program is also supplemented by the Pandemic Plan, Haze Response Plan and Crisis Communication Plans to ensure StarHub is able to address different crisis situations.

### SECURITY MEASURES FOR DATA PROTECTION

In addition to the Laptop Encryption Solution, StarHub has implemented Mobile Device Management (MDM) to ensure that commercially sensitive and confidential corporate emails and information accessed by employees using their corporate-issued mobile devices are protected. In the event that an employee's corporate-issued mobile device is lost or stolen, MDM will remove corporate data stored on the corporate-issued mobile device by performing a remote factory reset. Both the Laptop Encryption Solution and the MDM enhance the security of StarHub's commercially sensitive and confidential corporate data accessed through or stored on such mobile devices and laptops by employees. StarHub continually evaluates new technologies which may further enhance the security of its confidential and sensitive information on an on-going basis. StarHub has put in place a comprehensive Personal Data Protection compliance program to ensure compliance with applicable law.

## DISCLOSURE GUIDE – CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency. Board approval is required for all transactions which exceed the relevant authorisation and approval limits.
<b>Members of the Board</b>		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board recognises the importance and value of diversity. It constantly seeks to maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and nationality in its composition. With Board diversity, each Director is able to bring in his or her unique contribution to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board consists of Directors who possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience and customer-based experience and knowledge. The individual profile of the Directors can be found in the 'Board of Directors' section of the Annual Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	In proposing a Director as a candidate for appointment or re-appointment, the Nominating Committee (NC) takes into account several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC leads the process for the selection and appointment of new Directors and re-appointment of incumbent Directors, with written terms of reference that clearly set out its authority and duties. It takes into account several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority (IMDA).

**Corporate Governance**  
continued  
**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, new Directors are given formal training.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	<p>(i) StarHub has a comprehensive induction programme for all newly-appointed Directors that is specifically tailored for the Group's business and operations. Management conducts briefings for newly-appointed Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction program includes meetings with the CEO and Senior Management.</p> <p>(ii) Existing Directors are provided with regular updates on key legal, regulatory, industry and accounting changes which affect the Group. The updates may be given by way of (a) briefings at Board meetings or via email and (b) articles and reports (including industry news and analyst reports) relevant to the Group's business, which are regularly circulated to the Directors and uploaded onto the StarHub Board Portal for their reference. Directors are also encouraged to attend external seminars and trainings (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST).</p>
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	StarHub has not prescribed a maximum number of listed company board representations that a Director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	The NC is responsible for determining whether each Director is able to adequately devote sufficient time to discharge their responsibilities to the Company. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub. The table of attendance can be found in the Corporate Governance Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	The specific considerations are as set out in (b) above.
<b>Board Evaluation</b>		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>For FY2016, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to facilitate the annual review of the performance of the Board and the Board Committees. The review process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular (i) the adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, experience and knowledge of the Board, (ii) information management and Board processes, including level and timeliness of information provided to the Board, (iii) integrity and corporate social responsibility of the Board, (iv) managing the Company's performance, (v) the effectiveness of Board Committees, (vi) CEO performance and succession planning, (vii) Director's training and development and (viii) risk management. As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas and individual interviews with each Director were carried out.</p> <p>Feedback and comments received from the Directors are reviewed by the NC in consultation with the Board Chairman, and tabled to the Board for discussion.</p>
	(b) Has the Board met its performance objectives?	Based on the NC's review, the Board and the various Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.

Guideline	Questions	How has the Company complied?
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current StarHub Board comprises 11 Directors of whom five are independent, representing more than one-third of the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	There is no Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	As at 1 January 2017, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming have served on the Board for more than nine years. After careful rigorous review, the NC recommends, and the Board is of the firm view, that Mr Kaviratne, Mr Teo and Mr Liu have each demonstrated the essential independence of mind and objectivity of judgement to act in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent. When assessing objectivity and independent judgement, the NC and the Board consider, <i>inter alia</i> , the approach, character and attitude of each non-executive Director, including whether such Director (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group and (ii) has any material contractual relationship with the Group other than as a Director. Two additional independent Directors, Mr Ma Kah Woh and Ms Rachel Eng Yaag Ngee, were appointed in 2015.
<b>Disclosure of Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each Director's and the CEO's remuneration are fully disclosed.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each key management personnel's remuneration are fully disclosed.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	StarHub has disclosed the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) in the Corporate Governance Report. The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is S\$4,778,256.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.

