

# CORPORATE GOVERNANCE

MAXIMISING LONG-TERM  
VALUE AND SUSTAINING  
GROWTH WITH RESPONSIBLE  
BUSINESS PRACTICES.

REGULATIONS

## CORPORATE GOVERNANCE REPORT 2020

This report describes our corporate governance framework, practices and policies for the financial year ended 31 December 2020 (FY2020) with reference to the principles and provisions of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 6 August 2018. We are pleased to confirm that StarHub has complied in all material respects with the principles and provisions of the Code for FY2020.



As a testament to our continual efforts in this area, StarHub has received recognition for exemplary corporate governance and sustainability practices. In FY2020, StarHub was ranked 9<sup>th</sup> out of 704 SGX-listed companies on the inaugural Singapore Board Diversity Index 2020, and achieved a 38<sup>th</sup> ranking out of 577 companies on the Singapore Governance and Transparency Index 2020. In addition, StarHub received the ASEAN Asset Class Award in the 2019 ASEAN Corporate Governance Scorecard and the Three-year Weighted Return on Equity (Software & IT Services; Technology Equipment; Telecommunications Services) award at The Edge Singapore Billion Dollar Club 2020.

## 1. BOARD MATTERS



### A. THE BOARD'S CONDUCT OF AFFAIRS









#### Board Duties

The Board oversees the business performance and affairs of the StarHub Group (Group), and is collectively responsible for its long-term success. The Board leads, directs and works closely with Management to ensure the alignment of interests of the Board and Management with that of shareholders particularly, and with stakeholders more broadly.

## CORPORATE GOVERNANCE STATEMENT

StarHub is committed to upholding the highest standards of corporate governance. We firmly believe that a robust and sound governance framework is vital in providing a solid foundation for our long-term sustainability, enhance business performance, create value for our stakeholders and solidify investor confidence. Transparency, accountability and integrity continue to be the cornerstones of all we do, and are reflected in our focus on robust stewardship, effective risk management and internal controls, and meaningful engagement with shareholders and stakeholders.

The Board's key roles and responsibilities are:

-  Set StarHub's values and standards (including ethical standards) and corresponding corporate culture, to ensure that our obligations to shareholders and stakeholders are well-understood and duly met;
-  Provide proactive and focused leadership and guidance to Management and steer the Group through determining the appropriate strategy and enacting its corporate plan;
-  Review and approve key operational and business initiatives, annual budgets, major funding and investment proposals, acquisitions and divestments;
-  Establish a framework of prudent and effective controls supported by clear and robust procedures and delegated authorities, which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets;
-  Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
-  Ensure regular and transparent communications with shareholders and guide Management to manage relationships with identified key stakeholder groups (which include staff, customers, suppliers and business partners);
-  Regularly review the performance of Management and the remuneration framework of the Board and Management, and perform succession planning for the Board and Management;
-  Consider sustainability in steering the Group's strategy and corporate plan, and ensure compliance with environmental, social and governance (ESG) factors; and
-  Ensure the Group's compliance with all relevant laws and regulations (including legal, regulatory and financial compliance), ethical standards and the implementation of related processes and policies, and ensure proper accountability.

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

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

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

## Access to Management, Advisers and Information

In furtherance of their duties, the Directors are given access, when necessary, to independent professional advice at StarHub's expense. At least once a year, non-executive Directors (NED) meet to discuss, *inter alia*, Management's performance without the presence of Management. In FY2020, a NED meeting and an independent Directors' meeting were held, as chaired by the Chairman and the lead independent Director (ID) respectively.

