

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

StarHub continues to uphold high standards of corporate governance. We firmly believe that a robust and sound governance framework is vital in providing a solid foundation for our long-term sustainability and the ongoing success of our business, and value creation for our stakeholders. On delivering this commitment, we embrace the principles of transparency, accountability and integrity – integrating them into the way we do business, deliver our corporate strategy and engage with our stakeholders.



Underpinning sustainability of our business and value creation through transparency, accountability and integrity.

Corporate Governance Report 2019

StarHub is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST). We have complied in all material respects with the principles and provisions of the revised Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 6 August 2018, and have also made improvements in certain areas, for the financial year ended 31 December 2019 (FY2019). This report describes our corporate governance framework, practices and policies for FY2019 with reference to the principles and provisions of the Code.

1. BOARD MATTERS

A. THE BOARD'S CONDUCT OF AFFAIRS

The Board's Role

The Board oversees the business performance and affairs of the Group. The Board leads, directs and works closely with Management to ensure the alignment of interests of the Board and Management with that of shareholders.

The Board's key roles and responsibilities are:

- 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 supported by clear and robust procedures and delegated authorities, which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets;
- 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;
- Regularly review the performance of Senior Management and the remuneration framework of the Board and Senior Management;
- Set StarHub's values and standards (including ethical standards), to ensure that our 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, ethical standards and the implementation of related policies.

The Board and individual Directors act in good faith and make decisions objectively in the best interests of StarHub and all our shareholders.

The Board has established a framework on approval and authorisation 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 approval and authority sub-limits for delegation to various Management levels to optimise operational efficiency when undertaking the day-to-day running of the business.

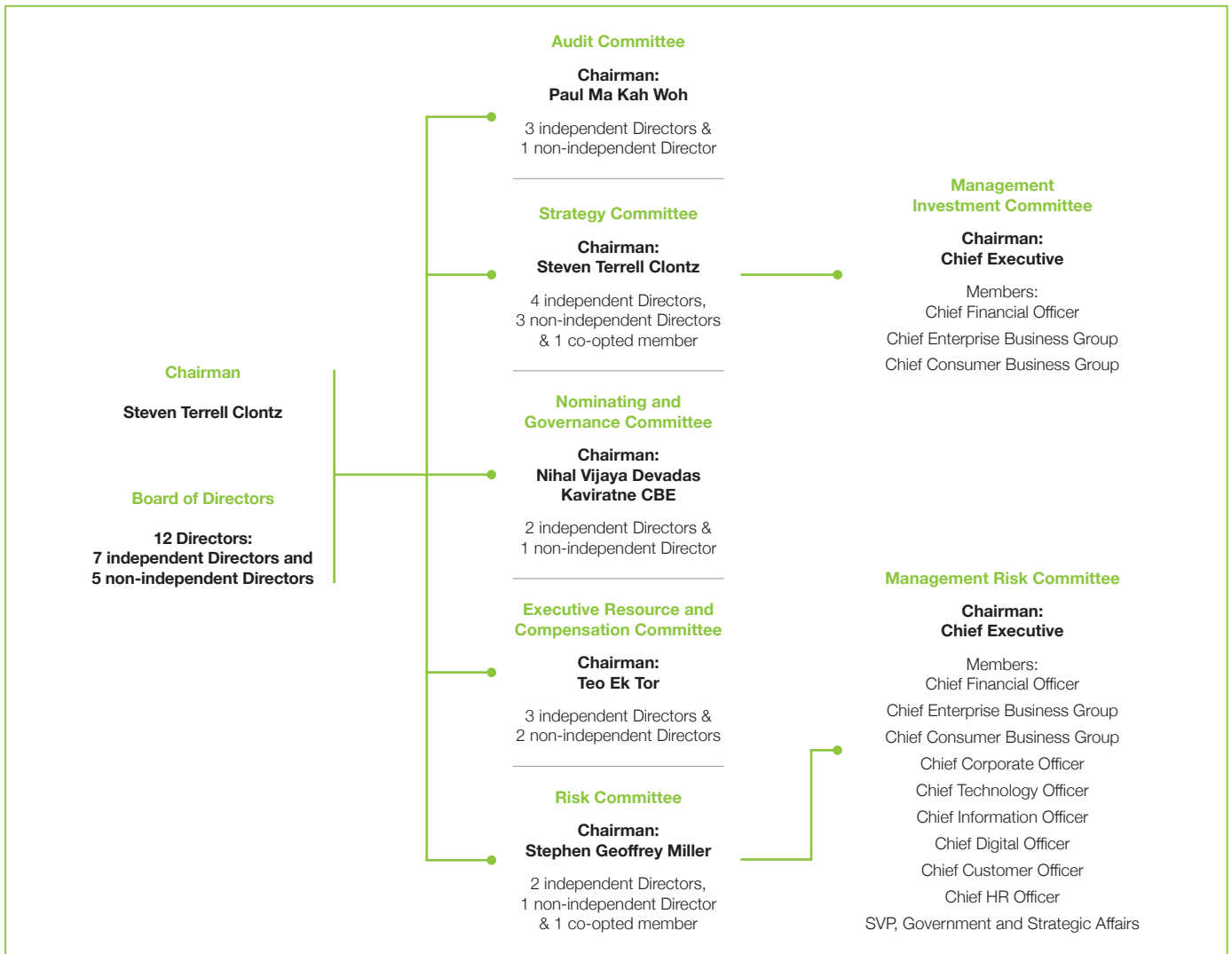
The Chairman and the Directors support the Chief Executive in stakeholder engagements, including with shareholders, business partners and regulators.

In furtherance of their duties, the Directors are given access, when necessary, to independent professional advice at StarHub's expense. At least once a year, non-executive Directors (NED) meet to discuss, *inter alia*, Management's performance without the presence of Management. In FY2019, a NED meeting and an independent Directors' meeting were held, as chaired by the lead independent Director, Mr Nihal Vijaya Devadas Kaviratne CBE.

Board Committees

The Board has constituted the following principal Board committees (Board Committees) to assist the Board in the discharge of its functions:

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



Note: Composition reflected is as at 9 March 2020.

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The composition of the Board Committees and their specific responsibilities and authority are set out in the relevant sections of this report. Each committee is required to operate and make decisions on matters within its Terms of Reference, which 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 Committee Chairmen provide updates to the Board at Board meetings, on key matters raised and/or decisions made at the last-held meeting of each Board Committee. For matters which require the Board's approval, the Board Committees would also recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, SC and RC are also circulated to the Board for its information, while the minutes of the meetings of the NGC and ERCC are available to the Directors on request.

Board Meetings

For FY2019, the Board held a total of five meetings, including the full-day annual Board Strategy offsite meeting to review and discuss in detail the Group's strategic direction, and to consider the Group's budget for the upcoming financial year. It was attended by Senior Management and external guests, and provided a key opportunity to discuss, challenge and develop the Group's strategy. Additional Board meetings were also convened to consider urgent proposals or matters which required the Board's approval.

Board and Board Committee meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to plan ahead and attend the meetings according to the respective meeting schedules. StarHub's Constitution allows meetings to be held via audio and video conferencing to facilitate the decision-making process.

Directors' attendance at Board and Board Committee meetings, the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2019, is set out in the table below:

Table 1 (Directors' Attendance at Board/General Meetings During FY2019)

	Board Meetings	Board Committee Meetings					AGM & EGM
		AC	SC	NGC	ERCC	RC	
No. of Meetings Held	5	4	3	2	4	2	1
Steven Terrell Clontz	5	–	3	2	–	–	1
Paul Ma Kah Woh	5	4	–	–	–	2	1
Nihal Vijaya Devadas Kaviratne CBE	5	4	3	2	–	–	1
Teo Ek Tor	5	–	–	2	4	–	1
Stephen Geoffrey Miller	5	–	3	–	4	2	1
Michelle Lee Guthrie	5	–	3	–	4	–	1
Nayantara Bali ⁽¹⁾	5	–	3	–	–	2	1
Ng Shin Ein ⁽²⁾	5	4	3	–	–	–	1
Lionel Yeo Hung Tong ⁽³⁾	5	–	–	–	4	–	1
Lim Ming Seong	5	4	3	–	4	–	1
Nasser Marafih	4	–	–	–	–	–	1
Naoki Wakai	5	–	–	–	–	–	1

Notes:

- (1) Ms Nayantara Bali was appointed as a RC member with effect from 14 February 2019.
 (2) Ms Ng Shin Ein was appointed as a SC member with effect from 31 January 2019.
 (3) Mr Lionel Yeo Hung Tong was appointed as an independent Director with effect from 10 January 2019 and an ERCC member with effect from 24 January 2019.

 Further information on the provision of relevant information to the Board can be found in the Access to Information section on page 65 of this report.

Board Orientation and Continual Training & Development

The onboarding of newly-appointed Directors is an important process which enables the Directors to participate effectively in Board affairs. All newly-appointed Directors participate in a comprehensive orientation programme that is bespoke for the Group's business and operations, including the opportunity to meet with the Chief Executive and Senior Management, to be given an overview of the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. The Company Secretaries assist to facilitate the newly appointed directors' understanding of their Board and Board Committee membership details, director fees, statutory and other duties and responsibilities. Arrangements are also made for newly-appointed Directors without prior experience as a director of a listed company on the SGX-ST to undergo mandatory training conducted by the Singapore Institute of Directors on their roles and responsibilities. In FY2019, the orientation programme included site visits to MediaHub, a convergence hub for the Group's fixed, Mobile and Pay TV networks, and CuriosityLab, the Group's social media analytics lab.