**Corporate Governance**  
continued  
**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The ERCC seeks to ensure that the level and mix of remuneration for the CEO (Executive Director) and key management personnel are competitive and relevant, aligned with shareholders' interests, promote the long-term success of the Group and strongly linked to the achievement of business and individual performance targets. Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits. The performance targets are determined by the ERCC and are set at realistic yet stretched levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the performance conditions used to determine the CEO's and key management personnel's entitlement under the short-term and long-term incentive schemes as set out in the Corporate Governance Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Based on the performance level attained, the performance conditions were met.
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Throughout the financial year, the Board receives monthly management and financial reports providing updates on key performance indicators and a financial analysis of the Group, and regular analysts' reports and media articles on StarHub and the industry. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time. Such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.</p> <p>At least three (3) business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed. The Board also receives updates from the respective Chairman of each Board Committee at Board meetings, in relation to key matters raised and/or decisions made at the last-held meeting of the relevant Board Committee. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC, the NC and the RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.</p> <p>The Board has access to Management at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, the Company has an internal audit function

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board's view on the adequacy and effectiveness of the internal controls and risk management systems (including financial, operational, compliance and information technology controls) established and maintained by the Group is made in concurrence with the Audit Committee (AC) and the Risk Committee (RC) based on the reviews performed by Management as supported by audit findings of external and internal auditors and the relevant assurance from the CEO and the CFO.</p> <p>In assessing the adequacy and effectiveness of the internal controls, the Board ensures that material assets are properly safeguarded, integrity and availability of critical information and systems (including accounting records) are maintained, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes. For FY2016, the Board has received written assurance from the CEO and the CFO that (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and (ii) the risk management and internal control systems of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to the CEO and the CFO, in order to enhance the current processes for supporting the Board's opinion on the adequacy and effectiveness of the internal controls and the risk management systems of the Group.</p> <p>Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.</p>
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The aggregate amount of external auditors' fees for FY2016 and the breakdown for the audit and non-audit services are set out in Note 21.3 to the Financial Statements of the Annual Report.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Non-audit fees amount to less than 50% of the total fees paid/payable to the external auditor of StarHub. The AC has also reviewed the volume and type of non-audit services provided by the external auditors. Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence.

**Corporate Governance**  
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**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
<b>Communication with Shareholders</b>		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	StarHub, through its Investor Relations (IR) team, communicates regularly with shareholders and the investment community through regular, effective and non-discriminatory communication including regular dialogues and timely disclosures of material and other pertinent information via SGXNET announcements.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, StarHub has a dedicated IR team.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	<p>Apart from SGXNET announcements and the annual report, the StarHub IR website at <a href="http://www.starhub.com/ir">www.starhub.com/ir</a>, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also elect to be notified of any new updates via an e-mail alert service.</p> <p>The CEO and the StarHub IR team also have regular meetings with institutional investors through international road shows and conferences organised by major brokerage firms.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. StarHub has been paying dividends on a quarterly basis for FY2016.