All Directors have direct access to the StarHub Board Portal, which allows the Directors to securely access and read Board and Board Committee materials electronically at their convenience. The Board Portal also provides relevant information and up-to-date policies that will help them discharge their duties, including:

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

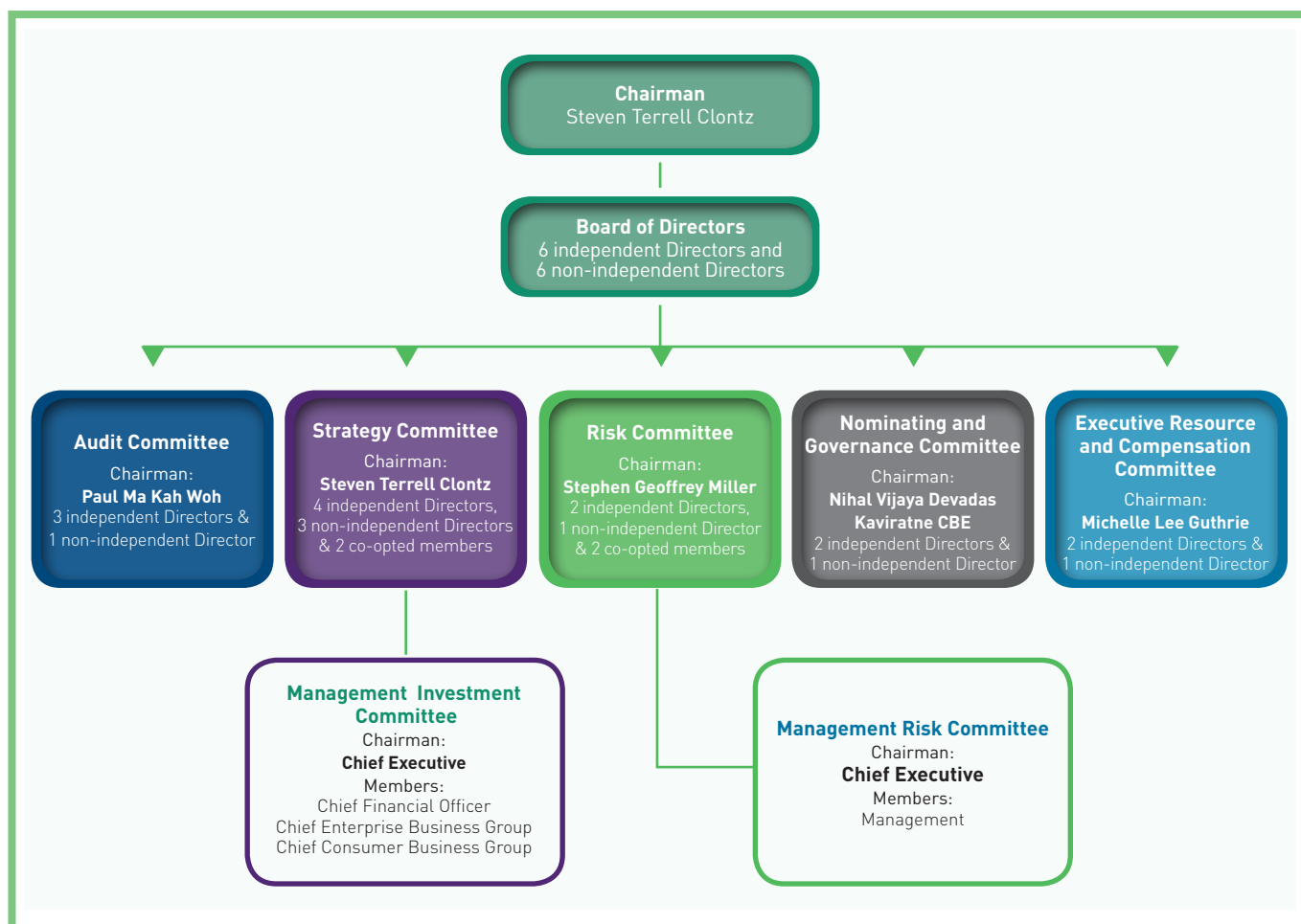
At least five business days prior to each Board or Board Committee meeting, Management provides the Directors with timely and relevant information pertaining to matters on the agenda, save for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are encrypted with passwords to safeguard their security.

