

Our Vision for the Future

oo
Inspiring an inclusive, cohesive community built on a carbon-lite economy.



>92

tonnes of e-waste recycled through RENEW



>2,000

beneficiaries from StarHub's community investment



Sustainability Contents

Introduction	
Sustainability at StarHub	82
Supporting the UN Sustainable Development Goals	82
Engagement with Stakeholders	84
Sustainability Material Topics	84
Delivering Our Sustainability Strategy	85
ENVIRONMENT	
Addressing Environmental Challenges	
Commitment	86
Environmental Strategy	86
Energy Consumption	87
Emissions	87
Waste Management	87
Water Consumption	87
Environmental Data	88
SOCIAL	
Supporting Youth, Social and Digital Inclusion	
Approach to Youth, Social and Digital Inclusion	90
Safe Online Environment	90
Contributions in-Summary	90
Social Inclusion	91
Youth and Employability	92
Airtime Sponsorship for Social Campaigns	93
MARKETPLACE	
Partnering for Innovation	
Enabling Resource Efficiency	94
Enabling Innovation to Manage Digital Transformation	94
Improving Customer Experience	
Responsible Marketing	96
Pricing and Billing	97
Service Quality	97
Protection and Privacy of Customer Data	98
Cyber Security	98
Promoting Supply Chain Integrity	
Commitment	100
Code of Conduct	100
Risk Assessment	101
GOVERNANCE	
Being a Responsible Business	
Corporate Governance	102
Anti-corruption	102
Fair and Competitive Market	102
CULTURE	
Employees	
Workplace Health and Safety	107
Employee Data	107
Appendix	
About this Report	108
Materiality Process	108
Material Topics Boundaries	109
StarHub Value Creation Scorecard	110
Memberships and Associations	111
GRI Content Index	112
Independent Limited Assurance Report	116

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Introduction

At StarHub, we do not just connect people to products and services. We connect people to people, people to the things they love, and people with life. Our company culture and our technology have the power to enable sustainability for ourselves and for others.

At StarHub, we do not only create happiness by providing special moments in homes, we also inspire change by improving the lives of people in our communities and the operations of our businesses in Singapore.

Sustainability at StarHub

For StarHub, sustainability means using our core strengths as a company to help spread the benefits of our ICT solutions far and wide in Singapore, while strengthening our business and upholding the highest standards of responsible business conduct.

Our approach to sustainability is centred around five main pillars as shown below.

Supporting the UN Sustainable Development Goals

Our sustainability strategy is designed to support our business and global efforts to address some of the world's biggest challenges: growing inequality, high youth unemployment, market disruption caused by technology and artificial intelligence, and pressure on our natural resources.

The good news is that the world has agreed on a plan to put us on a more sustainable path and ensure that no one is left behind.

In 2015, UN Member States set out the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs), and the Paris Agreement to tackle climate change.

We have an opportunity and responsibility to play our part in delivering these landmark agreements. By supporting the SDGs, we will help create a better world in which our business can grow and we can more effectively achieve our mission to help people improve their lives through learning.

For StarHub, operating responsibly is an important first step in supporting the SDGs. Beyond that, we have identified eight SDGs where we believe we have an opportunity to make the biggest impact through our business practices, products and services, programmes, and partnerships. The SDGs we focus on are closely aligned with the issues we have identified as material to our business.

▶ page 84 for more on our material issues

Inspiring Change & Driving Transparency



Addressing Environmental Challenges

01.



Supporting Youth, Social and Digital Inclusion

02.



Partnering for Innovation

03.



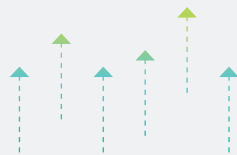
Improving Customer Experience

04.



Promoting Supply Chain Integrity

05.



Responsible Business Practices





How StarHub supports SDG 5

Although there is no mandatory gender quota for women in leadership positions in Singapore, the Code of Corporate Governance requires companies to consider diversity as part of the Board nomination process. At StarHub, we make a conscious effort to embed gender diversity and equality considerations in our businesses processes. In 2017, 42% of permanent employees were women with 36% of senior roles being filled by women. Within our Board, two directors are women, an increase of one from 2016.



How StarHub supports SDG 11

Through StarHub's mobile and broadband services, we have connected more than 2.7 million customers on our network in 2017. We continue to commit our resources to improve the resilience and security of our infrastructure for customers connected through our networks. StarHub is also working with partners to innovate IoT (Internet of Things) solutions to optimise city operations and infrastructure to address environmental sustainability.

See how we are working with a local shipping port to identify water consumption patterns, detect abnormalities and minimise water loss

► page 94



How StarHub supports SDG 8

Communication networks and high-speed internet have changed the way we live, work and play. It also has the potential to help us transit to a more efficient economy. At StarHub, we have been investing in our infrastructure to build one of the most advanced telecommunications, wireless and fibre networks in Singapore while also taking into consideration how we can reduce our energy requirements. At the same time, StarHub's Machine-to-Machine (M2M) solutions are helping customers to drive productivity and efficiency with automated intelligence while reducing their environmental footprint.



How StarHub supports SDG 12

Consumers are often disposing their older gadgets for newer and more sophisticated mobile phones, laptops and/or electronic devices. As a result, the amount of electronic waste (e-waste) generated is growing rapidly. As an ICT company, StarHub inevitably handles and disposes electronic equipment and devices. We commit to collecting all our e-waste and have it recycled by licenced e-waste contractors. Through our flagship e-waste recycling programme, RENEW, we encourage the Singapore public to recycle their unwanted electronic products.

See how much e-waste has been collected from the recycling bins all over Singapore and recycled.

► page 87



How StarHub supports SDG 9

As an ICT company, the need for quality, reliable, sustainable and resilient infrastructure is evident. At StarHub, we work with governments and businesses to constantly improve the access and coverage of our networks. We continue to upgrade our infrastructure and acquire wireless spectrums to ensure that StarHub provides fast and reliable connections resilient to any externalities that may impede our customers from a seamless experience.

See how we are improving customers' experience through building faster, more reliable and resilient network infrastructure.

► page 97



How StarHub supports SDG 13

The Singapore government is placing strong emphasis on reducing the nation's emissions to combat climate change. At StarHub, we commit to doing our part in addressing climate change by reducing our energy consumption.

More importantly, StarHub is expanding its digital and IoT solutions to help business customers to monitor and improve their energy consumption and emissions.

See how we are enabling customers to reduce their energy consumption through our IoT solutions

► page 95

See how we are trialling new energy reduction initiatives in our networks and infrastructure

► page 87



How StarHub supports SDG 10

StarHub aims to reduce inequality by offering equal remuneration, hiring opportunities and career advancements based on merit and performance regardless of gender, age, ethnicity and disability.

About gender: The average salary ratio for female to male is 1:1.1.

About disability: We employed two persons with physical disabilities in 2017.

StarHub Sparks Fund: StarHub's community investment arm, the StarHub Sparks Fund aims to enhance the employability, life skills and connectivity needs of the less privileged, whereby over 2,000 people have benefited in 2017.



How StarHub supports SDG 17

Pursuing sustainable development cannot be done alone but in partnerships with other organisations. Leveraging on StarHub's expertise and resources, we partner with non-governmental organisations (NGOs) to support youth, social and digital inclusion in Singapore.

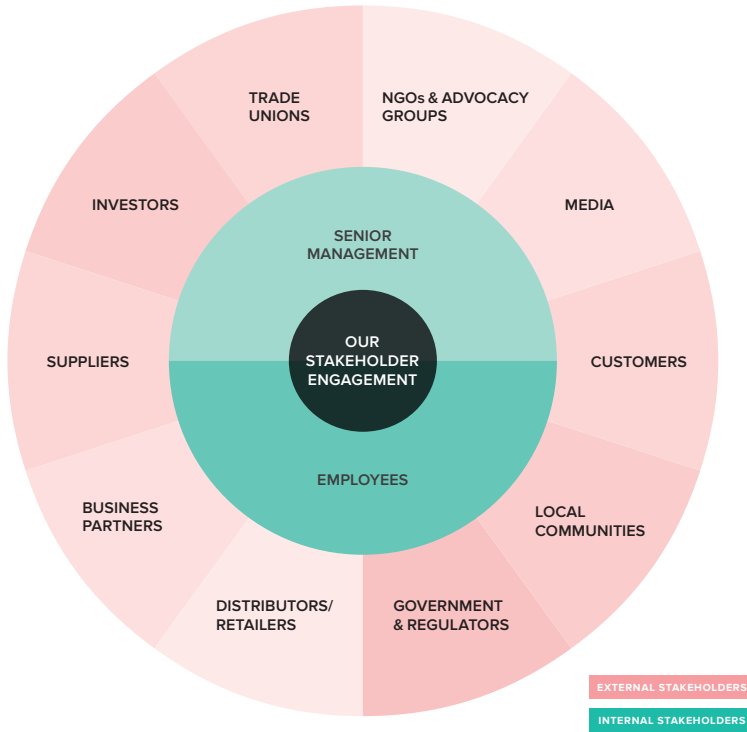
As a signatory of the UN Global Compact and member of the Global Compact Network Singapore, StarHub seeks to partner like-minded corporations to drive positive change.

See how we are partnering with public agencies, non-profit and civil organisations in Singapore on youth, social and digital inclusion

► page 90

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Engagement with Stakeholders

Many different people inside and outside of StarHub have a stake in our business. Everyone from our suppliers, investors and employees are impacted by the actions we take.

We are committed to listening to our stakeholders and responding to their needs. We believe their perspectives offer valuable insights for improving our business, implementing our sustainability strategy, and meeting our goal to deliver our sustainability vision.

In 2017, we worked with an external consultant to conduct a survey of our employees in order to better understand their expectations from StarHub on sustainability issues. We also engaged with our senior management, to collect their feedback and views which represent that of the markets, on our sustainability initiatives and identify new areas of risks and opportunities for StarHub.

In 2018, we will continue to find the most effective channels for interacting with other stakeholder groups and to expand our stakeholder engagement to include suppliers.

Sustainability Material Topics

With our sustainability plan and approach to reporting, we focus on the topics that matter most to our business and our stakeholders.

For the purpose of the report, we undertook a comprehensive materiality assessment in 2017, following best practice outlined by the international reporting standard, the Global Reporting Initiative (GRI).

Based on consultation and an analysis of the areas that are most important to our employees, we identified a shortlist of 22 topics that are most relevant to the sustainability of our business. Through further consultation with senior leaders at StarHub, we narrowed these down to 13 topics we believe are most material at this time.

► More details about our materiality assessment process are on pages 108-109 of the appendix.