## Directors' Particulars

<b>Principal Directorships/Chairmanships in other listed companies &amp; other major appointments, both present and held over the preceding 3 years</b>			
Director	Age in Year 2017	Present Principal Directorships/ Chairmanships & Appointments	Past Principal Directorships/ Chairmanships & Appointments (from 1 Jan 2014 to 30 Dec 2016)
<b>Steven Terrell Clontz</b>	67	Level 3 Communications, Inc. Virgin Mobile Latin America, Inc. PSA International Pte Ltd STT GDC Pte. Ltd. Cloud9 Technologies	InterDigital, Inc. Jasper Technologies, Inc (formerly known as Jasper Wireless, Inc.)
<b>Tan Tong Hai</b>	54	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd Nanyang Polytechnic Workforce Singapore	–
<b>Ma Kah Woh</b>	70	Mapletree Investments Pte Ltd Mapletree Greater China Commercial Trust Management Ltd National Heritage Board PACC Offshore Services Holdings Ltd	CapitaLand China Development Fund II Ltd Mapletree Logistics Trust Management Limited National University of Singapore
<b>Nihal Vijaya Devadas Kaviratne CBE</b>	73	DBS Bank Ltd Olam International Limited Caraway Pte. Ltd. GlaxoSmithKline Pharmaceuticals Limited Akzo Nobel India Limited	PT TVS Motor Company Indonesia TVS Motor (Singapore) Pte. Ltd. SATS Ltd.
<b>Rachel Eng Yaag Ngee</b>	49	Olam International Limited SPH REIT Management Pte Ltd Certis CISCO Security Pte. Ltd. Board Member – Public Utilities Board Board Member – Singapore Institute of Technology	Governor – Raffles Girls' School (Secondary) Member of CMFAS Examination Board – The Institute of Banking & Finance Board Member – APREA (Asia Pacific Real Estate Association) Singapore Chapter
<b>Teo Ek Tor</b>	64	PrimeFounders Pte Ltd PrimePartners Group Pte Ltd PrimePartners Corporate Finance Pte Ltd Aris PrimePartners Asset Management Pte Ltd WhiteRock Medical Company Pte Ltd	–
<b>Stephen Geoffrey Miller</b>	54	STT GDC Pte. Ltd. Asia Mobile Holdings Pte. Ltd. Singapore Technologies Telemidia Pte Ltd Telechoice International Limited U Mobile Sdn. Bhd. Advanced Info Service Public Company Limited	–



## Directors' Particulars

continued

<b>Principal Directorships/Chairmanships in other listed companies &amp; other major appointments, both present and held over the preceding 3 years</b>			
<b>Director</b>	<b>Age in Year 2017</b>	<b>Present Principal Directorships/Chairmanships &amp; Appointments</b>	<b>Past Principal Directorships/Chairmanships &amp; Appointments (from 1 Jan 2014 to 30 Dec 2016)</b>
<b>Lim Ming Seong</b>	70	CSE Global Limited First Resources Ltd	–
<b>Liu Chee Ming</b>	66	Platinum Holdings Company Limited Haitong Securities Co., Ltd.	–
<b>Nasser Marafih</b>	56	Ooredoo Q.S.C.	–
<b>Takeshi Kazami</b>	54	President & CEO, NTT Singapore Pte Ltd. President & CEO, NTT Worldwide Network Singapore Pte Ltd. Emerio Globesoft Pte. Ltd. NTT MSC Bhd. PT NTT Indonesia	–

# Awards and Industry Honours

## Advertising/Branding/Marketing

### Hall of Fame Awards 2016

- Brand of the Year, for the third consecutive year: StarHub
- **GOLD:** Digital Design Campaign of the Year (StarHub.com)
- **SILVER:** For Good Award (StarHub Majulah Moms music video)
- **SILVER:** Content Marketing Idea of the Year (StarHub Majulah Moms music video)

### Holmes Report's Innovator 25 Asia-Pacific 2016

- One of the 25 innovators in the inaugural Asia-Pacific listing (Rod Strother)

### HWM + HardwareZone.com Tech Awards 2016

- Best Pay TV Service (Singapore)
- Sixth win in a row

### Singapore Media Awards 2016

- Media Sales Person of the Year (Isaac Elias M Arif Bin Saini)

## Corporate

### Alpha Southeast Asia's 10<sup>th</sup> Annual Best Financial Institution Awards

- Recognised in three categories
  - Most Organised Investor Relations,
  - Strongest Adherence to Corporate Governance
  - Most Improved Investor Relations

### Asia Sustainability Reporting Awards 2016

- **WINNER:** Asia's Best Sustainability Report within Annual Report

### Built Environment Industry (BEI) Asia Awards 2015/16

- Asia Responsible Corporate Award
  - People Centric Award

### 2016 Corporate Knights' Global 100

- Ranked 8<sup>th</sup> in the list of the world's most sustainable company
- Improved from its ranking of 24<sup>th</sup> in 2015
- Most sustainable Singaporean company; remains the only local telco to be awarded