Quarterly reports by the Chief Executive on the state of the business, as well as regular analysts' reports and media articles on StarHub and the industry, are circulated to the Board for their information. In respect of the Group's budgets, any material variance between projections and actual results are disclosed and explained. Other related business reports and updates are also provided to the Board regularly and upon request by the Board. Collectively, this enables the Directors to keep abreast of key issues and developments in the business and the industry as well as challenges and opportunities for the Group, thereby facilitating sound decisions.

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

## Delegation to Board Committees

The Board has constituted the following principal Board Committees to assist the Board in the discharge of its functions.



Note: Composition reflected is as at 9 March 2021.

The composition of the Board Committees and their specific responsibilities and authority are set out in the relevant sections of this report. Each committee has clear written Terms of Reference setting out its composition, authorities and duties, which are available on the StarHub Investor Relations (IR) website. A Board Committee is required to operate and make decisions on matters within its Terms of Reference.

Additional Board Committees may be formed to undertake specific duties if necessitated by business requirements. Upon receipt of Mr Peter Kaliaropoulos’ letter of retirement as Chief Executive in July 2020, an ad-hoc Board Executive Committee (Board ExCo), chaired by Mr Stephen Geoffrey Miller, was established to provide close support to Management during the Chief Executive transition period. The Board ExCo comprised Mr Miller, Mr Steven Terrell Clontz, Mr Nihal Vijaya Devadas Kaviratne CBE and Ms Nayantara Bali. It was subsequently dissolved on 1 April 2021 after Mr Nikhil Eapen was appointed as Chief Executive on 1 January 2021.

The Board Committee Chairmen provide updates to the Board at Board meetings, on key matters discussed and / or decisions made at the last-held meeting of each Board Committee. For matters which require the Board’s approval, the Board Committees would also recommend the course of action to the Board for its consideration and decision. Minutes of the Board Committee meetings are made available to the Board for its information.

### Board Meetings

Board and Board Committee meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to plan ahead and attend the meetings according to the respective meeting schedules.

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For FY2020, the Board held a total of 6 meetings, including the annual Board Strategy meeting to review and discuss in detail the Group's strategic direction, and to consider the Group's budget for the upcoming financial year. It provided a key opportunity to discuss, challenge and develop the Group's strategy, alongside Management. Additional Board meetings were also convened to consider urgent proposals or matters which required the Board's approval. In view of the COVID-19 situation, all Board and Board Committee meetings for FY2020 were held using video-conferencing facilities, as allowed under StarHub's Constitution, to facilitate the decision-making process.

Directors' attendance at Board and Board Committee meetings, the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2020, is set out in the table below:

**Table 1 (Directors' Attendance at Board/General Meetings During FY2020)**

	AGM & EGM	Board Meetings	Board Committee Meetings					Board ExCo <sup>(a)</sup>
			AC	SC	NGC	ERCC	RC	
<b>No. of Meetings Held</b>	1	6	4	4	2	4	2	1
Steven Terrell Clontz	1	6	-	3	2	-	-	1
Paul Ma Kah Woh	1	6	4	-	-	-	2	-
Stephen Geoffrey Miller	1	6	-	4	-	4	2	1
Nihal Vijaya Devadas								
Kaviratne CBE	1	6	4	4	2	-	-	1
Michelle Lee Guthrie	1	6	-	4	-	4	-	-
Nayantara Bali	1	6	-	4	-	-	2	1
Ng Shin Ein	1	6	4	4	-	-	-	-
Lionel Yeo Hung Tong	1	6	-	-	-	4	-	-
Teo Ek Tor	1	6	-	-	2	4	-	-
Lim Ming Seong	1	6	4	4	-	4	-	-
Nasser Marafih	1	6	-	-	-	-	-	-
Naoki Wakai	1	6	-	-	-	-	-	-

(a) The Board ExCo held one meeting in FY2020.