All Directors are issued tablets to access the StarHub Board Portal, which provides relevant information and up-to-date policies that will help them discharge their duties, including:

- Board meeting information and Board papers;
- Information on Directors' statutory and other duties and responsibilities;
- Contact details of the Board and Senior Management;
- Terms of Reference of the respective Board Committees;
- Insider trading policy and Directors' share trading policy of StarHub; and
- Key industry news and analyst reports.

The Board recognises that ongoing professional development is important for the Directors to serve effectively and contribute to the Board. The Directors are encouraged to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. To this end, the Company Secretaries arrange internal briefings as well as external seminars for the Directors (including those conducted by the SGX-ST and the Singapore Institute of Directors in conjunction with the SGX-ST). In addition, the Company Secretaries and members of Senior Management also provide regular updates to the Directors during Board meetings, as well as through emails and the StarHub Board Portal, on key industry, technology, legal, regulatory and accounting updates which affect the Group. In FY2019, a Network & Technology briefing was conducted to assist the Board to gain a better understanding and appreciation for the more technical aspects of StarHub's operations, specifically its various network structures and capabilities. The professional development programmes attended by the Directors included the following:

- ACRA-SGX-SID Audit Committee Seminar 2019;
- SID Business Future Series 2: Cyber Security for Directors; and
- SID Focus Series: When You Unknowingly Break the Trust.

In addition, the Directors are free to conduct independent or collective discussions with Management and subject matter experts on any areas of interest or concern.

Access to Information

At least five business days prior to each Board or Board Committee meeting, Management provides the Directors with timely and relevant information pertaining to matters on the agenda, save for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are encrypted with passwords to safeguard their security. Quarterly reports by the Chief Executive on the state of the business, as well as regular analysts' reports and media articles on StarHub and the industry, are circulated to the Board for their information. Other related business reports and updates are also provided to the Board regularly and upon request by the Board. Collectively, this enables the Directors to keep abreast of key issues and developments in the business and the industry as well as challenges and opportunities for the Group, thereby facilitating sound decisions.

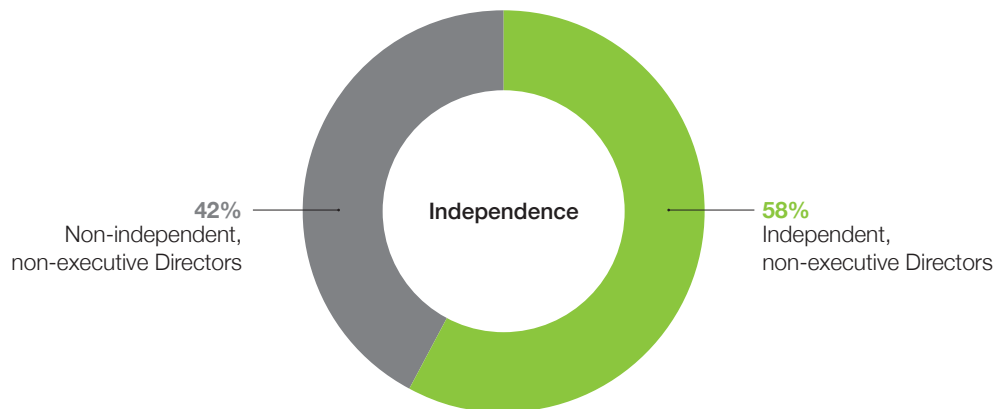
Management is available at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors. Consequently, the Directors are able to gain a deeper understanding of StarHub's operations and related information, allowing them to 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 at their convenience.

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The Directors have separate and independent access to the Company Secretaries, who are trained in legal and company secretarial practices. The Company Secretaries administer, attend and prepare minutes of all Board and Board Committee 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 advise the Board on all legal and corporate governance matters, and facilitate good information flows within the Board and Board Committees, as well as between the Board and Management. The Company Secretaries are the primary channel of communication between StarHub and the SGX-ST. They also facilitate the orientation of new Directors and assist in arranging training for the Directors. The appointment and removal of the Company Secretaries are subject to the Board's approval.

B. BOARD COMPOSITION AND GUIDANCE



Independent, Non-Executive Directors	Non-Independent, Non-Executive Directors
Mr Nihal Vijaya Devadas Kaviratne CBE (NGC Chairman and Lead Independent Director)	Mr Steven Terrell Clontz (Chairman and SC Chairman)
Mr Paul Ma Kah Woh (AC Chairman)	Mr Stephen Geoffrey Miller (RC Chairman)
Mr Teo Ek Tor (ERCC Chairman)	Mr Lim Ming Seong
Ms Michelle Lee Guthrie	Dr Nasser Marafih
Ms Nayantara Bali	Mr Naoki Wakai
Ms Ng Shin Ein	
Mr Lionel Yeo Hung Tong	

Board Composition & Size

The Board comprises 12 NEDs, the majority of whom are independent Directors (ID). The Chairman, Mr Steven Terrell Clontz, is not an ID within the meaning of the Code and SGX-ST Listing Rule 210(5)(d)(i), given his executive position at Singapore Technologies Telemedia Pte Ltd, a related corporation of StarHub.

The Board, through the NGC, reviews the size and composition of the Board annually to ensure its overall effectiveness. Given the scope and nature of the Group's operations and considering the complexity and requirements of the Group's business, the Board is of the view that its current size of 12 is conducive and facilitates effective discussion and decision-making, and has the appropriate number of IDs.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity, with a broad range of core competencies and experience in enterprise and banking, accounting and finance, investment, risk management, legal, regulatory, technology, cybersecurity, business and industry knowledge, management and strategic planning experience, as well as customer-based experience and knowledge. Collectively, the Board constantly seeks to identify areas of focus and maintain an optimal mix of expertise, experience (both local and international), knowledge and diversity of gender, age, background, geography and ethnicity. In this regard, the NGC has developed a skills matrix as one criterion for Director appointments, which is reviewed by the Board on an annual basis.

As part of StarHub's ongoing renewal of the Board, Mr Lionel Yeo Hung Tong was appointed to the Board as an ID in FY2019. The Board has a lead ID – Mr Nihal Vijaya Devadas Kaviratne CBE, who is also the NGC Chairman, has been serving as the lead ID since 1 October 2018. His role includes:

- ensuring he is available to shareholders for consultation and direct communication, where they have concerns on matters where contact via the normal channels of the Chairman, the Chief Executive or the Chief Financial Officer (CFO) has failed to resolve or is inappropriate;
- serving as a liaison between the Chairman and the IDs; and
- having the authority to call for and lead meetings of IDs without the presence of Management and provide feedback to the Chairman as appropriate. An IDs' only meeting was held in FY2019.

Board Diversity

StarHub firmly believes that a well-balanced and diverse Board will contribute positively in overseeing the delivery of the Group's strategy, bringing fresh perspectives and providing constructive challenges to Management. The immense network of contacts across various industries has proven invaluable to StarHub. Since FY2018, the Board has a 25% female representation on the Board. The continual Board refresh also reflects an improved age diversity.

 The individual profiles of the Directors can be found in the Board of Directors and Directors' Particulars sections on pages 48 to 53 and pages 54 to 55 of the Annual Report respectively.

C. CHAIRMAN AND CHIEF EXECUTIVE

StarHub has a clear division in responsibilities between the leadership of the Board and Management. The Chairman and the Chief Executive are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No single individual has unfettered powers of decision-making within the Group.

The Chairman, Mr Steven Terrell Clontz, is a NED and unrelated to the Chief Executive. 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 level;
- ensures that the Directors receive complete, adequate and timely information. He works with the Chief Executive 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 all Board decisions;
- facilitates the effective contribution of NEDs; and
- promotes high standards of corporate governance.

The Chief Executive, Mr Peter Kaliaropoulos, leads the Management and has full executive responsibility 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.

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D. BOARD MEMBERSHIP

The NGC has been delegated responsibility to review and make recommendations to the Board regarding Board composition. It leads and facilitates the Director nomination process based on written Terms of Reference that set out its authority and duties.

Nominating and Governance Committee	
Membership	Key Responsibilities
<ul style="list-style-type: none"> Mr Nihal Vijaya Devadas Kaviratne CBE, NGC Chairman and lead ID Mr Steven Terrell Clontz, non-executive Chairman of the Board Mr Teo Ek Tor, ID <p>The NGC comprises three NEDs, the majority of whom, including the NGC Chairman, are IDs. During FY2019, the NGC held two meetings.</p>	<ul style="list-style-type: none"> Lead and facilitate a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board Regularly review the size, structure and composition (including the skills, qualification, experience and diversity) of the Board and Board Committees, and recommend changes to the Board Conduct an annual review of the independence of individual Directors Implement and oversee the annual evaluation of the performance and effectiveness of the Board and Board Committees, including the communication of the results of such evaluations to the Board Review the adequacy of the Group's corporate governance policies and where appropriate, recommend to the Board any proposed changes to such policies from time to time

Process and Criteria for New Board Appointment and Re-election

In proposing candidates for appointment or re-election as Directors, the NGC considers several factors, including (a) the composition, the diversity and the need for progressive renewal of the Board, (b) each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and (c) potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables 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 also subject to the approval of StarHub's industry regulator, the Infocomm Media Development Authority of Singapore.

In accordance with StarHub's Constitution, all Directors who are appointed by the Board during the course of the financial year are required to retire and offer themselves for re-election by shareholders at the first AGM of StarHub after their appointment. In line with the Code and SGX-ST Listing Rule 720(5), StarHub also requires all Directors to retire and offer themselves for re-election by shareholders at least once every three years, if the Board, on the recommendation of the NGC, deems it appropriate that they remain in office.