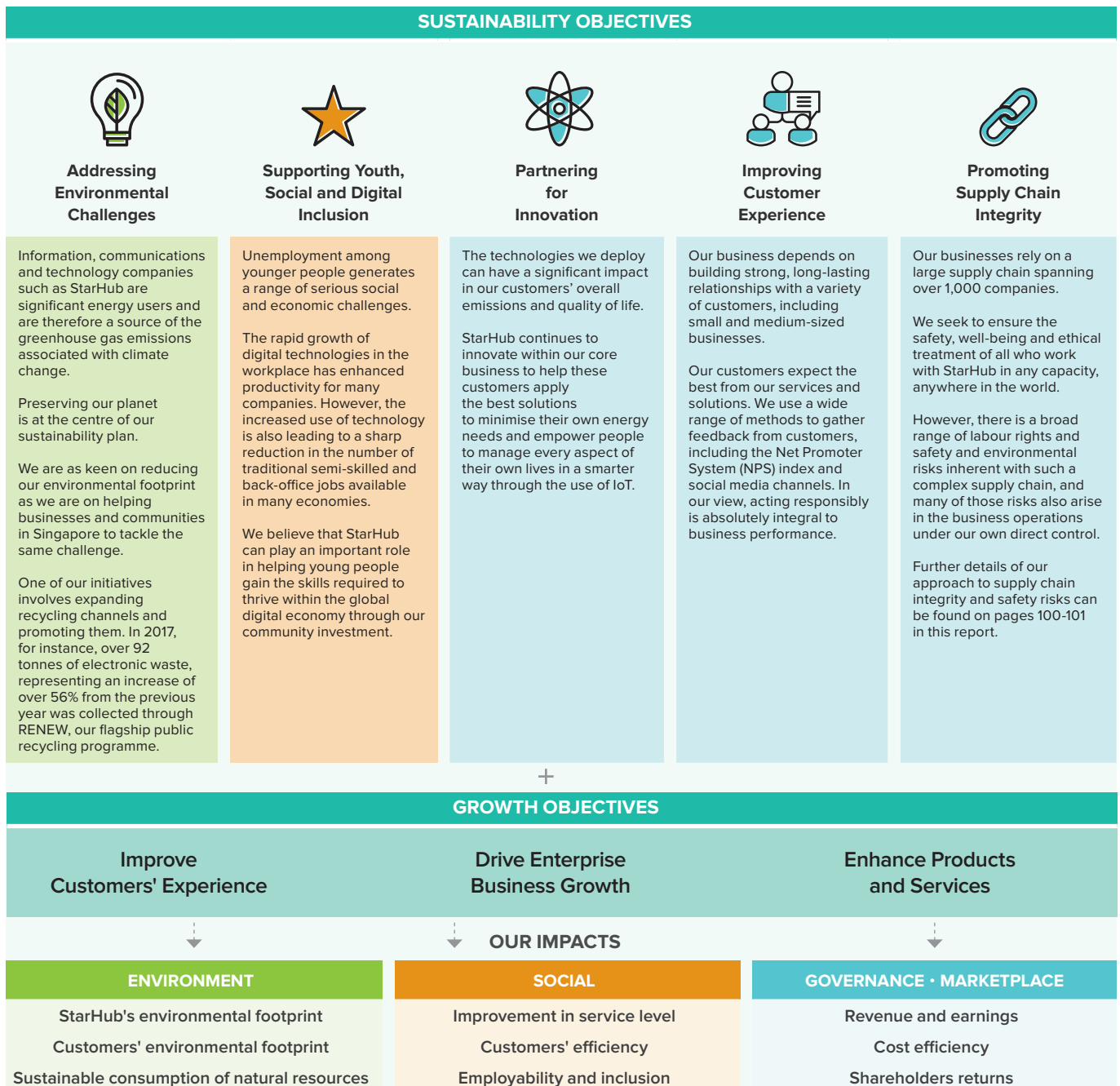
Materiality Matrix



Delivering Our Sustainability Strategy

Our intention to inspire change and drive transparency is at the centre of our sustainable business strategy. Each of our five objectives has the potential to deliver meaningful benefits for our customers and the wider society; and each one will be achieved by means of our business objectives.

In 2017, StarHub reviewed its approach to sustainability, aligning to its business objectives and creating the foundation for supply chain integrity. As part of the review, we are also undertaking a target-setting exercise that is geared towards aligning action plans with overall business strategy and priorities, driven and owned across functions. Looking forward, StarHub shall communicate clear targets along with each objective and report the progress made to meet these targets.



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Addressing Environmental Challenges

At StarHub, we are conscious of the need to understand and minimise our environmental impact as we continue to enhance our competitiveness and expand our business and network infrastructure.

Commitment

Our six-point commitment to our environmental policy guides our approach to conducting our business in an environmentally responsible manner. We focus on monitoring and managing our energy consumption, greenhouse gas emissions and waste. We continue to motivate employees, customers and communities to respect the environment and encourage them to apply the same in their personal lives. Our Corporate Sustainability Advocate works with cross-functional representatives to implement various environmental initiatives.

Environmental Strategy

StarHub is working on a strategy with targets which aims to reduce the impact of our activity, while providing solutions to the environmental challenges of our times using digital technology.

StarHub's Six-Point Commitment to the Environment

<p>1</p> <p>Minimising environmental impact of our operations and continually reviewing our environmental goals and commitment</p> 	<p>2</p> <p>Adhere to environmental recommendations by the relevant authorities</p> 	<p>3</p> <p>Reduce environmental loads through efficient resource use, waste reduction and recycling and minimising emissions</p> 
<p>4</p> <p>Adopt environmentally friendly technologies, where possible</p> 	<p>5</p> <p>Implement employee education programmes to raise awareness on environmental issues and our Green Policy</p> 	<p>6</p> <p>Disclosing environmental information and supporting environmental conservation initiatives</p> 



WASTE MANAGEMENT

Reducing waste generation, through reduction, recycling and reuse

ENERGY CONSUMPTION & EMISSIONS

Striving for energy-efficient operations and adopting energy-efficient technologies, while consistently monitoring and implementing initiatives to reduce energy consumption

ENVIRONMENTAL STEWARDSHIP

Innovative paths to reducing carbon footprints, raising awareness and promoting action by employees

Energy Consumption

Our technical centres such as data centres and base stations form the basis of our products and services which are also the main energy consumption sources. As such, we focus on operating our technical centres in an energy-efficient manner and adopting energy-efficient technologies.

Despite a decrease in our fuel consumption, our total energy consumption increased this year as we expanded the measurement of our energy consumption to include three technical centres and the opening of a new StarHub shop at Changi Airport Terminal 3 that operates round-the-clock.

We are trialling an “intelligent power saving mode” on our 3G base transceiver stations (BTS) that will be activated during low traffic hours between 12am and 5am daily. During this period, the number of frequency carriers being transmitted is reduced resulting in an observed energy reduction of 10%. We will be scaling up our trial on 4G BTS in 2018.

We have also switched the fluorescent lighting to LED lighting in our data centres and replaced the existing air-conditioning systems with new systems that use the inverter technology which provides more control on the cooling output of the air-conditioning system compared to traditional ones, thus reducing energy consumption and operating cost.

Emissions

Singapore has pledged to reduce national emission intensity by 36% from 2005 levels by 2030 and to stabilise the country’s emissions with the aim of peaking around 2030. Singapore has introduced a carbon tax in 2019 that will impact large direct emitters which produce over 25,000 tonnes of carbon dioxide equivalent of greenhouse gases a year. Companies impacted are also required to submit emissions reports and monitoring plans that are verified by an independent third party annually.

The carbon tax will drive companies to improve their environmental practices and for StarHub, our approach to reduce our emissions is by implementing initiatives that reduce our energy consumption and improve energy efficiency.

We constantly monitor our emissions and seek to increasingly track emissions from additional sources that were not tracked previously to help us better understand our carbon footprint.

These include instituting a robust measurement of refrigerant gases and expanding the coverage to business travel emissions in 2018.

Moving forward, we will continue to evaluate opportunities to reduce our emissions.

Waste Management

We strive to reduce waste generation through prevention, reduction, recycling and reuse. Our main types of waste include electronic waste (e-waste) and general waste such as paper and packaging waste.

We generated 241.7 tonnes of e-waste from our operations. All e-waste generated are collected and recycled by licensed e-waste contractors. Thanks to the effort of raising employees’ awareness of conserving the environment, we recycled 24 tonnes of

paper in 2017, the equivalent of saving 411 trees. This is a significant increase of 8 tonnes from 2016.

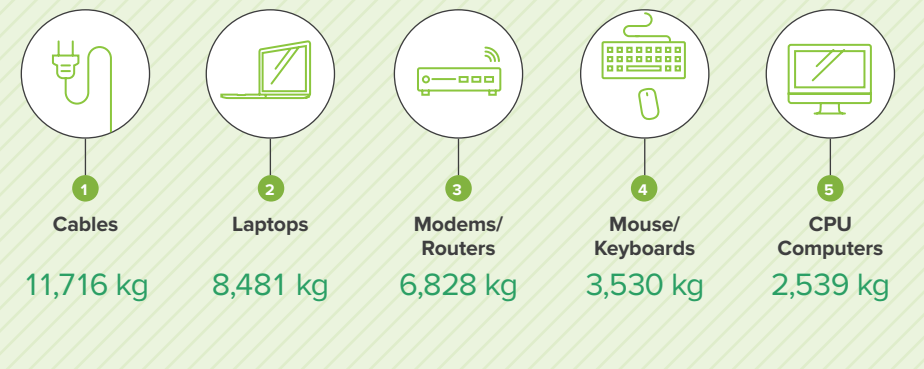
REcycling Nation’s Electronic Waste (RENEW) is StarHub’s flagship e-waste recycling programme launched in 2012 that encouraged the Singapore community to recycle their unwanted electronic products.

RENEW expanded in 2014 when we started our collaboration with DHL and TES providing more opportunities for the public to recycle simply by depositing their unwanted electronic products into the RENEW bins. DHL collects the e-waste from all bins in Singapore and delivers to TES’s e-waste recycling facility. We have been expanding the initiative and the amount of e-waste collected increased every year. As of 2017, there were 401 bins in 356 locations. Over 92 tonnes of e-waste were collected from the public.

Water Consumption

As a service provider, our water consumption, drawn from municipal sources is almost limited to within our offices, shops and data centres. The impact of our operations on water conservation is limited, however we see it as integral to our environmental practices. Our head office building was awarded Green Mark Gold by the Building & Construction Authority. Based on our utilities bills, our water consumption in 2017 was 27,633m³.