## Board Orientation and Continual Training & Development

All newly-appointed Directors participate in a comprehensive orientation programme that is bespoke for the Group's business and operations, including the opportunity to meet with the Chief Executive and Management, to be given an overview of the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. The Company Secretaries assist to facilitate the newly appointed Directors' understanding of their Board and Board Committee membership details, director fees, statutory and other duties and responsibilities. Arrangements are also made for newly-appointed Directors without prior experience as a director of a listed company on the SGX-ST, to undergo mandatory training conducted by the Singapore Institute of Directors on their roles and responsibilities.

The Board recognises that ongoing professional development is important for the Directors to serve effectively and contribute to the Board. The Directors are encouraged to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. To this end, the Company Secretaries arrange internal briefings as well as external seminars for the Directors. In addition, the Company Secretaries and members of Management also provide regular updates to the Directors during Board meetings, as well as through emails and the StarHub Board Portal, on key industry, technology, legal, regulatory

and accounting updates which affect the Group. In FY2020, the professional development programmes attended by the Directors included the following:

- Temasek Trust Conversation 2020; and
- Stewardship & Sustainability: Moving from Intent to Impact.

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

### Company Secretaries

The Directors have separate and independent access to the Company Secretaries, who are qualified lawyers and trained in company secretarial practices. The Company Secretaries administer, attend and prepare minutes of all Board and Board Committee meetings (except for the ERCC) and are responsible for ensuring that board procedures are adhered to, and that the Group's Constitution and applicable laws and regulations are complied with. Under the direction of the Chairman, they advise the Board on all legal and corporate governance matters, and facilitate good communication within the Board and Board Committees, as well as between the Board and Management. The Company Secretaries are the primary channel of communication between StarHub and the SGX-ST and the Accounting and Corporate Regulatory Authority (ACRA). They also facilitate the orientation of new Directors and assist in arranging training for the Directors. The appointment and removal of the Company Secretaries are subject to the Board's approval.

## B. BOARD COMPOSITION AND GUIDANCE



Independent, Non-Executive Directors	Non-Independent, Non-Executive Directors
<b>Mr Nihal Vijaya Devadas Kaviratne CBE</b> (NGC Chairman and Lead Independent Director)	<b>Mr Steven Terrell Clontz</b> (Chairman and SC Chairman)
<b>Mr Paul Ma Kah Woh</b> (AC Chairman)	<b>Mr Stephen Geoffrey Miller</b> (RC Chairman)
<b>Ms Michelle Lee Guthrie</b> (ERCC Chairman)	<b>Mr Teo Ek Tor<sup>(1)</sup></b>
<b>Ms Nayantara Bali</b>	<b>Mr Lim Ming Seong</b>
<b>Ms Ng Shin Ein</b>	<b>Dr Nasser Marafih<sup>(2)</sup></b>
<b>Mr Lionel Yeo Hung Tong</b>	<b>Mr Naoki Wakai</b>

(1) Mr Teo Ek Tor was an ID from 1 January 2020 to 31 August 2020, and was subsequently re-designated as a NED on 1 September 2020 upon his appointment as the non-executive Chairman of Singapore Technologies Telemedia Pte Ltd (ST Telemedia), a related corporation of StarHub.

(2) Dr Nasser Marafih will be retiring by rotation after the 2021 AGM, and will not be offering himself for re-election.



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## Board Size, Composition and Diversity

The Board comprises 12 NEDs, half of whom are IDs from 1 September 2020. From 1 January 2020 to 31 August 2020, the Board comprised a majority of IDs. The change was due to the re-designation of Mr Teo Ek Tor as non-independent NED of StarHub, upon his appointment as non-executive Chairman of ST Telemedia. Prior to that, Mr Teo had been an ID of StarHub since 2004. From 1 May 2021, the Board will comprise a majority of IDs.

The Chairman of the Board, Mr Steven Terrell Clontz, is not regarded an ID within the meaning of the Code and SGX-ST Listing Rule 210(5)(d)(i), given his executive position at ST Telemedia.