Board Independence

The NGC assesses the independence of each Director annually, and as and when circumstances require. Evaluation of director candidates' independence is an important factor for NGC's annual review of the composition of the Board. To facilitate the assessment, StarHub has adopted an annual verification procedure on director independence, conflicts of interest, interested person transactions and other commitments that could compromise a Director's independence. Directors are required to provide sufficient information for the evaluation of his/her independence, including their professional engagements, positions and directorships, and notify the Board of any changes in such information.

Directors' independence is assessed based on the independence criteria under the Code and SGX-ST Listing Rule 210(5)(d), as well as other factors and circumstances that may potentially affect the status or perception of a Director's independence, in the overall evaluation from the standpoint of both StarHub and the Directors.

When assessing objectivity and independent judgement, the NGC and the Board consider, *inter alia*, the approach, character and attitude of each Director and the value each Director brings, 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;
- has been employed by StarHub or any of our related corporations during the financial year in question or in any of the previous three financial years;
- has an immediate family member who is employed or has been employed by StarHub or any of our related corporations for the past three financial years, and whose remuneration is determined by the ERCC; or
- has any material contractual relationship with the Group other than as a Director.

The NGC also has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances described in the Code and SGX-ST Listing Rule 210(5)(d), and similarly provides its views to the Board for the Board's determination. The NGC has considered and is of the view that as of 31 December 2019, all the IDs are sufficiently independent and are able to objectively exercise their judgement in the best interests of the Group.

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.

Where a Director's tenure exceeds nine years, his/her independence is carefully reviewed and monitored. As of 31 December 2019, two IDs, namely Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor, have served on the Board for more than nine years. After careful rigorous review, the NGC recommends¹, and the Board is of the firm view¹ that (a) Mr Kaviratne and Mr Teo 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 (b) their independence is not compromised due to their long service history, and no other factors or circumstances have been identified that could impair their independence. Therefore, the NGC and the Board have considered Mr Kaviratne and Mr Teo to be independent.

 The individual independent status of the Directors can be found in the Board of Directors section on pages 48 to 53 of the Annual Report.

Board's Time Commitment

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 NGC 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 in FY2019, and will continue to do so in FY2020. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director may hold, the NGC is of the view that all Directors have fully discharged their duties as Directors of StarHub based on the time and attention devoted by each Director, their individual abilities and their respective contribution of skills, knowledge and experience as well as 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.

 The attendance record can be found on page 64 of this report and the principal commitments and directorships in any listed companies currently held by the Directors can be found in the Directors' Particulars section on pages 54 to 55 of the Annual Report.

¹ Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor abstained from participating in the NGC and Board discussions and voting on their respective status of independence in view of their conflict of interest.

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E. BOARD PERFORMANCE

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

For FY2019, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon) as independent external consultants to facilitate the annual evaluation of the performance of the Board and the Board Committees. The evaluation process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular the following:

- Adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, knowledge and experience of the Board;
- Information management and Board processes, including level and timeliness of information provided to the Board, and appropriate thresholds for escalating information surrounding material strategic or operational issues to the Board;
- Sustainability & Environmental, Social and Governance (ESG), including appropriate consideration for a holistic view of material stakeholder and ESG objectives for StarHub's long-term sustainability;
- Managing StarHub's performance;
- Effectiveness of Board Committees;
- Chief Executive performance and succession planning;
- Director development and management; and
- Risk management.

As part of the evaluation process, detailed questionnaires were completed by each Director and one-on-one Director interviews were conducted, with feedback on the key areas.

The annual review process facilitates consideration by the Board of its membership, including renewal considerations. The results of the evaluation are collected, analysed and presented to the NGC, in consultation with the Chairman. The NGC reviews and recommends to the Board the follow-up actions required to strengthen the Board's leadership in order 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.

2. REMUNERATION MATTERS

A. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The ERCC ensures the due implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors.

Executive Resource and Compensation Committee

Membership

- Mr Teo Ek Tor, ERCC Chairman and ID
- Mr Stephen Geoffrey Miller, NED
- Ms Michelle Lee Guthrie, ID
- Mr Lionel Yeo Hung Tong, ID
- Mr Lim Ming Seong, NED

The ERCC comprises five NEDs, the majority of whom, including the ERCC Chairman, are IDs. During FY2019, the ERCC held four meetings.

Key Responsibilities

- Ensure the implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors
- Succession planning for the Chief Executive, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year
- Assessing and approving candidates for key executive appointments
- Overseeing the development of Management and reviewing succession plans for key positions in the Group

In overseeing StarHub's remuneration policies, the ERCC's key duties are to review and recommend the following to the Board for endorsement:

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

The ERCC's review and recommendation process covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, as well as benefits-in-kind. The framework and packages are linked to:

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

The ERCC ensures that the remuneration paid to the Chief Executive and key management personnel is closely linked to the achievement of business and individual performance targets. The performance targets are determined by the ERCC based on realistic yet stretch levels each year to reward the Group, division and individual performance that supports strategic priorities of the business and promote activities that help the business to successfully implement its strategy with emphasis on both short and long-term quantifiable objectives.

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 Chief Executive 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 discussions which relate to the Chief Executive's own compensation, terms and conditions of service or the review of his performance, for which he absents himself.

The ERCC has access to expert professional advice on the remuneration policies of the Board and executives. The ERCC has appointed Aon as its remuneration consultant for FY2019 and is satisfied that the independence and objectivity of Aon is not affected by any relationship between StarHub and Aon.

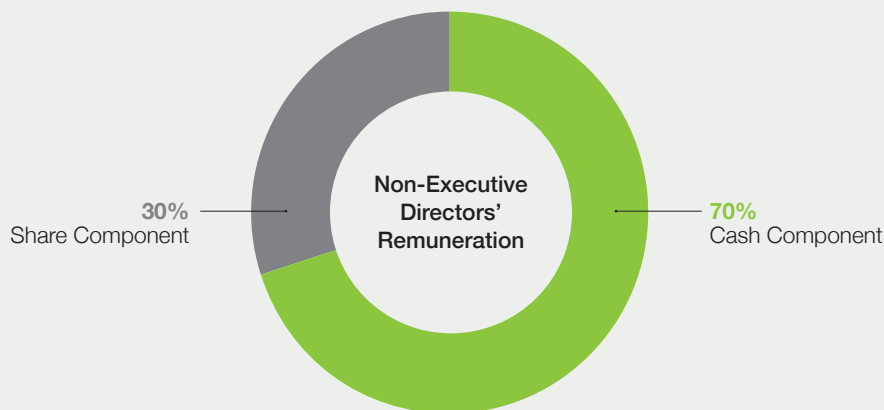
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Prior to the termination of any key management personnel's contract of service, the ERCC's approval is required. The ERCC reviews StarHub's obligations arising in the event of such termination to ensure that the contracts of service contain fair and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

B. DISCLOSURE ON REMUNERATION

Non-Executive Directors' Remuneration

The payment of board remuneration in shares and cash has been a practice at StarHub. NEDs receive 70% of their board remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub Restricted Stock Plan. This remuneration structure aligns NEDs' interests with those of shareholders and the long-term interests of the Group.



- #### Cash Component

Each NED receives a basic retainer fee, attendance fee and travel allowance (for overseas Directors only). NEDs who perform additional services in Board Committees receive additional fees. In view of the greater responsibilities of the Board Chairman, the lead ID and the Chairman of each Board Committee, they also receive a higher fee than the other members of the Board and the respective Board Committees.

- #### Share Component

Pursuant to the StarHub Restricted Stock Plan, the share awards are granted as fully-paid StarHub shares without any vesting conditions attached. Nonetheless, in order to align NEDs' interests with those of shareholders, NEDs who receive the share awards are required to hold a minimum number of StarHub shares with a value equivalent to the lower of (a) their prevailing annual basic retainer fee or (b) the aggregate of 100% of the total number of StarHub shares awarded for the financial year ended 31 December 2011 and each subsequent financial year thereafter, and 50% of the total number of StarHub shares awarded from the financial years ended 31 December 2007 to 31 December 2010. NEDs can only dispose of all their StarHub shares one year after ceasing to be a Director. The number of StarHub shares to be awarded to a participating NED will be determined by reference to the volume weighted average price of a StarHub 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 StarHub shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining StarHub shares.

In FY2019, the Chief Executive and NEDs voluntarily agreed to a 10% salary and fee reduction. The Senior Management (including the top five key management personnel (who are not Directors or the Chief Executive)) also voluntarily agreed to a 5% salary reduction, to demonstrate its continual support to the Group's strategic transformation plan and to focus on investing for growth in new business opportunities. In addition, the NEDs have voluntarily agreed to contribute up to an additional 10% of their fees towards the StarHub Cares COVID-19 Fund, an initiative of StarHub and its employee volunteers to provide support and assistance to the community amidst the COVID-19 outbreak. The Senior Management has also volunteered to contribute up to one month of its annual bonus in support of this worthy cause.

The total NEDs' remuneration for FY2019 amounts to \$1,524,707.00, and will be subject to shareholders' approval at the upcoming AGM in FY2020.

Table 2 (Annual Fees for the Board and the Board Committees for FY2019)

Annual Fees for the Board⁽¹⁾		
Board Chairman		\$165,000
Lead Independent Director		\$78,000
Non-Executive Director		\$65,000
Additional Annual Fees for the Board Committees⁽¹⁾		
Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Strategy Committee	\$30,000	\$16,000
Nominating and Governance Committee	\$30,000	\$16,000
Executive Resource and Compensation Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000

⁽¹⁾ The annual retainer fees above do not reflect the NED voluntary fee reductions of up to 20% for supporting the Group's strategic transformation plan and contributing to the StarHub Cares COVID-19 Fund. The total Directors' remuneration for the NEDs of StarHub for FY2019 as set out below however, takes into account such voluntary fee reductions.

Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2019:

Name of Non-Executive Directors	Non-Executive Directors' Remuneration		
	Cash-based (\$)	Share-based (\$)	Total^(a) (\$)
Steven Terrell Clontz	164,360.00	70,440.00	234,800.00
Paul Ma Kah Woh	96,600.00	41,400.00	138,000.00
Nihal Vijaya Devadas Kaviratne CBE	136,885.00	58,665.00	195,550.00
Teo Ek Tor	80,640.00	34,560.00	115,200.00
Stephen Geoffrey Miller ^(b)	85,960.00	36,840.00	122,800.00
Michelle Lee Guthrie	85,680.00	36,720.00	122,400.00
Nayantara Bali ^(c)	70,604.80	30,259.20	100,864.00
Ng Shin Ein ^(d)	79,083.20	33,892.80	112,976.00
Lionel Yeo Hung Tong ^(e)	61,174.40	26,217.60	87,392.00
Lim Ming Seong	93,240.00	39,960.00	133,200.00
Nasser Marafih	74,480	31,920.00	106,400.00
Naoki Wakai ^{(b)(f)}	55,125.00	–	55,125.00

Directorship on Subsidiary

Teo Ek Tor ^(g)	55,000.00
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^(a) The total remuneration of the NEDs takes into account the voluntary fee reductions of up to 20%.

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

^(c) Ms Nayantara Bali was appointed as a RC member with effect from 14 February 2019.

^(d) Ms Ng Shin Ein was appointed as a SC member with effect from 31 January 2019.

^(e) Mr Lionel Yeo Hung Tong was appointed as an ID with effect from 10 January 2019 and an ERCC member with effect from 24 January 2019.

^(f) Mr Naoki Wakai had declined the share award. He will only receive the cash component of his remuneration. Mr Wakai does not hold any StarHub shares.

^(g) Fees are payable to Mr Teo as a NED of Ensign InfoSecurity Pte. Ltd., a subsidiary of StarHub, in respect of the period from 1 January 2019 to 31 December 2019.

 Details of the share awards granted by StarHub to the NEDs under the StarHub Restricted Stock Plan can be found in the Directors' Statement section on pages 144 to 147 of the Annual Report.

CORPORATE GOVERNANCE

Chief Executive and Key Management Personnel Remuneration

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

Remuneration for the Chief Executive and key management personnel comprises a fixed component, a variable cash component, a share-based compensation and market-related benefits:



- Fixed Component**
 The fixed component comprises the base salary, Annual Wage Supplement (AWS) and fixed allowances.
- Variable Cash Component**
 The variable cash component includes the Annual Variable Bonus (AVB) and Economic Value Added (EVA) Incentive Plan.

Annual Variable Bonus

The AVB is a cash-based incentive for the Chief Executive and key management personnel that is linked to the achievement of annual performance targets.

Individual performance objectives which are aligned to the overall strategic, financial and operational goals of the Group are set at the beginning of each financial year, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Group and the individual.

While the performance objectives are different for each executive, they are assessed on the same principles across the following broad categories of targets:

- Business outcomes (50% weightage); and
- Customer, Process and People outcomes (50% weightage).

The target AVB for the Chief Executive and key management personnel is pre-set at a fixed percentage of their annual base salary, and subsequently adjusted based on the Group's performance at the end of each financial year. The final AVB payout can range from 0 to 2.25 times of the target AVB.

EVA Incentive Plan (EIP)

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

Under the EIP, a notional EVA bank account is set up for each key management personnel, into which the annual EVA performance bonus declared and earned by him for each year is credited. 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 each individual's EVA bank account, 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. This mechanism encourages the Chief Executive and key management personnel to work for sustainable EVA generation and 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 FY2019 had met the pre-determined targets, the resulting annual payout under the EIP was adjusted accordingly to reflect the performance level achieved.

- **Share-based Compensation**

StarHub Performance Share Plan (PSP)

The PSP serves as a long-term incentive to motivate 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 of StarHub shares on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2019 are:

1. Absolute Total Shareholder Return (Absolute TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added);
2. Relative Total Shareholder Return (Relative TSR) against selected peers from the MSCI APAC Telco index; and
3. Transformation KPIs reflective of the strategic growth objectives of StarHub.

A minimum threshold performance is required for any StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub 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 1.5 times of 30% of the conditional award. For the performance measure of Relative TSR, the achievement factor ranges from 0 to 1.5 times of 30% of the conditional award. For the performance measure of Transformation KPIs, the achievement factor ranges from 0 to 1.5 times of 40% of the conditional award.

The final PSP award is conditional on the vesting of the StarHub shares under the Restricted Stock Plan 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 in FY2017 based on the performance period from 2017 to 2019.

StarHub Restricted Stock Plan (RSP)

The RSP has been 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 of StarHub shares on an annual basis, conditional on the achievement of annual Return on Invested Capital targets. The objective of the RSP is aligned to the overall financial performance of the Group and wealth creation for shareholders. The RSP acts as a medium-term incentive mechanism that drives business performance while retaining StarHub's key talent to drive shareholder value.

A minimum threshold performance is required for any StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub shares released will depend on the achievement of the pre-determined target performance levels over the performance period, to be determined by the ERCC at the end of the performance period and capped at 1.0 times of the conditional award. The StarHub shares will be released in three equal tranches of 33⅓% per tranche over three consecutive years.

The Group has attained an achievement factor which is reflective of meeting the pre-determined target performance levels for RSP awards granted in FY2019 based on the performance period of 2019. The resulting shares vested were adjusted accordingly to reflect the performance level achieved.

- **Market-related Benefits**

The benefits provided are comparable with local market practices.

CORPORATE GOVERNANCE

Remuneration of the Chief Executive and Top Five Key Management Personnel

The details of the remuneration of the Chief Executive and the top five key management personnel (who are not Directors or the Chief Executive) are set out in Table 3 below (in bands of \$250,000 and percentage terms) for the services rendered by them to the Group for FY2019.

Table 3

	Fixed ⁽²⁾ (\$)	Variable ⁽³⁾ (\$)	Benefits ⁽⁴⁾ (\$)	Share-based Compensation ⁽⁵⁾ (\$)	Total ⁽¹⁾ (\$)	
Chief Executive						
Peter Kaliaropoulos	971,580	1,230,950	83,021	972,608	3,258,159 ⁽⁶⁾	
Total paid, including shares vested based on actual performance					2,467,162	
Top 5 Key Management Personnel						
	Fixed ⁽²⁾ (%)	Variable ⁽³⁾ (%)	Benefits ⁽⁴⁾ (%)	Share-based Compensation ⁽⁵⁾ (%)	Total ⁽¹⁾ (%)	Remuneration bands ⁽⁷⁾ (%)
Dennis Chia	38	36	3	23	100	D
Johan Buse	39	34	3	24	100	C
Chong Yoke Sin ^(a)	91	–	9	–	100	A
Veronica Lai	46	32	3	19	100	B
Chong Siew Loong	44	32	3	21	100	B
Total including contingent shares granted but not vested, subject to performance⁽⁶⁾					\$4,985,510	
Total paid, including shares vested based on actual performance					\$4,358,680	

- (1) The total remuneration of the Chief Executive and the top five key management personnel takes into account the respective 10% and 5% voluntary salary reductions described below.
- (2) Fixed refers to base salary, AWS and fixed allowances earned for FY2019. The base salary was reduced by 10% with effect from 1 October 2018 for Mr Peter Kaliaropoulos and by 5% with effect from 1 January 2019 for Mr Dennis Chia, Mr Johan Buse, Dr Chong Yoke Sin, Ms Veronica Lai and Mr Chong Siew Loong.
- (3) Variable refers to any applicable one-off incentive payments as well as incentives paid and accrued for the year pursuant to the AVB scheme and EIP for FY2019.
- (4) Benefits are stated on the basis of direct costs to StarHub, and include non-cash benefits such as leave, medical scheme and club membership.
- (5) Share awards granted under the RSP and the PSP are subject to pre-determined performance targets set over one-year and three-year performance periods respectively. The figures shown are based on the fair value of the StarHub shares at 100% of each of the RSP and PSP conditional awards, which may not be indicative of the actual value at vesting which can range from 0% to 100% of the RSP conditional award and 0% to 150% of the PSP conditional award. Over the last five financial years ended 31 December 2015 to 31 December 2019, the average number of StarHub shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.
- (6) Refers to total remuneration including contingent shares granted but not vested, subject to performance.
- (7) Remuneration bands:
 "A" refers to remuneration between \$250,001 and \$500,000 per annum
 "B" refers to remuneration between \$750,001 and \$1,000,000 per annum
 "C" refers to remuneration between \$1,250,001 and \$1,500,000 per annum
 "D" refers to remuneration between \$1,500,001 and \$1,750,000 per annum
- (a) Dr Chong Yoke Sin stepped down as Chief Enterprise Business Group with effect from 3 August 2019. During her employment with StarHub from 1 January 2019 to 2 August 2019, the total compensation (including fixed and variable remuneration, benefits-in-kind and contingent shares granted but not vested, subject to performance) for services rendered to the Group was within remuneration band "A". The total compensation paid (including shares vested based on actual performance) was within remuneration band "A".

If any key management personnel of StarHub (including the Chief Executive) 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 individual 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 is appropriate, based on the specific facts and circumstances of the case. No such fraud or misconduct occurred in FY2019.