Top five items recycled through RENEW



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Environmental Data

Energy Consumption

gigajoules



- StarHub
- Additional Technical Centres

Energy Intensity

gigajoules per \$million revenue



Emissions Intensity

tonnes CO₂e per \$million revenue



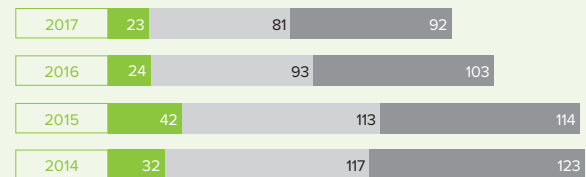
Electricity Use

million kWh



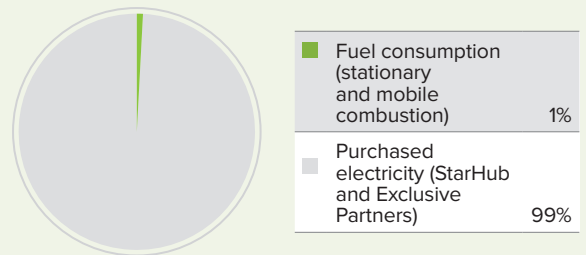
Fuel Consumption

thousand litres



- Diesel (stationary combustion)
- Diesel (mobile combustion)
- Petrol (mobile combustion)

Emission Sources



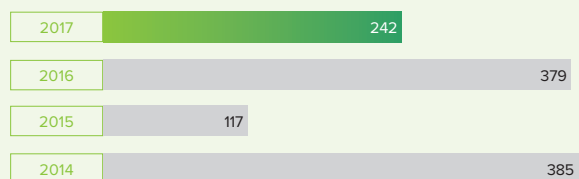
Water Consumption

cubic meters



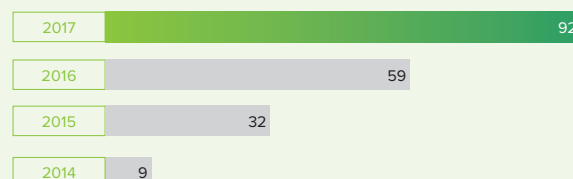
Electronic Waste Generated from Operations

tonnes



Electronic Waste Collected Through RENEW

tonnes



EMISSION SOURCES ¹	FY2017	FY2016	FY2015
Scope 1			
Stationary combustion	61	65	112
Mobile combustion	426	487	568
Fugitive emissions (refrigerant gases)	–	9	1,252
Total Scope 1 emissions (tonnes CO₂e)	487	561	1,932
Scope 2			
Purchased electricity	54,145	53,957	54,774
Total Scope 2 emissions (tonnes CO₂e)	54,145	53,957	54,774
Scope 3			
Electricity consumption by Exclusive Partners	190	187	217
Total Scope 3 emissions (tonnes CO₂e)	190	187	217
Total emissions (tonnes CO₂e)	54,822	54,705	56,923

¹ The CO₂ equivalent emissions for fossil fuel sources are calculated based on the United Kingdom Greenhouse Gas Inventory that is compiled according to the Intergovernmental Panel on Climate Change (2006) Guidelines. The CO₂ equivalent emissions for electricity purchased is calculated based on the Singapore Energy Statistics 2017 by Energy Market Authority.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Supporting Youth, Social and Digital Inclusion

At StarHub, we believe the digital communications revolution represents a profound social good: our networks and services play a critically important role in hundreds of millions of people's lives, empowering individuals and enhancing businesses. However, we also recognise the consequences of digital disruption from an employment perspective, hence we believe we should do what we can to help ensure employability and bridge the digital divide.

Approach to Youth, Social and Digital Inclusion

Supporting youth and social inclusion is one of our five main goals in our sustainability strategy for several reasons.

Firstly, we aim to help younger internet users in Singapore make the most of the online world and deal with any potential challenges and risks. With the internet now as one of the most important sources of information, education and entertainment for many people, it is vital that we help children and young people use the internet in a safe and responsible way.

Secondly, we consider that ICT, when accessible and available, can serve as critical enablers that allow persons with disabilities to realise full and effective opportunities to participate, on the basis of equality, in all aspects of society and development. Our technologies can help persons with disabilities gain a greater access to knowledge and independent living.

We also believe that employability gives persons with disabilities increased financial independence and a sense of self-worth when they are a contributing member of the society. A number of our programmes are geared towards preparing people with disabilities or special needs for employment.

We partner with innovative organisations and government agencies to effect strong positive outcomes for segments of the community. As much as possible, we raise awareness of these issues through engaging our customers and business partners in our community investment effort.

Safe Online Environment

Staying connected is becoming a norm and, children and young people are getting their first mobile device at a younger age. Therefore, protecting children from harm when using digital media is an important issue to us and we want to create a safe online experience for them.

We provide JuniorProtect Service as a Value-Added Service that parents may subscribe to protect their children from accessing inappropriate content on their mobile device or home broadband. StarHub has pre-defined categories that parents can choose to block for children between 7-12 and 13-16 years old. In addition, JuniorProtect Service also allows parents to track their children's location through their mobile phone, set surfing curfew and restrict data access. In particular, restricting data access prevents children from overconsuming data resulting in excessive costs. JuniorProtect Service provides parents with a peace of mind knowing their children are surfing the digital world safely.

Contributions in-Summary

In 2017, StarHub donated a total of \$730,840 to 13 voluntary welfare organisations or non-profit organisations in various programmes that aim to enhance connectivity, employability and critical life skills of less privileged youth and families. Together with employees, customers and business partners, we supported several community outreach initiatives that promote social and economic integration.



\$730,840

invested
in local community
programmes in 2017



13 charity
partners

2,105
people

have benefited from
programmes supported
by StarHub

Social Inclusion

We raised \$200,000 through the StarHub Open, an annual charity golf event for corporate clients. Through Community Chest, this was donated to three non-profit organisations that support beneficiaries with intellectual or developmental disabilities and mental health issues to live independently. Beneficiaries were equipped with life skills and vocational skills that enable them to be ready for employment and be integrated into the community.

1. **Metta School** – Metta students are supported through a specialised programme for those with intellectual disability to gain employability and life skills to help them integrate better into society. 375 Metta students were supported through the school's specialised programme to gain employability and life skills to help them integrate better into society.
2. **MINDS Towner Garden School** – The school programmes cater to special needs students with moderate intellectual or developmental disability and autism. 204 MINDS students currently enrolled are preparing for employment and are taught skills that enable them to be functionally independent.
3. **Singapore Anglican Community Services (SACS)** – StarHub funded the employment internship programme by SACS in 2017. This programme provides vocational and social skills training for people afflicted with mental health issues (PMHIs). StarHub's Finance e-bills team contributed \$6,300 worth of in-kind donation. 52 employers and co-workers were trained to enhance their knowledge and skills on working with PMHIs, and creating a conducive work environment for them. Five PMHIs were assessed to be ready for employment and all five are employed.

We piloted a project with SG Enable, an agency dedicated to enabling persons with disabilities, to enhance the mobility and connectivity of 40 graduating students from Special Education (SPED) schools by contributing \$15,000 in the form of providing SIM cards and mobile plans for a year. The SIM cards are placed in tracking devices to allow caregivers and parents to monitor their locations and students to travel more independently.

We have been supporting the Nurture programme run by the Central Singapore Community Development Council (CDC) since 2011 and contributed \$120,000 this year. The programme supported 16 Nurture Centres and 481 underprivileged children in their academic study, expanding their learning platforms and opportunities to build character and values that would encourage them to give back to the community.

CASE STUDY EXAMPLE

Nurture 3.0, Central Singapore CDC

Hanis (10 years old)

Hanis stays in a 2-room rental unit with a family of five. She was a very quiet and shy girl. After attending the Nurture Class – Problem Solving module, she became more confident and was able to work out the answers by herself. She has become more open to sharing with her classmates and teachers as well.

Ryan (10 years old)

Ryan first joined the programme in 2014 and he was observed to be struggling in following basic instructions as well as having poor academic ability in terms of language and writing. However, through attending the Nurture programme regularly, he has improved tremendously in his academic abilities and has become more confident in public speaking.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Youth and Employability

Since April 2017, StarHub has partnered with Care Corner Crossroad Youth Hub to engage at-risk youth aged between 12 and 18 years old, who lack meaningful engagement at home and at school. The objective is to keep these children away from delinquency and provide them with after-school programmes and services, teaching critical life skills development and offering study support. We contributed \$50,000 to the programme, enrolling 33 new youth into the programme and remaining crime-free. 158 youth were also engaged during the street outreaches that raise awareness amongst youth on counselling, programmes and support available.

StarHub contributed \$130,000 to fund the Employment Support Programme (ESP) by SPD (formerly known as Society for the Physically Disabled). ESP equips persons with disabilities (PWDs) with Microsoft Office skills as well as job matching or sheltered workshop options after the completion of the course. 111 PWDs were trained, of whom 39 were successfully and purposefully employed. Client satisfaction is measured at the end of every module. 94% of the PWDs trained were satisfied with the training received and felt that they could apply what they learnt to their future job. StarHub's sponsorship of the programme was acknowledged in the SPD Charity Show 2017.

CASE STUDY EXAMPLE

Employment Support Programme, SPD

Nurul

Nurul was born with hearing impairment relying only on the partial hearing she has on her right ear through a cochlear implant to help her in her communication. On top of her hearing challenges, she suffered from vision loss in her left eye at a young age due to cataract and was unable to see well. She is unable to participate in any strenuous activities due to a heart condition too.

She worked full time as a banquet server after graduating from ITE but was keen to secure a better job so that she can also help to contribute and support her family. Nurul approached SPD in March 2017 for employment assistance and was enrolled into the Employment Support Programme to attend training courses to better equip her with skills necessary for a successful employment. She attended the Skills Enabling Training and ICDL Online Essentials modules where she learnt about transiting from school to work, communication techniques and preparing for job interviews.

Shortly after attending modules, she was matched to a bank clerk job opening with UOB Scan Hub and was shortlisted for the interview. She was offered the job following the interview and started working as a bank clerk. The training she receives in the modules helped her to carry out the tasks efficiently and communicate better with her colleagues despite her hearing disability. Recognising her efforts and willingness to learn, the management has decided to rotate her to other departments to pick up new skills and knowledge.

○○

The training at SPD has equipped me with skills for admin work. I am happy to be able to find a better job so I can now support myself and contribute to my family.

Nurul

Since 2010, StarHub has been working with Connect Centre Pte Ltd and subsequently, Agape Connecting People Pte Ltd (Agape). Both are social enterprises with missions to reintegrate ex-offenders and inmates to mainstream society by equipping them with business skills. We do so by engaging them to perform a portion of our telesales operations, a small function of customer service.

In running the in-prison call centre, we require both organisations to work closely with the authorities to meet the rigorous security measures put in place within the facility, and to adhere to our workflow processes. Inmates undergo stringent screening by prison authorities before they qualify as agents. Only minimal personal information is given to the agents, and no paper and pen are allowed into the call centre premises. All conversations are recorded for quality as well as security purposes as an added safeguard.

Engaging in productive call centre work has also enabled inmates to focus on the present and future, instead of dwelling on their past. This has transformed lives, and even paved way for the restoration and reunification of family ties for some.

As testament to the impact, an ex-inmate who was involved in StarHub Telesales work for two years, has joined Agape upon his release. He has been an important asset, being instrumental in improving the service quality of the Agape operations. Working with such high-impact social organisations is something we believe is aligned to building a more inclusive society.

CASE STUDY EXAMPLE

Customer Engagement Programmes

StarHub also invites its customers to support environmental and social causes. Through the StarHub Rewards Redemption for Charity Programme, customers may redeem their reward points to make a donation to participating non-profit organisations that StarHub specifies. In 2017, customers may contribute to MINDS Towner Garden School, Care Corner Counselling Centre and WWF Singapore. A total of \$72,100 was donated based on the number of redemptions made by customers in 2017.

Airtime Sponsorship for Social Campaigns

Leveraging on our business, our in-kind donations in the form of TV commercial spots for social and environmental campaigns amounted to \$700,000 in 2017. The campaigns included WWF's Earth Hour and President's Challenge. This helped the non-profit organisations reach a wider audience, raising awareness of various causes.



StarHub has been working with Connect Centre Pte Ltd and subsequently, Agape Connecting People Pte Ltd (Agape). Both are social enterprises with missions to reintegrate ex-offenders and inmates to mainstream society.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Partnering for Innovation

As a service provider of digital solutions, we want to inspire positive changes in our customers' operations. Our aim is to offer these advantages to as many customers as possible that enable them to be more efficient and sustainable.

Enabling Resource Efficiency

In a natural resource-scarce country like Singapore, the supply of water and energy sources are not infinite. As such, the government is implementing regulations that require businesses to be accountable for their water and energy consumption and to implement initiatives to reduce consumption.

Our smart metering solutions help businesses enhance their capability to monitor water and electricity consumption. With the aid of smart meters, businesses have access to accurate and real-time information on how water and electricity are used in their operations and be notified when abnormalities are detected so that immediate actions can be taken to address the abnormalities.