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

The Board consists of Directors who are business leaders and professionals of high calibre and integrity, with a broad range of core competencies and experience in enterprise and banking, accounting and finance, investment, risk management, legal, regulatory, technology, cybersecurity, business and industry knowledge, management and strategic planning experience, as well as customer-based experience and knowledge. Collectively, the Board constantly seeks to identify areas of focus and maintain an optimal mix of expertise, experience (both local and international), knowledge and diversity of gender, age, background, geography and ethnicity. In this regard, the NGC has developed a skills matrix as one criterion for Director appointments, which is reviewed by the Board on an annual basis. In FY2020, the skills matrix was updated to include skills pertaining to innovation, challenging the norms, enabling technology, new agile ways of working and integrating sustainability into the business.

StarHub firmly believes that a well-balanced and diverse Board will contribute positively in overseeing the delivery of the Group's strategy, bringing fresh perspectives and providing constructive challenges to Management. The immense network of contacts across various industries has proven invaluable to StarHub. Diversity is a key consideration in the appointment or re-election of Directors. Since FY2018, the Board has a 25% female representation on the Board. The continual Board refresh also reflects an improved age diversity, with Directors' ages ranging from 47 to 77.

## Lead Independent Director

The lead ID, Mr Nihal Vijaya Devadas Kaviratne CBE, is also the NGC Chairman, and has been serving as the lead ID since 1 October 2018. His role includes:



- Ensuring he is available to shareholders for consultation and direct communication, where they have concerns on matters where contact via the normal channels of the Chairman, the Chief Executive or the Chief Financial Officer (CFO) has failed to resolve or is inappropriate;
- Serving as a liaison between the Chairman and the IDs;
- Providing a channel to NEDs for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary; and
- Having the authority to call for and lead meetings of IDs without the presence of Management and provide feedback to the Chairman as appropriate.



The individual profiles of the Directors can be found in the Board of Directors and Directors' Particulars sections on pages 54 to 59 and pages 60 to 61 of the Annual Report respectively.

### C. CHAIRMAN AND CHIEF EXECUTIVE

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

The Chairman, Mr Steven Terrell Clontz, is a NED and unrelated to the Chief Executive. He:



- Leads the Board to ensure its effectiveness on all aspects of its role;
- Sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promotes a culture of open interaction and constructive debate at the Board level;
- Ensures that the Directors receive complete, adequate and timely information. He works with the Chief Executive in relation to the Board's requirements for information in order to contribute effectively to the Board decision-making process;
- Encourages effective communication with shareholders;
- Encourages constructive relations within the Board and between the Board and Management. As the primary link between the Board and Management, he provides continuity between Board meetings and thereby oversees the effective implementation of all Board decisions;
- Facilitates the effective contribution of NEDs; and
- Promotes high standards of corporate governance.

The former Chief Executive, Mr Peter Kalioropoulos, who retired on 31 October 2020, led the Management and had full executive responsibility for the day-to-day running of the Group's business operations as well as the effective implementation of the Group's strategies and policies. Mr Nikhil Eapen was appointed as the Chief Executive of StarHub with effect from 1 January 2021.

### D. BOARD MEMBERSHIP

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

Nominating and Governance Committee	
Membership	Key Responsibilities
<p><b>Mr Nihal Vijaya Devadas Kaviratne CBE</b>, NGC Chairman and lead ID</p> <p><b>Mr Steven Terrell Clontz</b>, non-executive Chairman of the Board</p> <p><b>Mr Lionel Yeo Hung Tong</b>, ID<sup>(1)</sup></p> <p>The NGC comprises three NEDs, with the majority (including the NGC Chairman) being IDs. During FY2020, the NGC held two meetings.</p>	<ul style="list-style-type: none"> <li>• Lead and facilitate a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board</li> <li>• Regularly review the size, structure and composition (including the skills, qualification, experience and diversity) of the Board and Board Committees, and recommend changes to the Board</li> <li>• Conduct an annual review of the independence of individual Directors</li> <li>• Implement and oversee the annual evaluation of the performance and effectiveness of the Board and Board Committees, including the communication of the results of such evaluations to the Board</li> <li>• Review the adequacy of the Group's corporate governance policies and where appropriate, recommend to the Board any proposed changes to such policies from time to time</li> </ul>

(1) Mr Lionel Yeo Hung Tong was appointed as an NGC member with effect from 28 January 2021, in place of Mr Teo Ek Tor who ceased to be an NGC member.