During FY2019, there was no employee of the Group who was a substantial shareholder of StarHub or an immediate family member of a Director, the Chief Executive or a substantial shareholder of StarHub, and whose remuneration exceeds \$100,000 per annum.

3. STRATEGIC MATTERS

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

Strategy Committee

Membership

- Mr Steven Terrell Clontz, SC Chairman and non-executive Chairman of the Board
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead ID
- Mr Stephen Geoffrey Miller, NED
- Ms Michelle Lee Guthrie, ID
- Ms Nayantara Bali, ID
- Ms Ng Shin Ein, ID
- Mr Lim Ming Seong, NED
- Mr Peter Kaliaropoulos, Chief Executive and co-opted SC member

Resigned with effect from 12 August 2019

- Mr Nikhil O. J. Eapen, co-opted SC member

The SC comprises seven NEDs and the Chief Executive as an additional co-opted member. During FY2019, the SC held three meetings.

Key Responsibilities

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

The SC members possess deep knowledge of the converging info-communications and media industries in which the Group is operating in, and collectively have relevant expertise and experience in finance, mergers and acquisitions, legal, regulatory, technical, management, consumer enterprise and strategic planning experience. This enables the SC to fulfil its oversight responsibilities relating to the Group's intermediate and long-term strategy development and implementation.

The SC is assisted by the Management Investment Committee, comprising the Chief Executive, CFO, Chief Enterprise Business Group and Chief Consumer Business Group.

As part of the SC's key functions, the SC guides Management on the strategic planning process to ensure that the Group's strategic plan is developed with measurable goals and time targets, and is appropriately implemented. It reviews both organic and inorganic growth opportunities, and evaluates the impact of external developments and factors on the Group's strategy and execution, such as emerging or evolving competitive activity, disruptive technologies and regulatory developments, thereby enabling the Group to adjust its strategic plan as necessary.

The SC tracks the Group's progress against strategic goals and provides constructive challenges and advice on the strategic options. These include the acquisition strategy, capital strategy, market capabilities and resource requirement, as well as the transformation strategy aimed at sustaining growth, competitiveness and innovation into the future.

CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT

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 accompanying presentation slides.

For FY2019, the Board has received written assurance from the Chief Executive and the CFO that the financial statements give a true and fair view of the Group's operations and finances. 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. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

The Chief Executive updates the Board through quarterly reports on the state of the business, including key performance and financial highlights, The issues and priorities which Management is focused on, and the longer-term challenges which Management is addressing to ensure we stay committed on value creation for our customers, employees and shareholders. Other related business reports and updates are also provided to the Board regularly and upon request by the Board, to keep the Board informed of the key business initiatives and the latest market developments and trends as well as challenges and opportunities for the Group.

StarHub has also procured the relevant undertakings from all Directors and executive officers, in compliance with SGX-ST Listing Rule 720(1).

A. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is principally responsible for the governance of risk management and internal controls of the Group. The RC and the AC work closely to assist the Board in monitoring and reviewing the Group's risk management system and internal controls to safeguard shareholders' interests and the Group's assets.

Risk Committee

Membership

- Mr Stephen Geoffrey Miller, RC Chairman
- Mr Paul Ma Kah Woh, ID
- Ms Nayantara Bali, ID
- Mr Peter Kaliaropoulos, Chief Executive and co-opted RC member

The RC comprises three NEDs who are independent of Management, and the Chief Executive who is a co-opted member. During FY2019, the RC held two meetings.

Key Responsibilities

- Review 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 StarHub's risk
- Provide oversight in the design, implementation and monitoring of the risk management framework, the system of internal controls (including operational, compliance and information technology controls), and to ensure action plans to mitigate the identified risks are put in place
- Review the adequacy and effectiveness of StarHub's risk management system and system of internal controls (including operational, compliance and information technology controls)
- Review the adequacy and effectiveness of policies and procedures for timely risk identification and remediation (including disclosure requirements for regulatory compliance)
- Provide guidance on sustainability topics to be identified as material to the business and ensure the alignment and integration of our sustainability strategy and approach with our business model
- Provide guidance on cybersecurity, data ethics and governance to ensure appropriate controls and measures are in place
- Set and instill in StarHub an appropriate risk-aware culture for effective risk governance

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

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 the self-assessment exercise required of significant business units on an annual basis. The MRC also proactively identifies existing and emerging significant risks and manages them at the enterprise level within StarHub on an ongoing basis. Additionally, the MRC also maintains oversight over issues pertaining to cybersecurity, data ethics and governance, and sustainability. The MRC reports to the RC on a regular basis.

 Further details on StarHub's approach to sustainability can be found in the Sustainability Report on pages 94 to 140 of the Annual Report.

Risk Management System and Internal Controls

StarHub's Enterprise Risk Management programme is centred on being inclusive and multi-disciplinary, focusing on risks and opportunities that are pertinent to the Group's business activities and that are aligned to the Group's strategic priorities. The Group seeks to embed risk management in its decision-making processes and key business activities at all levels and adopts a comprehensive and practical approach to mitigating the Group's risks.

To improve risk management and mitigation, the RC has identified certain top risks of the Group for tracking and monitoring. These risks include strategic, operational, regulatory, legal, information technology, human resource and financial risks. In consultation with the Board and other Board Committees, the identified risk areas are mapped and allocated to the corresponding Board Committees for oversight, further assessment and mitigation. The RC maintains an overview and provides overall guidance on the identified top risks, which are subject to in-depth discussions at quarterly MRC meetings and bi-annual RC meetings.

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 resolving any lapses or weaknesses in accordance with the recommendations made by the external and internal auditors, after taking into account Management's views. Material findings are reported to the Board.

For FY2019, the Board has received written assurance from:

- the Chief Executive and the CFO that 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
- the Chief Executive, the CFO, MRC members as well as other key management personnel 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 which the Group considers relevant and material to its current business environment and scope of operations.

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 written assurance from the Chief Executive, the CFO, MRC members and other key management personnel, the Board (with the concurrence of the RC and the AC) is of the opinion that as at 31 December 2019, 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 the risk management objectives which the Group considers relevant and material to its current business environment and scope of operations. The Group also has an event and crisis management process in place which is regularly reviewed by the MRC.

The Board notes that the risk management system and internal controls of the Group provide 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. In this regard, the Board also notes that there is no risk management system and internal controls 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.

 Further details on StarHub's approach to enterprise risk management can be found in the Risk Management section on pages 88 to 91 of the Annual Report.

CORPORATE GOVERNANCE

B. AUDIT COMMITTEE

The AC oversees the effective governance of the Group's financial reporting and internal controls to ensure quality and integrity of its financial statements and the adequacy of related disclosures. The AC also has oversight of the performance of both the internal audit function and the external auditors.

Audit Committee

Membership

- Mr Paul Ma Kah Woh, AC Chairman and ID
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead ID
- Ms Ng Shin Ein, ID
- Mr Lim Ming Seong, NED

The AC comprises four NEDs, with the majority (including the AC Chairman) being IDs. During FY2019, the AC held four meetings and a private session with the external auditors and internal auditors without Management being present.

Key Responsibilities

- 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 adequacy, effectiveness, independence, scope and results of the Group's internal audit function
- Reviewing the adequacy, effectiveness, 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 shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors
- 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
- Reviewing reports made under StarHub's Whistle Blowing Policy, and where appropriate, directing the investigation of such matters and any follow-up actions to be taken

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. They keep abreast of changes to accounting standards and issues which affect the Group through, *inter alia*, consultation with the external and internal auditors and seminars (including those organised by the Singapore Institute of Directors).


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 to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly. After each AC meeting, the AC Chairman reports to the Board on the matters which have been discussed.

Key Audit Matters (KAMs)

The significant areas of audit focus in relation to the financial statements for FY2019 are (a) revenue recognition, (b) acquisition of Ensign InfoSecurity Pte. Ltd. and its subsidiaries (Ensign) – purchase price allocation, (c) disposal of D'Crypt Pte Ltd (DPL) and (d) impairment assessment of goodwill and investments in subsidiaries. During FY2019, the AC received updates from Management on the status of these areas, reviewed and discussed with the external auditors on the results of their audit, including their findings on the key areas of audit focus.

In assessing the KAMs, the AC took into consideration the appropriateness of:

- Revenue recognition policies and assumptions adopted;
- Methodologies used, and adjustments made to provisional fair values of the identified assets and liabilities of Ensign on completion of the purchase price allocation exercise;
- Accounting treatment and judgement involved on the disposal of DPL; and
- Assumptions and estimates made in goodwill impairment assessment and valuation of investment in subsidiaries.

 Significant matters that were discussed with Management and the external auditors have been included as KAMs in the Independent Auditors' Report on pages 150 to 154 of the Annual Report.

External Auditor

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 to StarHub and the Group during FY2019.

The audit and non-audit fees paid/payable to KPMG LLP (KPMG) for FY2019 are \$0.6 million and \$0.8 million respectively, as disclosed in Note 25.3 to the Financial Statements for FY2019. The non-audit fees as a percentage of the total fees paid to KPMG for FY2019 would be 58%. The non-audit services included tax compliance and advisory, transaction analysis system implementation work² for a subsidiary and sustainability audit. These constitute permissible non-audit services under the Accountants (Public Accountants) Rules – Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities. Excluding the system implementation work contracted by the subsidiary prior to its acquisition by StarHub, which has a cost incurred of \$0.4 million in FY2019, the non-audit fees as a percentage of the total fees paid to KPMG would have been 42%.