We have implemented a smart water metering system with a shipping port that will help them uncover leaks, unauthorised usage and faulty equipment that may not be operating optimally with the aim of reducing leakage and improving water use efficiency. With the smart meters, they will be able to monitor the water consumption and efficiency to understand the positive impact of the system.

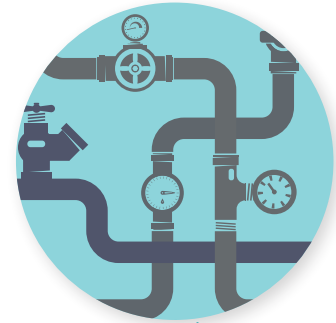
As we strive to expand the uptake of these solutions in Singapore, we will also work with our customers to track and measure the collective reduction of consumption and improvement in efficiency to demonstrate our collective contribution towards SDG 12.

SOLUTION

Our battery-powered wireless modems connect to any smart meter, collecting consumption data and storing them in our cloud for analysis.

KEY FEATURES

- Water consumption profile visualised over a variety of time periods (ie. half hourly, hourly, daily, monthly, etc.)
- Alerts when unauthorised usage and leaks are detected
- Automated reports configured to be sent either daily, weekly or monthly
- User-specific reports downloadable in Comma Separated Values (CSV) and Excel
- Option to upload files (e.g. water, balance chart, Water Efficiency Management Plan, etc)
- Option to transmit data to PUB
- Able to accommodate up to five user-accounts on basic plan
- Option to transmit data to third-party system via RESTful web service



Accurate, real-time & granular data available on an easy-to-use cloud-based platform

Enabling Innovation to Manage Digital Transformation

In expanding our Internet of Things (IoT) strategy, we take a best-fit technology approach, offering IoT connectivity and working solutions based on our customers' business requirements. For example, we have deployed robotic solutions for several companies to help them streamline business processes and optimise efficiency, bringing about gains in productivity with the same number of employees.

On 6 November 2017, we announced our partnership with ST Kinetics to deploy heavy-lifting autonomous TUG robots that would help automate the movement of materials in business environments. Providing this solution on an as-a-service business model takes away the complexity of maintaining the robots for the customers. The deployment of these robots enables our customers to manage repetitive and tedious tasks efficiently, thus freeing up staff to focus on their core tasks. This helps to boost productivity and alleviate manpower crunch.

In partnership with Laundry Network and Republic Polytechnic, we are piloting the use of TUG robots as part of an innovation solution in three hotels to help streamline hospitality laundry and housekeeping operations, reducing a seven-step manual process to a three-step automated one. This revolutionary solution which has received support from the Singapore Tourism Board, involves the use of different technologies such as RFID, robotics, and sensors, as well as an overhauled redesign of the housekeeping laundry cart in a hotel. Central to the solution is the use of advanced autonomous robots to transport linen.

Building on the success of Savioke's Relay service delivery robot first deployed in 2016 at M Social Singapore, we have in 2017, expanded this to four other hotels in the Millennium & Copthorne Hotels and two hotels in the Hotel Jen collection belonging to Shangri-La Group in Singapore. We integrated the robot into the hotels' existing systems for seamless workflows,

and we provide 24/7 support and maintenance services. In addition, StarHub and Savioke can analyse the data generated from the automated processes and provide specific insights that are valuable for the customers' operations. These are part of StarHub's Connected Building initiative to provide solutions that help companies implement green, productivity or safety concepts in their business environments.

In 2018, we can look forward to more partnerships in the area of collaborative robotics, sensor networks and augmented intelligence platforms that further anchors StarHub in the space of realisable and actionable IoT, resulting in positive outcomes that change the paradigm of the industry for our customers.



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Improving Customer Experience

Customer experience starts from the very first touch point with our customers, be it through various media channels or interactions with our service staff to creating safe, secure and reliable environments for our customers to access and use our services to providing aftersales service support. In order to create happiness through their experience with us, we strive to listen to their needs and recommend best fit solutions accordingly, through service innovation and excellence at every touch point.

Responsible Marketing

StarHub is committed to communicating and advertising our products and services responsibly. We comply with relevant local regulations and guidelines such as the TV Advertising Code and the Television Programme Sponsorship Code.

Our Data Protection Office oversees the adherence to our Do Not Call (DNC)

Policy that guides and ensures that we comply with the Singapore Personal Data Protection Act (PDPA) – Do Not Call Registry. This means targeted marketing messages will not be sent to any Singapore mobile number unless explicit consent has been received from the recipient.

Our Customer Communication Guidelines provide support to our DNC Policy and further guidance on our customer communication materials. We use a combination of local regulations and guidelines as well as internal policies and guidelines when working with external creative and media agencies. In 2017, StarHub had zero incidence of non-compliance with regulations concerning marketing communications including advertising and promotion.

As an info-communications company, we are cognisant of our ability to promote social cohesion through our products and services. We see cause-related marketing as part of our direction towards responsible marketing. On an annual basis, we celebrate our nation's independence with the launch of a commemorative

video that highlights different segments of our society and championing various social causes. #RegardlessOfColour was 2017's theme of the commemorative video highlighting the importance of Singapore's racial diversity and harmony. We also took the opportunity to engage our customers in redeeming their points on the Rewards Redemption platform to gift 500 disadvantaged families movie tickets in our festive year-end campaign.

○○

We are continuously developing our customer service to provide a seamless experience across all touchpoints, sales and service transactions.



Providing personalised offerings to customers

Pricing and Billing

We strive to make our bills clear and easy to read so that we can build a relationship of trust with our customers. Our customer service staff are provided with training to clearly communicate to our customers on pricing structure and contract terms, in particular with the launch of new products and services.

Customers may also access our Finance and Billing page on our website for details on understanding, managing and paying their bills. Illustrations and explanations are provided for various scenarios, products and services on the website.

Service Quality

In a highly competitive environment, providing quality service from network service to front-facing customer service plays an ever-growing role to maintaining customer interest and loyalty. Living in a fast-paced society that demands faster and better coverage with minimal interruptions requires continuous upgrading of infrastructure to provide stable, reliable and high-speed data and network services to our customers.

We continue to invest in infrastructural upgrades for our mobile, broadband, and TV infrastructure that would:

1. Improve the resilience of our network services that allow customers to surf the internet and stream videos faster even during peak hours and mega events (for example National Day Parade, Formula 1 Singapore Grand Prix and New Year's Eve Countdown)
2. Make our networks faster and more efficient to enhance connectivity for the IoT age, support Singapore's Smart Nation initiatives and to prepare for next generation mobile services (5G)
3. Provide better quality of service, pricing and capability to StarHub's customers with the transition to StarHub's own fibre-optic network
4. Ensure prompt service recovery with minimum human intervention in the unfortunate event of service disruption
5. Optimise our service delivery lead time

○○

We use the Net Promoter System (NPS) index to gauge customers' overall satisfaction of our products and services as well as customers' loyalty and follow up with those who have submitted unfavourable ratings for our products or services, to address their concerns.

We are continuously developing our customer service to provide a seamless experience across all touchpoints, sales and service transactions. New or improved features were added to *My StarHub* App for the convenience of customers and to encourage higher use. Some of these include enhancements in the Bills section to include options to view recurring payment methods and updating of credit card expiry, *DataShare* options to share unused data with other mobile lines and to encourage higher use. Some of these include enhancements in the Bills section to include options to view recurring payment methods and updating of credit card expiry, *DataTravel* roaming data balance, amongst many others.

We also take customer feedback seriously as it is an important mechanism for us to understand consumer preferences and enhance our product and service offerings. We have strengthened the Social Media team to better handle queries and foster greater engagement with customers across all social media platforms.

We use the Net Promoter System (NPS) index to gauge customers' overall satisfaction of our products and services as well as customers' loyalty and follow up with those who have submitted unfavourable ratings for our products or services, to address their concerns.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

○○

In 2017, there were zero identified leaks, thefts or losses of customer data. We have also received inputs from external security vendors which we have reviewed and taken the necessary actions to enhance our control measures.

Protection and Privacy of Customer Data

Keeping our customers' data secure means protecting the data and the infrastructure that stores the data as well as supporting customers to keep their own data secured.

We take customers' privacy seriously and our target is to achieve zero customer data breaches. We expect all our employees to comply with the Singapore Personal Data Protection Act (PDPA) and apply our Personal Data Protection Policy in the course of their daily work. This includes (and not limited to) contractors, telemarketers, service providers and temporary staff.

We have a Data Protection Office which oversees the Singapore Personal Data Protection Programme within StarHub to achieve compliance with PDPA. The Data Protection Office together with the Regulatory and Legal departments monitor the upcoming legislative changes and ensures that the operations are aligned. Our Internal Audit serves as the monitoring arm to provide assurance to management on the effectiveness of the control measures.

In 2017, there were zero identified leaks, thefts or losses of customer data. We have also received inputs from external security vendors which we have reviewed and taken the necessary actions to enhance our control measures. One of the inputs received and actioned was to enhance our implementation of CAPTCHA, a programme that protects websites against bots by generating and grading tests that humans can pass, on the StarHub DNC portal.

The public may refer to our Data Protection Policy webpage that helps interested parties to understand how StarHub manages the collection, usage and disclosure of personal data.

Cyber Security

Our charter is to ensure cyber security resilience, protection of data and compliance to the upcoming Cyber Security Bill.

Our Security Team references the ISO27001 ISMS security standard to create the relevant security policies including the Information Security Policy, Vendor Security Policy and Mobile Device Security Policy, and ensures its implementation. All employees need to comply with these policies which are supplemented with procedures, guidelines and checklists in ensuring the confidentiality, integrity and availability of our assets.

We conduct an annual review of our employees' eligibility to access restricted areas including data centres based on their job responsibilities. We also set specific targets for security incidents. In 2017, all incidents detected were mitigated.

These incidents include Distributed Denial-of-Service (DDoS), failed login, vulnerability scan, trojan and malware, hacking tool activity.

Some of our service offerings (Argonar Cloud, Security Operations Centre) are ISO27001 certified.

StarHub's newly launched Cyber Threat Intelligence (CTI) is a subscription-based service that delivers customised real-time threat alerts targeting Singapore, with details from a sectoral view to organisations with security operations centre or an internal security team. Based on the intelligence reports or real-time alerts received, customers can take precautionary actions or improve the response time to counter imminent and prevailing threats. For instance, in May 2017, we observed increased levels of suspicious port 445 activities in Singapore, two weeks before the outbreak of the WannaCry ransomware. This allowed us to provide early warning to our customers and urged firms that had yet to apply security patches to their Windows systems to do so.

We acquired a 80.4% stake in Accel Systems & Technologies Pte. Ltd. strengthening our cyber security portfolio, giving it the in-house capabilities to be an end-to-end provider of cyber security solutions and services. In addition to the acquisition, we have announced a commitment to invest up to S\$10 million over two years to boost our round-the-clock cyberthreat detection. This means doubling the size of our Security Operations Centres and certified cyber security analysts and researchers.