### Nikkei Asian Review's Asia 300

- StarHub topped the list for fiscal 2015

### SIAS Investors' Choice Awards

- **WINNER:** Most Transparent Company Award (Telecommunications & Utilities category); third win in a row
- **MERIT:** Singapore Corporate Governance Award (Big Cap category)

### Singapore Corporate Awards 2016

- **GOLD:** Best Investor Relations Award (for companies with \$1B and above in market capitalisation)
- Third consecutive win

### SPRING Singapore's People Developer Standard

- Certified People Developer

## Technology

### NetworkWorld Asia Information Management Awards 2016

- **WINNER:** Data Centre Infrastructure Management

### NetworkWorld Asia Readers' Choice Product Excellence 2016

- **WINNER:** IP Services Infrastructure, for the second consecutive year

### OpenSignal 'The State of LTE' February 2016 Report

- Attained "Fastest Networks with LTE" title for the second consecutive quarter

## Investor Relations

We continue to maintain a very active IR programme. In 2016, we met more than 280 investors in over 210 meetings. They range from large multi-company meetings, multi-day conferences where we reach out to international investors, to intimate one-on-one sessions here to help them better understand StarHub's business.

For regular updates and reinforcement of the investment thesis on StarHub, we have our quarterly earnings announcements and conference calls. Fronted by the CEO, Tan Tong Hai and the senior management team, we take questions from analysts, fund managers and journalists. We have responded to questions ranging from the broader industry trends to topical issues of the day.

To make it easier for investors and other interested parties to catch up or recap the conference calls, we continue to put our recordings and transcripts online, on top of the usual presentation decks and financial statements found on our IR website.

When there are new developments in this rapidly-changing industry, we stand ready to address queries our investors might have. The changes might include new policies, new competing products or other developments of the industry. We also try and proactively anticipate what their concerns might be and offer our views to address investors' concerns as quickly as possible.

Regardless of how we engage with investors, we have a common goal: uphold the best corporate governance standards possible and communicate what we are doing to them effectively.

We are glad our IR programme has gained continued recognition. For the third consecutive year at the Singapore Corporate Awards, we were given the 'Best IR Award (Gold)', for companies with market value above \$1 billion. At the SIAS Investors' Choice Awards, we won the 'Most Transparent Company Award' (Telecommunications & Utilities category) for the third time as well.

**Cumulative TSR  
since FY2005**

**+394%**

We were also appreciated in three categories at the Alpha Southeast Asia's 10<sup>th</sup> Annual Best Financial Institution Awards. They were; 'Most Organised Investor Relations', 'Strongest Adherence to Corporate Governance' & 'Most Improved Investor Relations'.

We thank you – our shareholders – for the recognitions and we strive to do better.



**Why Invest in StarHub**

<p><b>1</b></p> <p><b>PROVEN MANAGEMENT TEAM</b></p> <p>Experienced, performance-oriented management team with solid industry expertise, technical depth and company tenures</p>	<p><b>2</b></p> <p><b>WIDELY RECOGNISED BRAND</b></p> <p>Well-known in the info-communications and media industry to be innovative, providing good values to customers, household and enterprise – a brand that cares for the community and a company with a heart</p>	<p><b>3</b></p> <p><b>ASTUTE STRATEGY</b></p> <p>A management team willing and able to refresh our ideas and refine our strategies to stay ahead of the game</p>	<p><b>4</b></p> <p><b>FINANCIALLY SOUND</b></p> <p>Positive cash flow generation, financial flexibility and consistently providing a quarterly dividend payout</p>	<p><b>5</b></p> <p><b>CUSTOMER SERVICE EXCELLENCE</b></p> <p>Customers are at the heart of everything we do. We believe we have a comprehensive network of service and communication channels to deliver this promise</p>
<p><b>6</b></p> <p><b>SINGAPORE'S FIRST FULLY INTEGRATED INFO-COMMUNICATIONS COMPANY</b></p> <p>Fully-integrated info-communications and entertainment service provider based in Singapore, providing at least one service to over 60% of local households</p>	<p><b>7</b></p> <p><b>REGIONAL CONNECTIVITY</b></p> <p>Strategic investments in submarine cable systems like AAG, ASE and APG ensure low network latency, resilience and diversity, and support future growth needs</p>	<p><b>8</b></p> <p><b>STRATEGIC PARTNERSHIPS</b></p> <p>Developing and fostering strategic relationships to run an efficient business model, provide complete end-to-end service offerings and continue to lead innovation in all areas</p>	<p><b>9</b></p> <p><b>BUSINESS SUSTAINABILITY</b></p> <p>Constantly measuring and assessing the impact of the landscape and stakeholders on the Company and vice versa, working towards long-term profitability</p>	