The AC has evaluated the potential threats to KPMG's independence and objectivity arising from the provision of non-audit services by KPMG to the Group, and the appropriate safeguards that were put in place to mitigate such threats. Such safeguards included:

- (a) having the non-audit services undertaken by a separate and different KPMG team from the audit team, with no overlap of lead partners on the respective team;
- (b) StarHub taking management responsibility and decision for the results of the work performed by KPMG;
- (c) obtaining the AC's approval prior to engaging KPMG to provide any non-audit service that results or may result in the aggregate non-audit fees exceeding 50% of the Group's total audit and non-audit fees to KPMG for the relevant financial year. When giving its approval, the AC had to be satisfied that the provision of non-audit services does not impinge on the independence of the auditors; and
- (d) reporting to the AC on a quarterly basis, the nature and extent of non-audit services procured, and the fees to be incurred, both for individual non-audit services and in aggregate, relative to the total audit and non-audit fees of the Group.

In addition, the AC has requested information on and reviewed KPMG's policies and processes for maintaining independence and monitoring compliance with relevant requirements, and KPMG has confirmed its independence as auditors of the Group.

² Relates to the remaining phase of a system implementation work, contracted prior to the acquisition of the subsidiary, Ensign InfoSecurity Pte. Ltd., on 4 October 2018.

CORPORATE GOVERNANCE

Based on the independence review, the AC is satisfied that the nature and extent of such non-audit services provided to the Group would not compromise the independence and objectivity of KPMG and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. Accordingly, and having regard to the adequacy of the resources and experience of the external auditors and the audit engagement partner and staff assigned to the audit, the AC has recommended to the Board that KPMG be nominated for re-appointment as the Group's external auditors at the forthcoming AGM of StarHub. To further maintain the independence of KPMG, the AC ensures that the audit partner in-charge of the Group is rotated every five years. None of the Directors (including the AC members) or Senior Management is or has in the past two years been a former partner, director or employee of the Group's external auditors.

The AC has also reviewed the appointment of different auditors for its subsidiaries pursuant to Rule 716 of the SGX-ST Listing Manual. The Board and the AC have confirmed that they are satisfied that the retention of Deloitte & Touche LLP (Deloitte) as the auditors of Ensign would not compromise the standard and effectiveness of the audit of the Group. Deloitte, through its member firms, has provided non-audit services to the Group during FY2019. The non-audit services, which are mainly provided to the Group (other than Ensign), included strategic analysis and advisory, human resource consultancy and CRM system development work, where Deloitte's expertise and experience with the Group were relevant to ensure efficiency and effectiveness. The Audit and Risk Committee of Ensign has carried out a review of Deloitte's independence, and it is satisfied with Deloitte's independence. Deloitte has further confirmed its independence, within the meaning of regulatory and professional requirements. Appropriate safeguards were also established to address any potential independence threats arising from the provision of non-audit services to Ensign as well as the Group. Such safeguards included (a) assigning a separate and different Deloitte team from the audit team for the provision of non-audit services to Ensign and/or the Group, (b) undertaking an independent internal quality control review with respect to the audit of Ensign and (c) obtaining the AC's approval before any engagement of Deloitte to perform non-audit services where the total non-audit fees exceed or may exceed 50% of the Group's total audit and non-audit fees for the relevant financial year. Further, StarHub's auditor, KPMG, reviews the audit work of Deloitte as part of its overall review of the StarHub subsidiaries' audited financial statements in order to express an opinion on the Group's consolidated statements.

③ Details of the aggregate amount of external auditors' fees paid for FY2019 and the breakdown for the audit and non-audit services are set out in Note 25.3 to the Financial Statements of the Annual Report.

C. INTERNAL AUDIT

The internal audit function of the Group for FY2019 was carried out by PricewaterhouseCoopers Risk Services 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.

The internal auditor reports to the AC functionally, and to the Chief Executive and the CFO administratively. The appointment, termination and remuneration of the internal auditor are approved by the AC. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC. During FY2019, the AC met with the internal auditor once without the presence of Management.

The internal auditor adopts a risk-based auditing approach in developing the annual internal audit plan, which focuses on material internal controls across the Group's business, including financial, operational, compliance and information technology controls. 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 reviews the adequacy, effectiveness, scope and independence of the internal audit function annually. For FY2019, the AC is satisfied that StarHub maintained an effective internal audit function that is adequately staffed and independent of the audited activities, and that the internal auditor has appropriate standing within StarHub to perform its function effectively.

5. SHAREHOLDER RIGHTS AND ENGAGEMENT

StarHub respects shareholders' rights and promotes the fair and equitable treatment of all shareholders. StarHub keeps all our shareholders sufficiently informed of our corporate affairs and activities, including any changes to the Group or our 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 and on the StarHub IR website. StarHub recognises that the timely release of relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

A. CONDUCT OF GENERAL MEETINGS

All shareholders are entitled to attend and vote at StarHub's general meetings and are afforded the opportunity to participate effectively in the general meetings. If shareholders are unable to attend, they are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. Under StarHub's Constitution and pursuant to the Companies Act (Cap. 50), shareholders who are nominee companies, custodian banks or Central Provident Fund agent banks may appoint more than two proxies to attend, speak and vote at the upcoming AGM and at subsequent general meetings.

Notices of general meetings, together with the annual reports or circulars, are generally issued to all shareholders (including foreign shareholders) at least 14 days prior to the scheduled meetings. This provides ample time for shareholders to review the documents ahead of the meetings and appoint their proxies to attend the meetings if they wish. As part of StarHub's commitment towards more environmental-friendly and sustainable practices, StarHub makes our annual reports and circulars available online at the StarHub IR website. Printed copies of StarHub's annual reports and circulars are made available upon request.

StarHub encourages shareholder participation at general meetings. Shareholders present are given the opportunity to seek clarification or direct questions on matters relating to the proposed resolutions before each resolution is voted on. Each specific matter is proposed as a separate resolution. All Directors (in particular the Board Chairman and the respective Chairmen of the Board Committees) together with Senior Management and the external auditors, are present at general meetings to address shareholders' queries.

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.

B. ENGAGEMENT WITH SHAREHOLDERS

StarHub remains committed to providing timely, fair, relevant and accurate information regarding the Group's performance, progress and prospects as well as major industry and corporate developments and other relevant information to shareholders and the investment community to enable them to make informed investment decisions.

StarHub solicits and considers the views of shareholders via (a) periodic analyst and media briefings throughout the year, (b) regular meetings between the Chief Executive, the StarHub IR team and institutional investors through international road shows and conferences organised by major brokerage firms and the SGX-ST and (c) third-party perception studies on StarHub.

Apart from SGXNET announcements and the Annual Report, the regularly updated StarHub IR website at IR.starhub.com, 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 email alert service. New material price-sensitive information such as financial results are released via SGXNET before being posted on the StarHub IR website or the conduct of any media or analyst conferences. This ensures fair and non-selective disclosure of information to all shareholders.

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

Dividends were declared on a quarterly basis in FY2019, and shareholders were informed of the dividend payments in the respective quarterly and full year financial results announcements via SGXNET. In determining the dividend, the Board balances the need for a satisfactory return to shareholders against StarHub's investment requirement to ensure sustainable growth. StarHub is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) as dividends, payable on a semi-annual basis. Taking into consideration short-to-mid term cash flow requirements, as well as benefits reaped from the ongoing business transformation initiatives, StarHub intends to maintain a dividend per share of 9.0 cents for FY2020.

C. ENGAGEMENT WITH STAKEHOLDERS

StarHub also recognises the important contribution and support of our other stakeholders, including customers, employees, regulators, suppliers and communities whom we do business with and work, in our efforts to address and achieve sustainability. Our main stakeholders were identified through a stakeholder mapping exercise and reviewed annually to assess their potential impact to our operations. We promote and manage our stakeholder relations through regular and proactive engagement with our stakeholders, at the corporate level and functional divisions across the Group. In FY2019, the Group's key areas of focus in relation to the management of stakeholder relationships include building trusted relationships with major stakeholders through timely engagement, offering accurate information and providing prompt response to address queries and feedback.

 Further details on StarHub's communication with our shareholders and other stakeholders can be found in the Investor Relations section and Sustainability Report on pages 92 to 93 and 94 to 140 of the Annual Report respectively.

CORPORATE GOVERNANCE

6. OTHER CORPORATE GOVERNANCE PRACTICES AND POLICIES

A. INTERESTED PERSON TRANSACTIONS

Interested person transactions (IPTs) entered into by any of the Group entities are governed by the Shareholders' Mandate for Interested Person Transactions (IPT Mandate) as approved by shareholders annually at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual.

StarHub has established review procedures 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 or discounts for bulk purchases. An authorised senior officer who does not have any conflict of interests in relation to the IPT will determine whether the IPT terms and pricing are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured. StarHub has also put in place procedures to identify the interested persons and record and monitor the IPTs entered into by the Group.

All IPTs are subject to review and approval by the appropriate approving authority, including the AC, based on pre-determined threshold limits under the IPT Mandate. If any Director, AC member or authorised reviewing officer has a conflict of interests in relation to an IPT, he or she will abstain from reviewing that particular transaction.

The IPTs are reviewed by the internal auditors on a quarterly basis, and the quarterly audit reports on all such IPTs are provided to the AC. IPT disclosures are made via SGXNET announcements on a quarterly and annual basis at the same time as the Group's quarterly and full-year results announcements.

In FY2019, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's 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 FY2019.

 Further details on StarHub's IPTs for FY2019 can be found in the Interested Person Transactions and Material Contracts section on page 253 of the Annual Report.

B. SECURITIES DEALINGS

Insider Trading Policy

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

- All Directors and Group employees are prohibited from dealing in StarHub 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 our 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 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 Group employees are notified by email prior to the commencement of each trading blackout period and upon the lifting of the restrictions after the announcement of the respective financial results. The policy discourages trading on short-term considerations and reminds Directors, Management and Group employees of their obligations under insider trading laws.