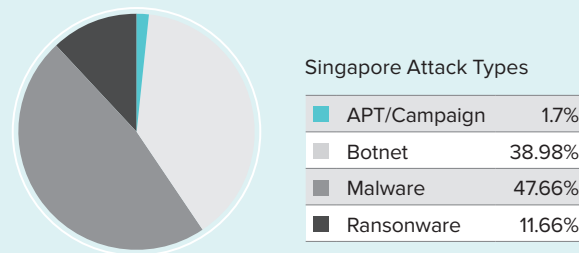


We acquired a 80.4% stake in Accel Systems & Technologies Pte. Ltd. strengthening our cyber security portfolio

StarHub Cyber Security CTI

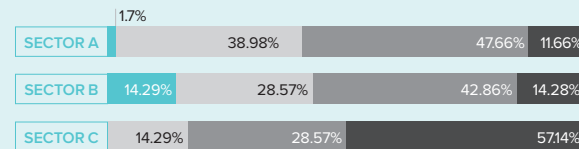
Visibility on a National Level

Singapore overview of real-time situation awareness and visibility

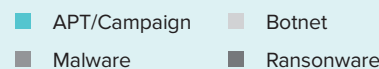


Visibility on a Sectoral Level

Granular view of attack types in vertical sectors



Alert Type



Statistics shown are for illustration purposes only

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Promoting Supply Chain Integrity

In order to make significant progress on environmental and social issues, we must understand that our organisation is part of a larger system.

StarHub's business relies on international supply chains that span multiple tiers and are complex to manage. The risks in these supply chains range from environmental issues to human right abuses in electronic factories or in the mining of metal and minerals.

This year, we have reviewed our approach on supplier management to ensure that companies supplying StarHub with products or services share our values and strive to meet the standards that we mandate across our own business.

Commitment

As a signatory to the United Nations Global Compact initiative, StarHub is committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout its business operations.

In order to make this commitment clear to employees, suppliers, customers and other stakeholders, StarHub developed a Supplier Code of Conduct (Code) this year. This Code is based on the United Nations Global Compact Ten Principles and shall be publicly available.

Code of Conduct

StarHub is committed to corporate sustainability and responsible sourcing to ensure safe working conditions, respect of worker rights, and environmentally-conscious business operations. We strive to uphold the highest level of honesty and integrity in our business and expect these shared values from our partners.

○○

This year, we have reviewed our approach on supplier management to ensure that companies supplying StarHub with products or services share our values and strive to meet the standards that we mandate across our own business.

Our Code is based on the core conventions of the International Labour Organization (ILO) Conventions on Labour Standards, the United Nations Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, local laws and universally accepted fundamental principles.

All StarHub suppliers shall comply with this Code and other applicable local laws. We encourage our suppliers to adhere to the highest level of compliance and adopt a proactive approach to continuous improvement. Suppliers are also encouraged to communicate and share this Code to their next tier suppliers, agents, and third-party partners to ensure alignment of CSR expectations throughout the supply chain.

StarHub understands the challenges in the space that we and our business partners operate in and do not expect perfection in all aspects. We value transparency and partnership, and will continuously work to support our suppliers in overcoming challenges and share industry best practices.

Code of Conduct Implementation

All StarHub suppliers need to adhere to our Code, at a minimum. Where local laws or national regulations are more stringent in the location that the business operates in, suppliers shall meet the highest requirement.

Moving forward, any new StarHub supplier would be required to disclose their approach towards ethical, labour and environmental risks and other areas that form the focus of our Code. These suppliers would also need to acknowledge their understanding and acceptance of our Code, and confirm they will comply with those requirements.

In some instances, we may require suppliers to provide evidence to support their disclosure.

From 2018, our procurement team will be trained to actively promote and implement our Code and help identify possible issues during their engagement with suppliers and their representatives.

Risk Assessment

StarHub's level of influence over companies varies and we have the greatest influence over our tier 1 direct suppliers and vendors whom we have contractual agreements with.

This year, we initiated a supplier risk assessment process to analyse and categorise our suppliers based on the level of risk they pose to our organisation. Our intention is to ensure that our relationships with suppliers does not only consider commercial goals but also focuses on the identified risks. This assessment exercise is critical to prioritising our decisions and actions towards responsible sourcing.

STEP 1**A COMPREHENSIVE INVENTORY OF SUPPLIERS**

As a first step on this process, StarHub has conducted a review of its tier 1 suppliers and vendors, what activities it performs and how each of them interacts with their own suppliers. To monitor supplier risk successfully, StarHub also had to identify the relevant issues for each category of suppliers and determine the relative weight and importance of each one.

This phase is also critical for StarHub to ensure that moving forward, our business units have a systematic way of tracking our suppliers, making it easier to compare and collate them across our entire organisation.

STEP 2**A RISK-BASED SEGMENTATION**

Once StarHub completed its inventory of suppliers, we proceeded with the segmentation of our suppliers by risk level.

We have observed that with a large majority of our suppliers based in Singapore, over 90% of our relationships are low-risks. On the other hand, this segmentation allowed us to identify 47 suppliers that require special attention, with whom StarHub will conduct additional due diligence in 2018.

STEP 3**DUE DILIGENCE, GOVERNANCE AND ESCALATION PROCESS**

Moving forward, StarHub will align specific due diligence activities with the risk category identified by the risk-based segmentation. Our suppliers in the high-risk category will be subject to further due diligence investigations.

Organisational alignment is also important when decision-making rights are spread across a range of businesses and functions. Our next priority is therefore to establish governance structures and processes to address any possible misalignments.

Finally, StarHub will need to define an escalation framework to resolve future possible issues, such as managing requests for exceptions and the resolution of third-party breaches.

Our Vision for the Future (cont'd)



Being a Responsible Business

Running a business responsibly and with integrity is expected by all our stakeholders. The trust of our stakeholders needs to be earned and that is why it is critical that we uphold the highest ethical standard in our conduct of business and seek to promote openness and transparency to our stakeholders.

Corporate Governance

As a public company listed on the Singapore Exchange, we adhere to the listing requirements as well as the Code of Governance 2012. The Singapore Governance and Transparency Index (SGTI) is the leading index for assessing corporate governance practices of Singapore-listed companies. As a testament to our commitment to responsible corporate governance, our SGTI score has been increasing every year to 94 out of 100 points in 2017. For more details, please refer to our Corporate Governance Report on pages 48-70.

Anti-corruption

We do not tolerate ethical and legal violations including corruption. We have put in place an Employee Code of Conduct and Ethics (Code) as well as Corporate Gift and Hospitality Policy and Terms & Conditions – Business Partner and Vendor Relationships (HR and Corporate Policies) that set out the standards of behaviour and procedures for employees when dealing with customers, business associates and stakeholders. These are accessible to all employees on the StarHub intranet. Employees are also required to disclose personal relationships and business activities with StarHub’s vendors and business partners, and with personnel employed by such vendors and business partners.

Errant employees will be subject to appropriate disciplinary and legal actions (including dismissal), for any non-compliance with the Code or the applicable HR and Corporate policies. We are pleased to report that there was no incidence of corruption in 2017.

Our whistleblowing policy aims to encourage responsible and secure reporting of suspected unethical, illegal, irregular or inappropriate conduct or activities in good faith, by lending confidence that whistle-blowers will be treated fairly and accorded with due protection against any reprisals. Our reporting channels include a dedicated whistleblowing email and a discreet channel to the Audit Committee Chairman and the General Counsel (via email and/or mail).

Fair and Competitive Market

Apart from our customers and employees, our industry peers are also a driving force for us to pursue new development of products and service excellence to improve our performance. As such, we respect and comply with relevant legislation, licence obligations and codes of practice.

Sustainability Governance Structure



Our Risk Committee provides guidance on sustainability topics to be identified as material to the business and ensures the alignment and integration of our sustainability strategy and approach with our business model.



The Management Risk Committee comprising StarHub’s Senior Leadership Team is responsible for reviewing and determining material sustainability topics, developing sustainability strategy, considering stakeholder feedback and expectations, and establishing priorities, goals and targets.



The Corporate Sustainability Advocate is responsible for developing, implementing and coordinating programmes and initiatives with the support of cross-functional representatives.

We are pleased to report that there was no legal actions taken against StarHub for anti-competitive behaviour in 2017.

Employees

Our policies promote merit-based hiring and remuneration, teamwork, safe and healthy working conditions, diversity, reward and recognition for performance, people development, career growth, work-life balance, and employee volunteering. StarHub management regularly reviews HR policies and performance including hiring, diversity and equal opportunity, training, performance management and occupational health and safety.

Our workforce consists of 2,541 permanent employees.

Employee Benefits

We offer employees competitive remuneration packages commensurate with experience, performance and job responsibilities. Benefits exclusive to StarHub's permanent employees, include product benefits, comprehensive Health Screening, additional insurance coverages other than Work Injury Compensation insurance coverage, medical and dental coverages, transport allowance, training, claim for professional fees for joining professional associations, Long Service Award, entry passes for places of interest and tokens for special occasions.

In 2017, we enhanced the healthcare benefits for employees, to provide greater protection to our employees. We launched a mobile application (app) providing employees easy and secured access to healthcare benefits. The ability to submit paperless healthcare claims on-the-go further enhances efficiency and productivity.

Parental Leave

StarHub employees also enjoy other benefits which include maternity leave, paternity leave and shared parental leave. Eligible working fathers are entitled to two weeks of paid paternity leave, and up to four weeks of shared parental

leave. In 2017, 143 of our employees took the above-mentioned leave with 98% return rate.

MOU with Employee Union

We have signed a Memorandum of Understanding (MOU) with Singapore Industrial and Services Employees' Union (SISEU) which allows rank and file employees to participate in recreational and social activities organised by SISEU. We maintain a collaborative partnership and have open and timely dialogues with SISEU.

We will continue to work closely with SISEU to ensure that our employees' skills stay relevant as we undergo business transformation.

Career Development and Training

The need for highly skilled employees with learning agility in the info-communications sector will continue to grow as our business continues to implement new technology to enhance our services and prepare for the next generation of technology such as the 5G network and the "Internet of Things". Our management approach is to invest in people development to build a high performing organisation.

Our Learning & Development Framework is focused on ensuring that our employees have the relevant learning and development opportunities to build functional and technical skills to succeed in their jobs, and the management and leadership skills to inspire and engage teams to perform effectively.

We have established partnerships with multiple government agencies such as SkillsFuture Singapore, the IMDA, and the Economic Development Board to maximise learning and funding opportunities for our employees.

We continued to collaborate in 2017, with post-secondary educational institutions, namely Institute of Technical Education, Nanyang Polytechnic and Republic Polytechnic. The scope of collaboration includes offering relevant

○○

We launched a mobile application (app) providing employees easy and secured access to healthcare benefits.

enhanced internship placements in two key functions in the organisation, jointly developing and implementing the planned training program and assessments that are aligned with the learning outcomes, and providing on-the-job training and career guidance, as well as mentoring of interns.

We continued to roll out learning programmes that are targeted to equip our managers with coaching, management and change management skills. We recognise that rapid changes are shaping our business landscape. Therefore, it is critical that our employees are equipped with skills that are aligned with our strategic imperatives and business needs such as cyber security, cloud services and analytics.

We invested \$2.5 million on training in 2017, up from \$2.1 million spent in the previous year. We received \$306,937 in training subsidy from various government agencies. In total, we provided 43,372 hours of training. Training expenditure per employee was \$994.

StarHub employees received regular performance and career development reviews in 2017 as part of our performance management system. Managers are equipped with relevant skills to conduct effective performance and career development conversations with their teams. In order to support our employees' career development efforts, we continue to organise internal Career Coaching sessions.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Employee Engagement

Our vision of “Creating Happiness, Inspiring Change” applies not only to our external stakeholders but also to our employees as we believe that happy and engaged employees lead to happy customers.