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## Process and Criteria for New Board Appointment and Re-election

In proposing candidates for appointment or re-election as Directors, the NGC considers several factors, including (a) the composition, the diversity and the need for progressive renewal of the Board, (b) each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and (c) potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables the Board to stay engaged and agile in meeting the needs of the Group. External consultants can be engaged to assist with the selection process if necessary. All new appointments to the Board are also subject to the approval of StarHub's industry regulator, the Infocomm Media Development Authority of Singapore.

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

## Board Independence

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

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

When assessing objectivity and independent judgement, the NGC and the Board consider, *inter alia*, the approach, character and attitude of each Director and the value each Director brings, including whether such Director:

- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group;
- Has been employed by StarHub or any of our related corporations during the financial year in question or in any of the previous three financial years;
- Has an immediate family member who is employed or has been employed by StarHub or any of our related corporations for the past three financial years, and whose remuneration is determined by the ERCC; or
- Has any material contractual relationship with the Group other than as a Director.

The NGC also has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances described in the Code and SGX-ST Listing Rule 210(5)(d), and similarly provides its views to the Board for the Board's determination. The NGC has considered and is of the view that as of 31 December 2020, all the IDs are sufficiently independent and are able to objectively exercise their judgement in the best interests of the Group.

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

Where a Director's tenure exceeds nine years, their independence is carefully reviewed and monitored. As of 31 December 2020, one ID, namely Mr Nihal Vijaya Devadas Kaviratne CBE, has served on the Board for more than nine years. After careful rigorous review, the NGC recommends, and the Board is of the firm view that (a) Mr Kaviratne has demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of

his Director's duties, and (b) his independence is not compromised due to his long service history, and no other factors or circumstances have been identified that could impair his independence. Therefore, the NGC and the Board have considered Mr Kaviratne to be independent. Mr Kaviratne abstained from participating in the NGC and Board discussions and voting on his status of independence in view of his conflict of interest.

In compliance with the SGX-ST Rules (Transitional Practice Note 3 – Transitional Arrangements Regarding Code of Corporate Governance 2018), Mr Kaviratne's continued appointment as an ID shall be sought for approval in separate resolutions at the upcoming AGM in the financial year ending 31 December 2021 (FY2021) by (a) all shareholders, and (b) all shareholders excluding shareholders who also serve as the Directors or Chief Executive (and their associates).



The individual independent status of the Directors can be found in the Board of Directors section on pages 54 to 59 of the Annual Report.

### Board's Time Commitment

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NGC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties in FY2020, and will continue to do so in FY2021. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director may hold, the NGC is of the view that all Directors have fully discharged their duties as Directors of StarHub based on the time and attention devoted by each Director, their individual abilities and their respective contribution of skills, knowledge and experience as well as their commitment to the affairs of StarHub.

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



The attendance record can be found on page 72 of this report and the principal commitments and directorships in any listed companies currently held by the Directors can be found in the Directors' Particulars section on pages 60 to 61 of the Annual Report.

## E. BOARD PERFORMANCE

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

For FY2020, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon) as independent external consultants to facilitate the annual evaluation of the performance of the Board and the Board Committees. The evaluation process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular the following:

- Adequacy of the Board composition, including the Board size, the degree of Board independence, the mix and diversity of skills, experience, gender, knowledge and background of the Board and the Board's diversity policy for board refresh;
- Information management and Board processes, including adequacy and timeliness of information provided to the Board, insights by industry experts, and appropriate thresholds for escalating information surrounding material strategic or operational issues to the Board;
- Sustainability & Environmental, Social and Governance (ESG), including appropriate consideration for a holistic view of material stakeholder and ESG objectives for StarHub's long-term sustainability;
- Managing StarHub's performance and the Board's role in providing stewardship for the organisation and steering growth;
- Effectiveness of Board Committees and time spent on activities including strategy, execution and performance management;

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- Chief Executive performance and succession planning;
- Director development and management, including training and evaluation; and
- Reviewing the Group’s risk management processes and addressing new or disruptive risks.