Governance



**For the third consecutive year at the Singapore Corporate Awards, we were given the 'Best IR Award (Gold)', for companies with market value above \$1 billion.**



# Risk Management

StarHub recognises that risks are inherent in all businesses. A sound system of risk management and internal controls does not eliminate risk, but rather mitigates and manages risk-taking such that StarHub is able to make business decisions which commensurate with its risk tolerance.

StarHub is committed to establishing a structured and disciplined approach towards managing risk. Thus, we have integrated a systematic and effective risk management process into our core business processes and decision-making activities.

Through our risk management programme, we aim to have a current, correct and comprehensive understanding of our significant risks, which will be managed within risk tolerances reflecting our values, objectives and resources.

## StarHub's Risk Management Approach:

### 1

**CREATE VALUE** by contributing to the achievement of StarHub's mission, business and strategic objectives;

### 2

**FORM AN INTEGRAL PART** of StarHub's management practices, organisational processes and core business activities, including strategic planning, project processes and change management processes;

### 3

**ENABLE STARHUB'S DECISION MAKERS** to make informed choices, prioritise actions and distinguish alternative courses of action;

### 4

**TAKE INTO ACCOUNT UNCERTAINTIES**, the nature and extent of the uncertainties and how they can be addressed;

### 5

**FOLLOW A SYSTEMATIC**, disciplined and structured approach which is efficient and produces consistent, comparable and reliable results;

### 6

**BASED ON RELIABLE INFORMATION SOURCES** such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement;

### 7

**ALIGNED TO STARHUB'S CULTURE**, processes and structure, taking into account the internal and external parameters for risk management;

### 8

**REMAIN RELEVANT AND UPDATED** by involving key stakeholders and decision makers regularly and on a timely basis;

### 9

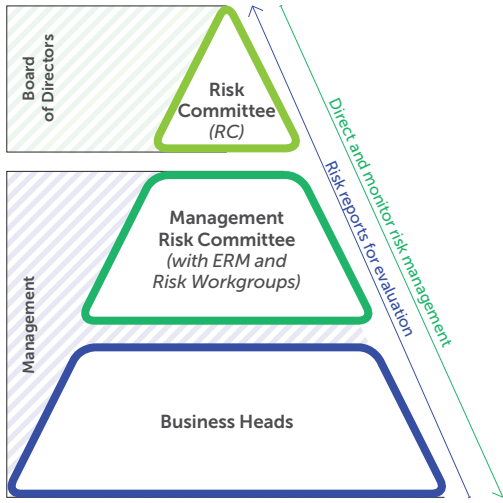
**CONTINUOUSLY ADAPT TO CHANGE**, including occurrence of internal and external events, change in risks and emergence of new risks; and

### 10

**CONTINUOUSLY IMPROVE STARHUB'S** capability/capacity, adequacy of resources and availability of requisite experience to identify, manage, mitigate and take on new risks.

### Risk Structure

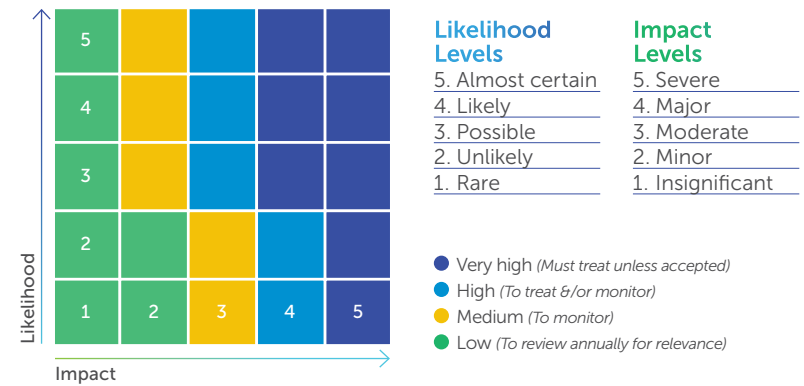
The risk structure sets out our risk management functions, roles and responsibilities of key stakeholders for the governance of risk, as illustrated below:



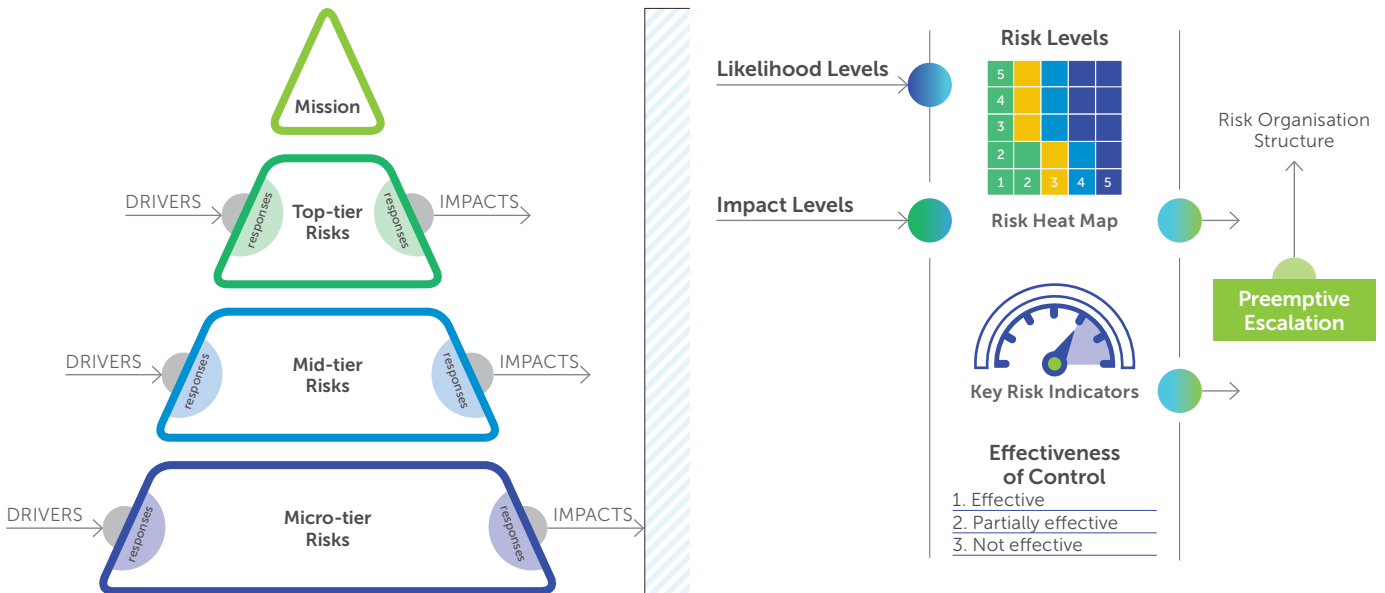
### Risk Considerations

StarHub’s external environment is characterised by numerous challenges, including rapid technological changes; cyber security threats, increased competition in a saturated local market; growing government and sectoral regulations; as well as unfavourable global and domestic economic conditions.

### Risk Levels



StarHub’s current risk management process, which is an integral part of our key business activities is summarised and illustrated in the diagram below:



### Risk Management Training

For effective risk governance and management, it is important for employees to be risk-aware. We create training programmes for employees to build up competency for managing risk through workshops, communication bulletins and other channels.

## Risk Management continued



StarHub is committed to upholding high standards of corporate governance and applying consistent and effective risk management to enhance shareholder value. The Group faces a variety of internal and external risks due to complex business operations and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity. StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.



StarHub's corporate risk appetite statement as approved by the Board

### Key Risks

## 1

### Technology, IT, Security and Resiliency

StarHub's business as an info-communications service provider is dependent on the security, availability and resilience of the underlying network infrastructure and information systems it operates on. While our network is designed to be resilient and robust, points of failure, network outages and external events such as cyber-attack, accidents stemming from human error and disasters beyond our control could cause an extended disruption to our network services and business operations.