It is therefore important to take the opinions of our employees into consideration if we want to keep building a happy and engaged workforce while growing our business.

In 2017, our employees took part in the biennial StarHub Employee Experience Survey to solicit feedback on their experience at work and to help the organisation identify key action areas in order to build an engaged and high-performance culture. The survey, which was conducted by Aon Hewitt, a global leader in human resource consulting, saw 83% response rate from the employees.

Company efforts to address the previous key areas cited in last survey have paid off as satisfaction scores pertaining to Learning & Development, Performance Management and Collaboration have improved. However, we need to continue to focus on areas such as Enabling Processes and Career Development.

Recreational Activities

As employees spend a significant amount of time at work, our recreational club committee, also known as the STAR Team, is hard at work all year round to organise fun social events and activities to engage employees both inside and outside of work. These include the ever-popular Fruits Fiesta, dragon-boating events, rock climbing, calligraphy and baking workshops, Bring Your Kids to Work Day, amongst others.



Fruit Fiesta



'Bring your kids to work' Day

Engaging and Enabling Employees Digitally

In the area of internal communication, we are embracing digital technology to reach out to our employees more effectively and meaningfully. Through social media channels such as Instagram and Twitter, employees are encouraged to share their videos and photos during themed campaigns and quizzes. For instance, during the one-week campaign #HealthyStarHubbers, participants got to share their photos on what they do to stay healthy at work.

Through quarterly e-news bulletins, employees are kept updated on the latest corporate happenings and important topics such as workplace safety and health promotion. In 2017, we started a HubbaBlog, an internal blogging platform where a community of writers can share their views openly on various topics on a weekly basis. This greatly helps to facilitate greater interaction and open new conversations and idea exchanges among employees.

We are also active on LinkedIn to reach out to the increasing pool of digitally savvy jobseekers. Other than attracting potential candidates, the platform is apt for promoting employee advocacy and thought leadership. Employees can connect with key StarHub leaders and follow their corporate activities in real time. Regular updates of company news, achievements and employee profiles help to further enhance the employer branding.



HubbaBlog initiated in 2017

Employee Volunteering

We encourage our employees to volunteer their time and skills in community initiatives. All employees are entitled to up to two (paid) days of volunteering leave. To encourage employees to get involved in social causes, StarHub contributed \$500 to the ASPN Centre for Adults (capped at \$100,000) for each employee who had taken the volunteer leave. 179 employees volunteered 101 days in 2017, raising \$89,500 for the voluntary welfare organisation.

Employees participated in company-wide social outreach activities that provide opportunities to contribute to our society. Such activities include helping out at soup kitchens, interacting with special needs students from MINDS Towner Garden School through an art-and-craft session, engaging with youth at-risk at a community event with Care Corner Crossroad Youth Hub.

Employees also participated in our Green Learning Journeys and workshops

that raise employees' awareness on environmental issues and the natural landscape. Such activities include a bottle lamp upcycling workshop followed by a dragon-boating experience to gain awareness and insights on waste management and water conservation, an upcycling workshop together with 52 Nurture children on World Environment Day and a guided nature walk at Lower Peirce Reservoir to explore biodiversity and its link to corporate management.

Post-volunteering survey results showed that most respondents felt that the volunteering opportunities were useful in enriching their knowledge about environmental and social issues. They are likely to take some form of environmental action in their personal time and are happy to be able to contribute to society with their time.

More details about our community initiatives and community partners that we work with can be read in the section on Supporting Youth, Social and Digital Inclusion.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Quotes from StarHubbers

○○

The green learning journey helped open our eyes to the diversity of flora and fauna that could be found in Singapore. It was coupled with some valuable insights about how Nature could teach us lessons in corporate life. Overall, it was a great experience!

Jude Tan, Enterprise Business Group



Learning about nature and upcycling with children from Nurture programme



Dishing out and packing food at Willing Hearts Soup Kitchen

○○

We learned a valuable lesson out in nature and experienced a hands-on upcycling session with children under the Nurture programme. Together, we created a plant and pencil holder from recycled wood. The children showed bouts of curiosity and the accomplished smiles on their faces made all that hard work worthwhile.

Chow Xin Ying,
Corporate Communications



Learning about biodiversity and business sustainability at Lower Peirce Reservoir Park

Workplace Health and Safety

We associate the safety and health of our employees as one of the factors that contributes towards their performance in the company. As such, we have a responsibility to create a workplace environment that ensures the safety and promotes the health of our employees.

Our management approach is to ensure workplace health and safety by taking preventive measures based on risk assessment and creating employee awareness. StarHub's Workplace Safety and Health Committee, represented by management and employees, periodically reviews policies, procedures and practices relating to occupational health and safety. Nominated Risk Management Champions across the organisation work closely with the Risk Assessment team to assess risks for every work activity and process carried out at the workplace.

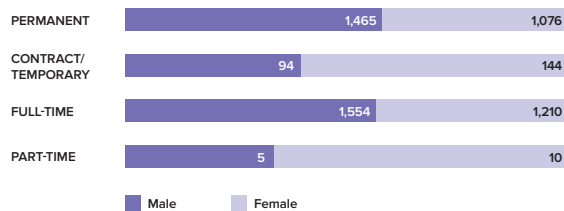
StarHub continues to be a certified bizSafe Level 3 organisation, awarded by the Workplace Safety and Health (WSH) Council Singapore based on an independent audit. We continue to grow our pool of first-aid trained employees to deal in emergency situations.

We adopt the WSH Council's calculation methodology for our safety and health indicators. Incidences are only tracked when they are reported to the Ministry of Manpower or insurers for claims processing. In 2017, there were zero fatalities and zero reported incidences.

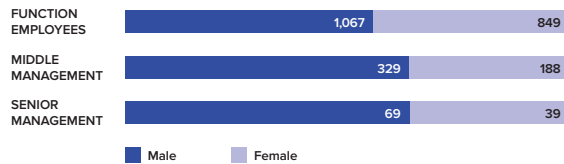
Employees may provide feedback on safety and health matters via the Workplace Safety and Health Feedback Form on our company intranet.

Employee Data

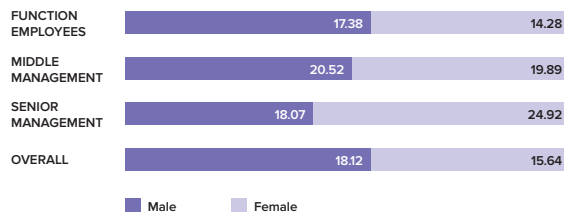
Employment Term by Gender



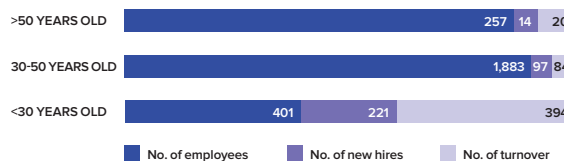
Seniority of Permanent Employees



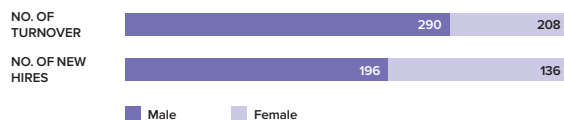
Employees' Average Training Hours



Permanent Employees by Age



Turnover & New Hire by Gender



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Appendix

About This Report

This is StarHub's seventh annual sustainability report. The information in this report covers StarHub's Financial Year 2017 period (1 January to 31 December 2017). The scope of the report content covers all business units, StarHub shops (excluding Exclusive Partners unless otherwise stated), data centres and subsidiaries (excluding Accel Systems & Technologies Pte. Ltd., a new subsidiary acquired in 2017).

This report is also prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards): Core option. The GRI content index can be found at the end of this sustainability report. Please refer to pages 112-115. As in our previous reports, we have followed the GRI principles for defining the sustainability report content and quality. We have determined the report content using the principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure quality of the report, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

This report also adheres to Singapore Exchange's ("SGX") Listing Rule 711A on preparing an annual sustainability report which describes our sustainability practices with reference to the primary components set out in Listing Rule 711B. Under SGX's Listing Rule 711A and 711B, all companies listed on the SGX are required to report their environmental, social and governance practices for any financial year ending on or after 31 December 2017.

There are no restatements of previously published information.

For the first time, StarHub has sought an independent limited assurance for this sustainability report to provide greater confidence to our readers on the accuracy of the information reported. Please refer to pages 116-119 for the assurance statement and scope of data assured. The findings of the assurance procedures are shared with StarHub's Board.

Share with us your feedback on our sustainability practices by contacting starhubcsr@starhub.com.

Materiality Process

1.

IDENTIFYING SUSTAINABILITY TOPICS

22 sustainability topics were identified for consideration from a range of sources including industry peer materiality assessment benchmark and Global e-Sustainability Initiative (GeSI)

2.

ASSESSING THE MATERIALITY OF EACH SUSTAINABILITY TOPIC

Each sustainability topic was assessed whether it is material based on the importance of the topic to stakeholders and significance of the topic to the business

3.

INTERNAL STAKEHOLDER ENGAGEMENT

Employees were engaged to determine whether each sustainability topic is material through the following methods:

1. A survey where almost 70 employees across functions and business units scored each sustainability topic based on importance to them as stakeholders
2. StarHub Sustainability Team scored each sustainability topic based on significance to the business and the Senior Leadership Team validated the scores
3. Eight interviews were conducted with the Senior Leadership Team to understand their views on possible sustainability-related risks and opportunities for StarHub

4.

IDENTIFYING MATERIAL SUSTAINABILITY TOPICS

The materiality threshold is defined by the average scores of all topics for (1) the stakeholders and (2) the business. Sustainability topics with scores above both average scores are material to StarHub

Material Topics Boundaries

Sustainability Topics	Government and Regulators	Customers	Employees	Suppliers	Distributors and Retailers	Investors	Local Community	Trade Associations	Trade Unions	NGOs
Online Safety		X					X			X
Service Quality		X		X	X					
Customer Privacy	X	X					X			
Data Security	X	X		X	X					
Clarity of Pricing and Billing	X	X			X			X		
Responsible Marketing	X	X					X			
Talent Acquisition, Retention and Development	X		X						X	X
Employee Health, Safety and Wellness	X		X						X	
Supporting Local Communities			X		X		X			X
Employee Engagement			X		X	X			X	
Responsible Business Practices	X		X				X			
Addressing Climate Change and Other Environmental Challenges	X		X					X		X
Implementing E-waste Programmes	X	X					X			X

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

StarHub Value Creation Scorecard

PERFORMANCE INDICATORS	FY2017	FY2016	FY2015
Environmental			
CO ₂ e emissions generated (tonnes)	54,822	54,705	56,923
Carbon emission intensity per \$million revenue (tonnes CO ₂ e)	22.8	22.7	23.2
Energy intensity per \$million revenue (gigajoules)	195	183	183
Water consumption (cubic metres)	27,633	28,421	27,500
Internal e-waste recycled (tonnes)	242	379	117
Paper recycled (kilogrammes)	24,230	16,012	19,295
Electricity used (million kWh)	128.0	119.9	121.7
Social			
Employees			
Permanent employees	2,541	2,685	2,758
Local employees (Singapore citizens)	75%	75%	75%
New hires	332	283	320
Female employees	42%	42%	43%
Female managers (% of Senior level)	36%	37%	36%
Female managers (% of Middle level)	36%	36%	38%
Females Heads of Department (% of HODs)	30%	33%	33%
Average training hours per employee	17	19	20
Training expenditure per employee	\$994	\$784	\$611
Employee turnover rate	20%¹	12%	12%
Number of reported work injuries	0	2	2
Fatal Accidents	0	0	0
Community			
Employee volunteerism participation	7%	5%	5%
Community investment and donations to charities (\$million)	0.7	0.8	1.1
Financial			
Revenue (\$million)	2,401	2,397	2,444
Net profit (\$million)	250	341	372
Dividends paid to shareholders (\$million)	294	346	346
Suppliers			
Share of local suppliers as % of total supplier payments	93%²	86%	89%
Proportion of local suppliers	84%²	85%	82.7%

¹ Figures include voluntary and involuntary turnover

² Figures for all purchase orders raised during the year, except for those related to content acquisition. The majority of our procurement is done through purchase orders. Suppliers are classified as local if the purchase order is raised for an entity located in Singapore, as these entities contribute to Singapore's economy, for example, through employment and taxes. As far as possible, we try to support local suppliers.