As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas. One-on-one Director interviews are also conducted every two years.

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



## 2. STRATEGIC MATTERS



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

Strategy Committee	
Membership	Key Responsibilities
<p><b>Mr Steven Terrell Clontz</b>, SC Chairman and non-executive Chairman of the Board  <b>Mr Stephen Geoffrey Miller</b>, NED  <b>Mr Nihal Vijaya Devadas Kaviratne CBE</b>, lead ID  <b>Ms Michelle Lee Guthrie</b>, ID  <b>Ms Nayantara Bali</b>, ID  <b>Ms Ng Shin Ein</b>, ID  <b>Mr Lim Ming Seong</b>, NED  <b>Mr Peter Kaliaropoulos</b>, co-opted SC member  <b>Mr Nikhil Eapen<sup>(1)</sup></b>, Chief Executive and co-opted SC member</p> <p>During FY2020, the SC held four meetings.</p>	<ul style="list-style-type: none"> <li>• Identifying and assessing significant intermediate and long-term opportunities (in terms of new frontiers of organic and inorganic growth) as well as threats in the Group’s business areas and operations (including technology, competition, regulatory and financial) and the industry</li> <li>• Providing constructive input and recommendations to the Board on any strategic matter reviewed by the SC which requires the Board’s approval</li> </ul>

(1) Mr Nikhil Eapen was appointed a co-opted SC member on 1 January 2021.

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

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

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

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

### 3. REMUNERATION MATTERS



#### A. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Executive Resource and Compensation Committee	
Membership	Key Responsibilities
<p><b>Ms Michelle Lee Guthrie</b>, ERCC Chairman and ID<sup>(1)</sup>  <b>Mr Stephen Geoffrey Miller</b>, NED  <b>Mr Lionel Yeo Hung Tong</b>, ID</p> <p>The ERCC comprises three NEDs, with the majority (including the ERCC Chairman) being IDs.<sup>(2)</sup> During FY2020, the ERCC held four meetings.</p>	<ul style="list-style-type: none"> <li>Ensuring the implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors</li> <li>Succession planning for the Chief Executive, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year</li> <li>Assessing and approving restricted stock awards and performance share awards under StarHub's approved share plans, and recommending the grant of share awards to Directors and key management personnel for the Board's approval</li> <li>Assessing and approving candidates for key executive appointments</li> <li>Overseeing the development of Management and reviewing succession plans for key positions in the Group</li> </ul>

(1) Ms Michelle Lee Guthrie was appointed as Chairman of the ERCC with effect from 28 January 2021, in place of Mr Teo Ek Tor who ceased to be a member of the ERCC.

(2) Mr Lim Ming Seong ceased to be a member of the ERCC with effect from 16 February 2021.

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

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

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

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

## B. LEVEL AND MIX OF REMUNERATION

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

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

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

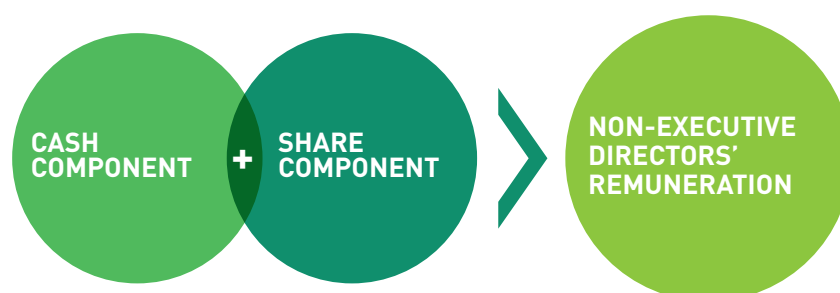
The ERCC has access to expert professional advice on the remuneration policies of the Board and executives. The ERCC has appointed Aon as its remuneration consultant for FY2020 and is satisfied that the independence and objectivity of Aon is not affected by any relationship between StarHub and Aon.