Share Trading Policy

In addition, in order to facilitate compliance by the Directors and Senior Management, StarHub has adopted a share trading policy which requires them to give prior notice of their intended dealing in StarHub securities to the Chairman and Chief Executive through the Company Secretaries.

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

For the issue of new StarHub securities, while the SGX-ST Listing Manual permits the Board to seek a general mandate from shareholders to allot and issue up to 20% of StarHub's total issued share capital other than on a *pro rata* basis to existing shareholders, the Board has continued to voluntarily limit such mandate to 15% only. In addition, for the specific mandate from shareholders to allot and issue StarHub shares under the RSP and the PSP, the Board has limited the aggregate number of StarHub shares available for grant under the RSP and the PSP 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 unvested share awards.

C. WHISTLE BLOWING POLICY

StarHub does not tolerate ethical and legal violations. The Group has instituted a robust procedure which provides accessible channels for employees and external parties (such as our customers, suppliers, contractors and other stakeholders who may have a business relationship with the Group) to report in a responsible manner, any concern or complaint in relation to any irregularity, inappropriate behavior, legal or ethical violation or other serious breaches of internal processes. Such reporting channels include a dedicated whistle blowing email and a direct channel to the AC Chairman and the General Counsel (via email and/or mail).

All complaints will be promptly and thoroughly investigated in confidence and on a need-to-know basis. The investigation outcome together with a recommendation on the necessary actions to be taken will be reported to the AC Chairman and the General Counsel, who will decide on the appropriate course of action. On a quarterly basis, a consolidated report of all whistle blowing cases for the quarter (if any) will be submitted for review by the AC.

The Group's Whistle Blowing Policy aims to encourage the reporting of such matters in good faith, by lending confidence that employees and other persons making such reports will be treated fairly and accorded due protection against reprisals. The Group's Whistle Blowing Policy is available on StarHub's intranet and corporate website for easy access by all employees and the public. In FY2019, the Whistle Blowing Policy was expanded to include sustainability issues to encourage more transparent and strategic alignment with the Group's sustainable practices.

D. EMPLOYEE CODE OF CONDUCT AND RULES ON BUSINESS CONDUCT

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

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy;
- Supplier Code of Conduct;
- Responsible Sourcing Policy;
- Purchasing Procedure; and
- Request for Proposal/Tender Procedure.

These policies and procedures cover (a) business conduct (including employees' compliance with anti-corruption and anti-bribery laws), (b) conduct in the workplace, (c) protection of StarHub's assets, proprietary and confidential information as well as intellectual property, (d) conflicts of interest, (e) non-solicitation of customers and employees and (f) workplace health and safety. In parallel, the Purchasing Procedure and Request for Proposal/Tender Procedure cover internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance. Given the importance of sustainability, StarHub also adopted the Responsible Sourcing Policy, which is aligned with the UN principles for universally-recognised principles on human rights, including labour rights, the environment and corruption.

The Employee Code of Conduct and Ethics, the Corporate Gift and Hospitality Policy, the Purchasing Procedure and the Request for Proposal/Tender Procedure are available on StarHub's intranet, while the Supplier Code of Conduct and the Responsible Sourcing Policy, are available on StarHub's intranet and corporate website for easy access by all employees and the public.

CORPORATE GOVERNANCE

E. DOCUMENT CLASSIFICATION POLICY

StarHub's confidential information is one of its most important assets. To this end, StarHub has established a Document Classification Policy to guide employees on how to properly classify and apply the adequate level of protection on the information and documents they are entrusted with that relate to the Group's business, activities and operations. This helps to safeguard such information and documents, and ensures that only appropriate persons have access on a need-to-know basis.


F. COMPLIANCE LEAVE POLICY

StarHub has voluntarily put in place a Compliance Leave Policy as an additional risk mitigation measure to enhance corporate governance. The policy is applicable 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 as well as purchasing of goods and services. Under the policy, relevant employees are required to go on mandatory block leave for a period of at least five consecutive working days per calendar year, thereby allowing covering officers to fully step into their duties and act as an additional check and balance against any breaches.

G. CYBERSECURITY AND DATA PRIVACY

As StarHub moves rapidly towards digitalisation, cybersecurity and data protection have become a key strategic priority for the business. Appropriate cybersecurity and data protection frameworks have been put in place to safeguard our networks/systems and customer data and sensitive and/or confidential information from risks of cybersecurity threats and security breaches, as well as to ensure the Group's compliance with all applicable laws, including the Cybersecurity Act 2018, the Personal Data Protection Act 2012 and sector-specific cybersecurity requirements imposed by the Infocomm Media Development Authority.

As part of StarHub's ongoing efforts to enhance the security of our sensitive and confidential information, we are in the process of implementing a Laptop Encryption Solution which ensures that sensitive and confidential information relating to StarHub will continue to be protected if any laptop belonging to employees is lost or stolen. This measure enhances the security of confidential and commercially sensitive documents stored in such laptops.

 Further details on StarHub's approach to cybersecurity and data privacy can be found in the Improving Customer Experience section of the Sustainability Report on page 122 of the Annual Report.

ACCOLADES AND AWARDS

As a testament to our unwavering commitment to continually uphold high standards of corporate governance, StarHub has been the proud recipient of numerous accolades and awards from the investment community over the years.



WINNER:
**MOST TRANSPARENT
COMPANY AWARD**
(COMMUNICATIONS)

RUNNER-UP:
**SHAREHOLDER
COMMUNICATIONS
EXCELLENCE AWARD**
(BIG CAP)
20th Investors' Choice
Awards, Securities Investors
Association (Singapore)



ASIA'S GREATEST CFO
Asia's Greatest Brands
& Leaders Awards 2019,
AsiaOne Magazine & URS
Media Consulting



M&A TEAM OF THE YEAR
Asia Pacific Counsel
Awards 2019



**MOST PROFITABLE
COMPANY**
(TRANSPORT/STORAGE/
COMMUNICATIONS)
Billion Dollar Club 2019,
The Edge Singapore

RISK MANAGEMENT

Our Approach to Enterprise Risk Management

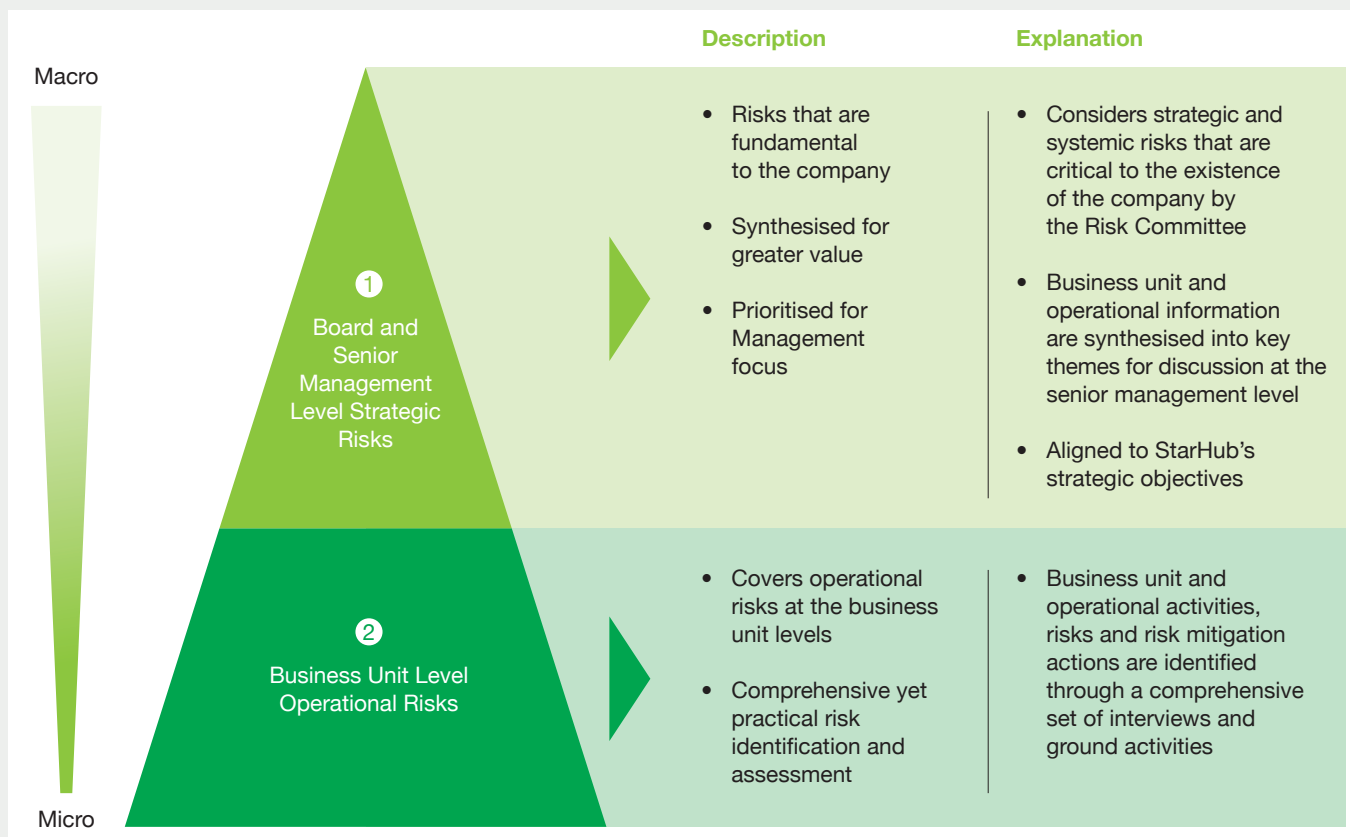
StarHub's Enterprise Risk Management (ERM) program is centered on being inclusive, multi-disciplinary and focuses on risks and opportunities that are pertinent to our business activities that are aligned to our company's strategic objectives. The Group seeks to embed risk management in its decision-making processes and key business activities at all levels and adopts a comprehensive and practical approach to mitigating our risks.