Memberships and Associations

A list of StarHub's memberships and associations is provided here:

Advertising Standards Authority of Singapore (ASAS)

American Chamber of Commerce in Singapore (AmCham)

Asia Digital Marketing Association (ADMA)

Asia Pacific Network Information Centre (APNIC)

ASME (Association of Small & Medium Enterprises)

Association of Media Owners (Singapore)

British Chamber of Commerce, Singapore (BritCham)

Business China Singapore

Cable Television Laboratories (CableLabs)

CASBAA

Cloud Security Alliance Singapore Chapter

Conexus Mobile Alliance

Consumers Association of Singapore (CASE)

Contact Centre Association of Singapore (CCAS)

CPA

Global Compact Network Singapore (GCNS)

Global TD-LTE Initiative

GSMA

Institute of Advertising Singapore

Institute of Singapore Chartered Accountants

Institute of Service Excellence at SMU

Investor Relations Professionals Association of Singapore (IRPAS)

Law Society of Singapore

Lawnet for Legal Research

Pacific Telecommunications Council (PTC)

Promax Asia

Singapore Academy of Law

Singapore Advanced Research & Education Network (SingAREN)

Singapore Advertisers Association

Singapore Association of the Institute of Chartered Secretaries & Administrators

Singapore Business Federation (SBF)

Singapore Chinese Chamber of Commerce & Industry (SCCCI)

Singapore Computer Society (SCS)

Singapore Corporate Counsel Association

Singapore Hotel Association (SHA)

Singapore Human Resource Institute (SHRI)

Singapore Indian Chamber of Commerce & Industry (SICCI)

Singapore InfoComm Technology Federation (SiTF)

Singapore Institute of Directors

Singapore Institute of Management (SIM)

Singapore International Chamber of Commerce (SICC)

Singapore Manufacturers Federation (SMF)

Singapore National Employers' Federation (SNEF)

Singapore Retailers Association (SRA)

Singapore Training & Development Association (STADA)

Singapore-German Chamber

Singapore-Guangdong Collaboration Council (SGCC)

TM Forum

Wireless Broadband Alliance (WBA)

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

GRI Content Index

GRI STANDARD	GRI DISCLOSURE	Page(s)	
General Disclosures			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	StarHub Ltd
	102-2	Activities, brands, products, and services	8-9
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Mainly Singapore
	102-5	Ownership and legal form	208-209
	102-6	Markets served	8-9
	102-7	Scale of the organisation	8-9, 103
	102-8	Information on employees and other workers	103, 107
	102-9	Supply chain	100-101
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary principle of approach	76-79
	102-12	External initiatives	100, 102-103, 107-108
	102-13	Membership of associations	111
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	10-13
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	64, 102-103
GRI 102: General Disclosures 2016	102-18	Governance structure	48-72
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	84
	102-41	Collective bargaining agreements	103
	102-42	Identifying and selecting stakeholders	84
	102-43	Approach to stakeholder engagement	84, 108
	102-44	Key topics and concerns raised	84
	102-45	Entities included in the consolidated financial statements	175
	102-46	Defining report content and topic boundaries	108-109
	102-47	List of material topics	84
	102-48	Restatements of information	108
	102-49	Changes in reporting	108
	102-50	Reporting period	108
	102-51	Date of most recent report	108
	102-52	Reporting cycle	108
	102-53	Contact point for questions regarding the report	108
	102-54	Claims of reporting in accordance with the GRI Standards	108
102-55	GRI Content Index	112-115	
102-56	External assurance	116-119	

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Addressing Climate Change and Other Environmental Challenges			
GRI 103:	103-1	Explanation of the material topic and its boundary	86
Management Approach 2016	103-2	The management approach and its components	86
	103-3	Evaluation of the management approach	86
GRI 302:	302-1	Energy consumption within and outside the organisation	88
Energy 2016	302-2		
	302-3	Energy intensity	88
	302-4	Reduction of energy consumption	87
GRI 303:	303-1	Water withdrawal by source	87
Water 2016			
GRI 305:	305-1	Direct (Scope 1) GHG emissions	89
Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	89
	305-3	Other indirect (Scope 3) GHG emissions	89
	305-4	GHG emissions intensity	88
Implementing E-waste Programmes			
GRI 103:	103-1	Explanation of the material topic and its boundary	87
Management Approach 2016	103-2	The management approach and its components	87
	103-3	Evaluation of the management approach	87
GRI 306:	306-2	Waste by type and disposal method	87
Effluents and Waste 2016			
Supporting Local Communities			
GRI 103:	103-1	Explanation of the material topic and its boundary	90
Management Approach 2016	103-2	The management approach and its components	90
	103-3	Evaluation of the management approach	90
GRI 413:	413-1	Operations with local community engagement, impact assessments, and development programs	91-93
Local Communities 2016			

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Online Safety			
GRI 103:	103-1	Explanation of the material topic and its boundary	90
Management Approach 2016	103-2	The management approach and its components	90
	103-3	Evaluation of the management approach	90
Responsible Marketing and Clarity of Pricing and Billing			
GRI 103:	103-1	Explanation of the material topic and its boundary	96-97
Management Approach 2016	103-2	The management approach and its components	96-97
	103-3	Evaluation of the management approach	96-97
GRI 417:	417-3	Incidents of non-compliance concerning marketing communications	96
Marketing and Labelling 2016			
Data Security and Customer Privacy			
GRI 103:	103-1	Explanation of the material topic and its boundary	98
Management Approach 2016	103-2	The management approach and its components	98
	103-3	Evaluation of the management approach	98
GRI 418:	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98
Customer Privacy 2016			
Service Quality			
GRI 103:	103-1	Explanation of the material topic and its boundary	97
Management Approach 2016	103-2	The management approach and its components	97
	103-3	Evaluation of the management approach	97

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Responsible Business Practice			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	102
	103-2	The management approach and its components	102
	103-3	Evaluation of the management approach	102
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	102
	205-3	Confirmed incidents of corruption and actions taken	102
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	102
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	110
Talent Acquisition, Retention and Development and Employee Engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	103
	103-2	The management approach and its components	103
	103-3	Evaluation of the management approach	103
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	107
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	103
	401-3	Parental leave	103
GRI 404: Training and Education 2016	404-1	Average hours of training per employee	107
	404-2	Programmes for updating employee skills and transition assistance programs	103
	404-3	Percentage of employees receiving regular performance and career development reviews	103
Employee Health, Safety and Wellness			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	107
	103-2	The management approach and its components	107
	103-3	Evaluation of the management approach	107
GRI 403: Occupational Health & Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	107
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	107

To the Directors of StarHub Ltd

Conclusion

We were engaged by the Board of Directors of StarHub Ltd (the Company) to provide limited assurance on the accompanying StarHub Sustainability Report 2017 for the year ended 31 December 2017 (the Report), as set on pages 80 to 115, and the selected Global Reporting Initiative Sustainability Reporting Standards disclosures (Selected GRI Disclosures) as identified below.

Based on the evidence we obtained from the procedures performed as described in the *Auditors' Responsibilities* section of our report, nothing has come to our attention that causes us to believe that:

- (a) the Report has not described the sustainability practices on a comply-or-explain basis with reference to the following components as listed under Rule 711B of the Singapore Exchange's (SGX) Listing Manual;
 - Material environmental, social and governance factors;
 - Policies, practices and performance;
 - Targets;
 - Sustainability reporting framework; and
 - Board statement;
- (b) the Report is not presented, in all material respects, in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards); and
- (c) the Selected GRI Disclosures as identified in the table below, are not calculated, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the GRI Standards.

Selected GRI Disclosures

MATERIAL TOPIC	GRI STANDARDS	TOPIC-SPECIFIC DISCLOSURE	SELECTED GRI DISCLOSURES		
Energy	GRI 302-1	Energy consumption within the organisation and outside of the organisation	468,020 gigajoules (GJ)		
	GRI 302-2				
	GRI 302-3	Energy intensity	195 GJ per \$million revenue (including Exclusive Partners)		
Water	GRI 303-1	Water withdrawal by source	27,633 cubic metres		
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	487 tonnes CO ₂ e		
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	54,145 tonnes CO ₂ e		
	GRI 305-3	Other indirect (Scope 3) GHG emissions	190 tonnes CO ₂ e		
	GRI 305-4	GHG emissions intensity	22.8 tonnes CO ₂ e per \$million revenue		
Effluents and Waste	GRI 306-2	Waste by type and disposal method	Internal e-waste recycled: 242 tonnes Paper recycled: 24,230 kilograms		
Employment	GRI 401-1	New employee hires and employee turnover		Male	Female
			Number of new employee hires	196	136
			Number of employee turnover	290	208
Training and Education	GRI 401-1	Average hours of training per year per employee		Male	Female
			Function employees	17.38	14.28
			Middle management	20.52	19.89
			Senior management	18.07	24.92
			Overall	18.12	15.64
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Number of work-related injuries: 0 Number of fatal accidents: 0		
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	Share of local suppliers as a percentage of total supplier payments: 93% Proportion of local suppliers as a percentage of total suppliers: 84%		

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Singapore Standard on Assurance Engagement 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (SSAE 3000). Our responsibilities are further described in the *Auditors' Responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of Management

Management is responsible for:

- preparing and presenting the Report in accordance with the GRI Standards and Rule 711B of the SGX Listing Manual, and the information and assertions contained within it;
- determining StarHub's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues;
- establishing and maintaining appropriate internal control systems that enable the preparation and presentation of the Report and the selected GRI disclosures that are free from material misstatement, whether due to fraud or error;
- preventing and detecting fraud and for identifying and ensuring that the

Company complies with laws and regulations applicable to its activities; and

- ensuring that staff involved with the preparation and presentation of the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units.

The directors' responsibilities include overseeing the Company's sustainability reporting process.

Auditors' Responsibilities

Our responsibility is to carry out a limited assurance engagement in accordance with SSAE 3000 and to express a conclusion based on the work performed. SSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. The extent of our work performed depended on our professional judgement and our assessment of the engagement risk.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of StarHub's processes for determining the material issues for StarHub's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Visits to offices and data centres operating in Singapore selected on the

basis of a risk analysis including the consideration of both quantitative and qualitative criteria.