The technology evolution cycle is fast-changing in our industry and the emergence of disruptive technologies across all industries continuously influences strategic decisions necessary to identify the most appropriate technology to adopt due to the high levels of capital expenditure involved and the uncertainty of the return on investment.

Cyber risks, a real and increased concern especially in today's digital economies, can potentially lead to security breaches, compromise of network integrity and loss of customer information, resulting in potential breaches of statutory or regulatory as well as contractual obligations.

StarHub is careful in its investments to upgrade and modernise its network and IT infrastructure, expand capacity to handle growth in data traffic, address security issues while controlling capital expenditure. Network infrastructure and information systems are kept refreshed, secured and up-to-date with technological changes. In response to disruptive technologies, StarHub is swift and proactive to embrace and leverage, adopting them as part of our business processes and offerings.

We have established specialised security, business continuity and disaster recovery functions and programmes to prevent, monitor, detect, respond and escalate security incidents as well as coordinate and operate across the company to mitigate the security and resiliency risk.

## 2

### Customers

In Singapore where the consumer market is over-saturated and fixed broadband and mobile networks are widely used for access to services on the Internet, global technology players, device manufacturers and over-the-top providers continue to enter the highly competitive market.

Customers have increasing demands on network capacity, including faster network speeds while being price sensitive.

StarHub seeks to understand our customer needs and has put in place strategies to meet and exceed their expectations to win their loyalty. Our Hubbing strategy continues to evolve to meet changing market and customers' needs. Targeted marketing and promotional activities are launched to counter increased competition.

We are also constantly looking into capitalising emerging technologies to retain and attract customers, so as to support the growth of the business.

Our leading position in content and channel offerings is aligned with our strategy to move into content development and internet delivery of content to our customers across different technical platforms. We continue to make investments to improve our customer service excellence. Our products and services are continuously reviewed, refreshed and improved so as to be up-to-date with technology changes and our customers' needs.

## 3

### Legal & Regulatory

A change in laws and regulations could potentially impact StarHub's business and we are exposed to a dynamic regulatory landscape in the local technology and info-communications sector. In recent years, regulators have lowered the barriers for new entrants, enforced stringent requirements in a competitive and highly saturated local market and imposed heavier penalties for failure to meet regulatory and licence requirements. As part of our operations, we are also exposed to litigation risks from regulators, customers and suppliers.

StarHub engages with regulators by participating in consultations conducted by the relevant government ministries and authorities.

Our in-house legal and regulatory support functions provide prompt communications and guidance to ensure that internal stakeholders are aware of and comply with the existing and new legislations, as well as regulatory and contractual obligations.

## 4

### Human Resource

Human resource is a significant StarHub asset. Attracting, hiring, retaining and developing talented, experienced, innovative and passionate people are vital and strategic factors to the company's success. In a tight labour market, it poses additional challenge to recruit the right people with the right skill-sets to support the company's strategic imperatives.

We regularly invest in developing our people with ongoing learning and training to keep them relevant to the business needs. Effective employee learning and development are a "must-have" to support the business strategies and growth, build intellectual capital and develop innovative products and services to meet customer needs.

Retention strategies are in place to minimise employee turnover including talent and performance management, competitive remuneration, recognition and reward programmes and fast-tracking of high-performing employees. Human resource policies and functions are also in place to support attracting, retaining and growing talent as well as creating a conducive work environment.

We also have succession planning programmes to mitigate key employee risks.

## 5

### Partnership

StarHub works with partners for various aspects of its info-communications business and also forms strategic partnerships with key vendors and other complementary service providers to expand its footprint and serve new market segments. These expose us to potential supply chain risks.

The ability to build and sustain partnerships is a strategic differentiator for StarHub. Our senior management regularly engages with key partners and plays an active role in sustaining the strength and commitments of our strategic relationships and joint ventures. We have also established service standards, training programmes, and feedback mechanisms to drive consistent and desirable service standards from our partners.

## 6

### Financial

StarHub is exposed to billing, credit, liquidity, interest rate and foreign currency risks in the normal course of its business, which are generally governed by policies, processes and guidelines. Please refer to the notes to the financial statements for more details.

For more details, go to [page 129](#)