StarHub's Enterprise Risk Management Framework

Through our Enterprise Risk Management framework, we seek to:

- Achieve an accurate, comprehensive understanding of StarHub's key risks and opportunities through a top-down and bottom-up approach to identifying and mitigating our risks;
- Identify and prioritise key risks and opportunities which are aligned to our business activities and strategic objectives;
- Promote a culture of risk management which entails awareness, accountability and ownership of risk and risk mitigation;
- Maintain consistent oversight of StarHub's Top Risks at the Board and Management Levels.

These are illustrated in the diagram below:



StarHub's Risk Appetite Statement

- StarHub operates with an appetite for appropriate risk-taking where there is a preference for conservative options, a practice that is embedded in our operations.
- While StarHub continues to drive business excellence, innovation and growth, it takes a holistic view of the risks involved in doing so, while meeting regulatory and statutory requirements.
- StarHub balances the expectations of stakeholders and the need to take some level of prudent and educated risks in business, which is fundamental to the company's sustainable growth.

StarHub's Top Risks

To improve risk management and mitigation, StarHub has identified Top Risks for tracking and monitoring. These risks are aligned with the company's strategic priorities, and were identified and prioritised in consultation with the Board Risk Committee and Management Risk Committee. They are also supported by bottom-up risk assessments conducted by the respective business unit managers who are responsible for execution and oversight.

Key risks are also subject to in-depth discussions at quarterly Management Risk Committee Meetings and bi-annual Board Risk Committee Meetings.

StarHub's Risk Management universe can be categorised in the table below (in no particular order):

Key Risk	Risk Description	Mitigation
Best In-Class Customer Experience	StarHub continues to compete within a challenging industry, seeking to retain and attract customers in the telecommunications, media and technology space as consumers have rising expectations of network capacity, coverage speeds, superior customer service and overall value for money. StarHub continues to strive to provide innovative products and offerings for all customers as a preferred challenger brand.	<p>StarHub's focus is to be a leader in providing a superior customer experience across all service lines.</p> <ul style="list-style-type: none"> To help gauge StarHub's performance across customer touchpoints, StarHub adopts the Net Promoter Score (NPS) metric to measure satisfaction across a customer's journey. StarHub has a new rewards system built into the enhanced My StarHub app to deepen customer engagement and loyalty through an interactive interface that in turn drives traffic to the app. Loyal customers enjoy discounts, with rewards claimable at over 150 participating outlets across the country. StarHub utilises data analytics to gain insights and to better understand customer profiles, needs and behaviors. Through these insights, StarHub conducts targeted marketing and promotional activities to reward loyal customers and ensures that its offerings exceed customer needs and expectations.
Establish credibility as a Trusted Provider	<p>StarHub needs to ensure availability and resilience of its network infrastructure and systems. We are committed to providing the best services to our customers.</p> <p>Additionally, our business relies on information systems. There are threats that StarHub faces such as cybersecurity (DDoS) and data breach threats. StarHub needs to ensure that our network security is as robust as possible. As custodians of customer data, StarHub needs to ensure adequate and effective data privacy and security measures are in place.</p>	<ul style="list-style-type: none"> StarHub has policies, guidelines and procedures in place to ensure that network infrastructure and information systems are up-to-date, reliable and secure. StarHub ensures strict compliance with the regulator, Infocomm Media Development Authority's (IMDA) Resiliency Codes of Practices and is subjected to rigorous independent external audits on its network infrastructure. StarHub is also compliant to ISO 22301 to ensure resiliency of our critical network infrastructure. StarHub has a centralised Personal Data Protection Office with defined Personal Data and Protection procedures and guidelines to ensure strict compliance with legislations from the Singapore Personal Data Protection Act and to mitigate breach of data and privacy risks. Our Information System Policy is also benchmarked to international standards such as ISO 27001.

RISK MANAGEMENT

Key Risk	Risk Description	Mitigation
<p>Opportunities in new and adjacent businesses</p>	<p>The increasingly saturated telecommunications market has seen a need for StarHub to venture out into new business areas to remain relevant and competitive. Such initiatives are challenged by crowded markets, competition from other potential investors, legal and regulatory restrictions, and other socio-political factors.</p> <p>With the acquisition of new businesses, StarHub faces the challenge of identifying suitable targets, integrating newly acquired businesses into our operations, and generating synergies from these acquisitions.</p>	<ul style="list-style-type: none"> StarHub has ventured into areas such as cybersecurity, data analytics, digital solutions, Over-The-Top (OTT) and ICT Managed Services to generate alternative sources of revenue. For instance, StarHub's SmartHub Analytics-as-a-Service offering enables businesses to leverage big data analytics to gain valuable customer insights for better decision-making. StarHub is constantly on the lookout for new investment opportunities to augment its existing business and to find new sources of revenue. To mitigate risks associated with the acquisition of businesses, StarHub has implemented systematic processes in the evaluation and decision-making of investment leads. These are augmented with clear post-integration plans, with business and corporate involvement.
<p>Increasing competition and technological disruption</p>	<p>StarHub operates in a highly competitive environment – apart from competing with incumbent Mobile Network Operators (MNO) with an expected launch of a new market entrant in 2020, StarHub also faces competition from multiple Mobile Virtual Network Operators (MVNO). It also competes with OTT providers in the media distribution space.</p>	<p>StarHub differentiates itself through superior network performance, providing innovative products, solutions and enterprise offerings that protect and enable organisations with cybersecurity solutions and digital telco-centric technologies.</p> <ul style="list-style-type: none"> StarHub's simplified Hello Change plans for its Mobile and Pay TV businesses have been well received. For instance, the Mobile business has recorded a 130% year-on-year increase in NPS reflecting higher customer satisfaction. Meanwhile, StarHub's Broadband business has launched a differentiated offering targeted at gamers, a niche customer segment. To remain nimble in a dynamic market, StarHub has launched its own digital brand, giga!, whose unique end-to-end digital experience (including e-KYC) has achieved the highest NPS across all its products. StarHub continues to enhance and refine its enterprise propositions by offering end-to-end digital solutions tailored to customers' unique needs. It is also leveraging a growing demand for emerging technology to capture greater market share in adjacent verticals such as data centre solutions, Internet of Things and data analytics.

Key Risk	Risk Description	Mitigation
People and talent management	<p>With increasing competition for talent from new entrants in the telecommunications sector, StarHub continues to face the key risk of attracting and retaining talent.</p> <p>The increased pace of technological disruption, digitalisation of business processes and the ventures into new business environments have resulted in the need to attract and retain human talent with the skill sets and capabilities required to drive the business forward.</p>	<ul style="list-style-type: none"> StarHub benchmarks its Human Resource practices by taking part in multi-industry studies to identify key areas for improvement. Additionally, StarHub has its own internal employee experience surveys with follow-up focus group discussions to better understand and address employee concerns. StarHub continues to place strong emphasis on attracting, hiring and retaining talent with competitive remuneration packages, recognition awards and talent development programs. StarHub has a defined learning and development roadmap for its employees. Employees are encouraged to take charge of their own development by enrolling in personal development courses conducted by internal and external training providers, aligned with their own development roadmap. StarHub has a robust succession plan in place to ensure leadership continuity and the transfer of key necessary knowledge and information.
StarHub as a Critical Information Infrastructure	<p>As owners of Critical Information Infrastructure (CII), StarHub is exposed to the spectrum of cybersecurity-related threats prevalent in the digital era.</p> <p>A cyber incident on StarHub's CII could potentially cause:</p> <ul style="list-style-type: none"> ▶ Disruptions to StarHub's network; ▶ Interruptions to services provided to customers; ▶ Leakage of sensitive and/or confidential information; ▶ Significant regulatory fines and penalties. <p>StarHub relies on certain key vendors and suppliers on providing equipment as well as the maintenance of our network. This poses a significant amount of risk as any restriction on these will result in a disruption for StarHub.</p>	<ul style="list-style-type: none"> StarHub has implemented security policies, procedures and systems based on international standards such as the ISO 27001, and local statutory requirements such as the Telecommunications Act, Broadcasting Act, and the Cybersecurity Act 2018. We will continue to benchmark ourselves against relevant frameworks to minimize the risk of security incidents. StarHub regularly conducts rigorous penetration testing and vulnerability assessments on its networks and systems to ensure that vulnerabilities are detected and resolved in a timely and effective manner. StarHub has defined business continuity management procedures and disaster recovery plans and conducts regular crisis exercises to ensure operational readiness in the event of a disruption. StarHub constantly keeps itself updated on the local requirements of the government and advisories from regulators. These in turn allow us to develop plans to mitigate any significant risks which may arise.
Evolving regulatory and legal landscapes	<p>StarHub's business is subjected to the fast-moving regulatory landscape that reflects the dynamic nature of the telecommunications industry. Apart from complying with prevailing legislations and regulatory requirements, radical regulatory and legislative changes may result in a significant impact to StarHub's business.</p>	<ul style="list-style-type: none"> StarHub's regulatory team reviews regulatory requirements on a consistent basis and proactively engages IMDA where necessary. StarHub's regulatory team has regular engagements with internal business units to provide advice on IMDA requirements and to monitor compliance with existing obligations.