- Enquires about the design and implementation of the systems and methods used to collect and report on the GRI Disclosures, including the aggregation of the reported information.
- Comparing the GRI Disclosures presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been appropriately included in the GRI Disclosures.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Restriction on Use

This report has been prepared for the Directors of StarHub Ltd for the purpose of providing an assurance conclusion on the Report and Selected GRI Disclosures and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of StarHub Ltd, or for any other purpose than that for which it was prepared.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2018

Group Financial Review

1.1 Revenue

	Year ended 31 December					
	2017 \$m	2017 %	2016 \$m	2016 %	Incr/(Decr) \$m	%
Mobile revenue	1,196.9	49.9	1,214.6	50.7	(17.8)	(1.5)
Pay TV revenue	348.9	14.5	377.8	15.8	(28.9)	(7.6)
Broadband revenue	214.0	8.9	216.8	9.0	(2.9)	(1.3)
Enterprise Fixed revenue	436.9	18.2	400.0	16.7	36.9	9.2
Total service revenue	2,196.6	91.5	2,209.2	92.2	(12.6)	(0.6)
Sales of equipment	204.0	8.5	187.5	7.8	16.5	8.8
Total	2,400.7	100.0	2,396.7	100.0	4.0	0.2

Numbers may not add up due to rounding.

The Group's total revenue of S\$2,400.7 million remained stable with higher revenue from Enterprise Fixed services and sales of equipment, offset by lower revenue from Mobile, Pay TV and Broadband services.

Mobile service revenue decreased by 1.5% due to lower voice, IDD and roaming usage, coupled with lower plan subscription and interconnect revenues. This was partly offset by higher mobile VAS subscription and higher data and Enterprise SMS usage.

Pay TV and Broadband service revenues decreased 7.6% and 1.3% year-on-year (YoY) respectively, primarily due to lower subscriber base.

Compared to last year, Enterprise Fixed service revenue grew by 9.2%, mainly driven by managed services and the consolidation of Accel Systems & Technologies Pte Ltd's (ASTL) results. Excluding ASTL's results, Enterprise Fixed service revenue would be higher by 6.0%.

Revenue from sales of equipment increased by 8.8%, primarily due to higher sales of premium handsets.

1.2 Operating Expenses

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Cost of sales	1,040.9	974.6	66.3	6.8
Other operating expenses	1,030.7	1,029.2	1.5	0.1
Total	2,071.6	2,003.8	67.8	3.4

Numbers may not add up due to rounding.

The Group's total operating expenses grew by 3.4% due to higher cost of sales and other operating expenses.

A breakdown of total operating expenses is as follows:

(i) Cost of Sales

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Cost of equipment sold	475.6	447.8	27.8	6.2
Cost of services	464.4	409.5	55.0	13.4
Traffic expenses	100.9	117.3	(16.4)	(14.0)
Total	1,040.9	974.6	66.3	6.8

Numbers may not add up due to rounding.

Cost of sales in 2017 was higher by 6.8%. This was attributed to higher cost of equipment sold and cost of services, partially mitigated by lower traffic expenses.

The increase in cost of equipment sold was due to higher cost for premium handsets, while the increase in cost of services was primarily driven by higher managed services and fibre broadband cost.

Traffic expenses were lower mainly due to decreases in domestic and international traffic volume.

(ii) Other Operating Expenses

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Staff costs	282.5	281.4	1.1	0.4
Operating leases	129.2	116.1	13.1	11.3
Marketing and promotions	122.1	133.7	(11.6)	(8.6)
Allowance for doubtful receivables	17.4	21.0	(3.6)	(17.3)
Repair and maintenance	99.1	96.9	2.3	2.3
Other expenses	100.0	115.1	(15.1)	(13.1)
Subtotal	750.4	764.2	(13.9)	(1.8)
Depreciation and amortisation (net of asset grants)	280.4	265.0	15.4	5.8
Total	1,030.7	1,029.2	1.5	0.1

Numbers may not add up due to rounding.

Total other operating expenses remained stable in 2017. Other operating expenses as a percentage of total revenue remained unchanged at 42.9%.

Analysis of major variances in other operating expenses is provided below:

Staff costs

Staff costs expense in 2017 included provisions for certain staff benefits in order to rationalise and retain talent in recognition of the business challenges and operating conditions. Excluding this one-time provision and reversal of prior year accruals no longer required, staff costs expense would have decreased by 1.3%. The decline in staff cost expense was due to lower headcount and bonus expenses.

Operating leases

The increase in operating leases expense was mainly due to a one-off provision in 2017 and reversal of accruals no longer required in 2016. The one-off provision was for a leasing contract related to the cable network. Given plans to migrate cable customers to fibre broadband and IPTV services, the economic benefits expected from the lease is lower than the contractual cost. Excluding this one-off provision, operating leases expense was lower by 10.7%, mainly from lower duct lease rental.

Marketing and promotions

The marketing and promotions expense decreased by 8.6% primarily driven by cost reduction initiatives to optimise marketing and promotions expense.

Allowance for doubtful receivables

Allowance for doubtful receivables was lower by S\$3.6 million driven by improved collections.

Repair and maintenance

Repair and maintenance expense increased by S\$2.3 million, mainly driven by maintenance cost for new systems and network infrastructure.

Other expenses

Other expenses were lower by S\$15.1 million or 13.1%, mainly due to lower licence fees, higher miscellaneous income and lower foreign exchange loss.

Depreciation and amortisation

Depreciation and amortisation expense was higher mainly due to the addition of 4G spectrum rights and the higher additions of intangible assets in 2017.

GROUP FINANCIAL REVIEW

(cont'd)

1.3 Profitability

	Year ended 31 December			
	2017	2016	Incr/(Decr)	
	\$m	\$m	\$m	%
Total revenue	2,400.7	2,396.7	4.0	0.2
Operating expenses	(2,071.6)	(2,003.8)	67.8	3.4
Other income	4.4	32.2	(27.8)	(86.3)
Profit from operations	333.5	425.1	(91.6)	(21.6)
Finance income	3.7	3.5	0.2	5.4
Finance expense	(29.9)	(26.2)	3.7	14.3
	307.3	402.4	(95.1)	(23.6)
Non-operating (loss) / income	(0.7)	9.5	(10.1)	107.0
Share of loss of associate (net of tax)	(2.2)	(1.6)	0.6	36.7
Profit before taxation	304.4	410.3	(105.9)	(25.8)
Taxation	(54.8)	(68.9)	(14.1)	(20.4)
Profit for the year	249.6	341.4	(91.8)	(26.9)
EBITDA	613.9	690.1	(76.2)	(11.0)
Service revenue	2,196.6	2,209.2	(12.6)	(0.6)
EBITDA as a % of service revenue	27.9%	31.2%	-3.3% pts	

Numbers may not add up due to rounding.

Profit from operations decreased by S\$91.6 million in 2017 to S\$333.5 million. The decrease was mainly due to lower income grants and higher operating expenses, partially offset by higher total revenue.

In 2017, EBITDA was lower by S\$76.2 million YoY. Correspondingly, EBITDA margin as a percentage of service revenue declined 3.3% points to 27.9% when compared to 31.2% last year.

The finance income in 2017 increased by S\$0.2 million YoY. Finance expenses increased S\$3.7 million or 14.3% mainly due to the issuance of S\$300.0 million medium term notes in 2Q2016.

The share of loss from associate was higher by S\$0.6 million in 2017 when compared to last year.

Profit before taxation decreased by S\$105.9 million or 25.8% to S\$304.4 million due to lower profits from operations, a one-time fair value gain of S\$9.5 million in 2Q2016 and a fair value loss of S\$0.7 million in 3Q2017 from the additional investment in mm2 Asia Ltd ("mm2"). As a result, taxation was correspondingly lower at S\$54.8 million.

1.4 Liquidity and Resources

	Year ended 31 December	
	2017 \$m	2016 \$m
Profit before taxation	304.4	410.3
Non-cash items & net finance expense adjustments	310.4	257.8
Changes in operating assets and liabilities	(32.3)	(63.7)
Income tax paid	(65.3)	(53.7)
Net cash from operating activities	517.2	550.7
Net cash used in investing activities	(327.1)	(389.3)
Net cash used in financing activities	(130.1)	(49.6)
Net change in cash and cash equivalents	60.0	111.8
Cash and cash equivalents at beginning of the year	285.2	173.4
Cash and cash equivalents at end of the year	345.2	285.2
Free Cash Flow ⁽¹⁾	221.3	184.0

⁽¹⁾ Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement.

The Group's net cash from operating activities of S\$517.2 million was S\$33.5 million lower YoY. This was largely due to lower cash flow from operations and tax refund received in 4Q2016, partially offset by lower working capital needs.

In 2017, the negative working capital changes of S\$32.3 million were mainly due to higher trade receivables and inventories, coupled with lower other payables and net balances due to related parties. This was partially offset by higher trade payables and lower other receivables, deposits and prepayments.

Net cash used in investing activities of S\$327.1 million was lower by S\$62.2 million as a result of lower purchase of property, plant and equipment, partially offset by investment in ASTL in 3Q2017.

The Group's CAPEX payments amounted to S\$295.9 million, representing 12.3% of total revenue. Excluding spectrum payments of S\$69.3 million, CAPEX payments as a percentage of total revenue would have been 9.4% in 2017.

Free cash flow was higher at S\$221.3 million, compared to S\$184.0 million last year. The improvement was mainly due to lower CAPEX payments.

Net cash used in financing activities was S\$80.5 million higher at S\$130.1 million, largely from lower funds raised in 2017.

The resulting net cash generated was a surplus of S\$60.0 million in 2017. As a result, cash and cash equivalents balance was higher at S\$345.2 million, up from S\$285.2 million a year ago.

GROUP FINANCIAL REVIEW

(cont'd)

1.5 Financial Position

	As at 31 December	
	2017 \$m	2016 \$m
Non-current assets	1,519.3	1,455.3
Current assets	832.7	741.0
Less: Current liabilities	992.9	855.5
Less: Non-current liabilities	1,014.2	1,145.9
Net assets	344.9	194.9
Shareholders' equity	344.9	194.9
Attributable to owners of the Company	340.5	194.9
Non-controlling interests	4.4	–

As of 31 December 2017, the Group's total non-current assets were S\$64.0 million higher at S\$1,519.3 million compared to 31 December 2016. The increase was primarily due to higher intangible assets and available-for-sale financial assets stated at fair value arising from increased stake in mm2 in July 2017. This was partially offset by lower property, plant and equipment.

Total current assets were higher at S\$832.7 million as of 31 December 2017, up from S\$741.0 million as of 31 December 2016. The increase was mainly from higher cash and cash equivalents, inventories and trade receivables, partially offset by lower other receivables, deposits and prepayments.

Total current liabilities increased by S\$137.4 million as of 31 December 2017 when compared to S\$855.5 million as of 31 December 2016. The higher current liabilities were due to higher trade and other payables and reclassification of borrowings from non-current to current liabilities.

As a result of the reclassification of borrowings and lower deferred tax liabilities, total non-current liabilities were lower by S\$131.7 million to S\$1,014.2 million as of 31 December 2017.

The Group's shareholders' equity grew by S\$145.6 million to S\$340.5 million as of 31 December 2017 (excluding non-controlling interests of S\$4.4 million). The increase was mainly due to the issuance of S\$200.0 million of subordinated perpetual capital securities (S\$199.6 million net of transaction expense) in 2017.

Gearing

The Group's unsecured borrowing was lower by S\$10.0 million at S\$977.5 million as of 31 December 2017.

On the account of a higher cash and cash equivalent balance and lower total borrowings, net debt was S\$70.0 million lower at S\$632.3 million as of 31 December 2017 compared to S\$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.03 times as of 31 December 2017, up from 1.02 times as of 31 December 2016.