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

## C. DISCLOSURE ON REMUNERATION

### Non-Executive Directors' Remuneration

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



- **Cash Component**

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

- **Share Component**

Pursuant to the StarHub Restricted Stock Plan, the share awards are granted as fully-paid StarHub shares without any vesting conditions attached. Nonetheless, in order to align NEDs' interests with those of shareholders, NEDs who receive the share awards are required to hold a minimum number of StarHub shares with a value equivalent to the lower of (a) their prevailing annual basic retainer fee or (b) the aggregate of 100% of the total number of StarHub shares awarded for the financial year ended 31 December 2011 and each subsequent financial year thereafter, and 50% of the total number of StarHub shares awarded from the financial years ended 31 December 2007 to 31 December 2010. NEDs can only dispose of all their StarHub shares one year after ceasing to be a Director. The number of StarHub shares to be awarded to a participating NED will be determined by reference to the volume weighted average price of a StarHub share on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the forthcoming AGM. The number of StarHub shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining StarHub shares.

The total NEDs' remuneration for FY2020 amounts to S\$1,375,875 and will be subject to shareholders' approval at the upcoming AGM in FY2021.

The annual retainer fees as set out in Table 2 below do not reflect the NED voluntary fee reduction of 10%, as a gesture of the Board's resolve to navigate an unprecedented year with the Group and its stakeholders. The total Directors' remuneration for the NEDs of StarHub for FY2020 as set out in Table 3 below however, takes into account such voluntary fee reduction.

In addition, the annual retainer fees and the total Directors' remuneration below do not reflect the relevant Directors' compensation for membership of the Board ExCo. Pursuant to the Terms of Reference of the Board ExCo, compensation shall be in arrears and only after the Board ExCo has been dissolved. As such, the compensation shall be reflected in FY2021.

**Table 2 (Annual Fees for the Board and the Board Committees for FY2020)**

Annual Fees for the Board		
Board Chairman		\$165,000
Lead ID		\$78,000
NED		\$65,000
Additional Annual Fees for the Board Committees		
Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Strategy Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000
Nominating and Governance Committee	\$30,000	\$16,000
Executive Resource and Compensation Committee	\$30,000	\$16,000

# CORPORATE GOVERNANCE

## Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2020:

**Table 3 (Directors' Remuneration for FY2020)**

Name of NED <sup>(a)</sup>	NEDs' Remuneration		
	Cash-based (\$)	Share-based (\$)	Total (\$)
Steven Terrell Clontz	143,640	61,560	205,200
Paul Ma Kah Woh	88,830	38,070	126,900
Stephen Geoffrey Miller <sup>(b)</sup>	93,240	39,960	133,200
Nihal Vijaya Devadas Kaviratne CBE	103,635	44,415	148,050
Michelle Lee Guthrie	69,615	29,835	99,450
Nayantara Bali	72,135	30,915	103,050
Ng Shin Ein	79,380	34,020	113,400
Lionel Yeo Hung Tong	58,905	25,245	84,150
Teo Ek Tor	80,640	34,560	115,200
Lim Ming Seong	91,665	39,285	130,950
Nasser Marafih	47,250	20,250	67,500
Naoki Wakai <sup>(b)(c)</sup>	48,825	-	48,825
<b>Directorship on Subsidiary</b>			
Teo Ek Tor <sup>(d)</sup>	53,000	-	53,000

(a) The total remuneration of the NEDs takes into account the voluntary fee reduction of 10%.

(b) Cash component of fees are payable to Director's employer company.

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

(d) Fees are payable to Mr Teo as a NED of Ensign InfoSecurity Pte. Ltd., a subsidiary of StarHub, in respect of the period from 1 January 2020 to 31 December 2020.



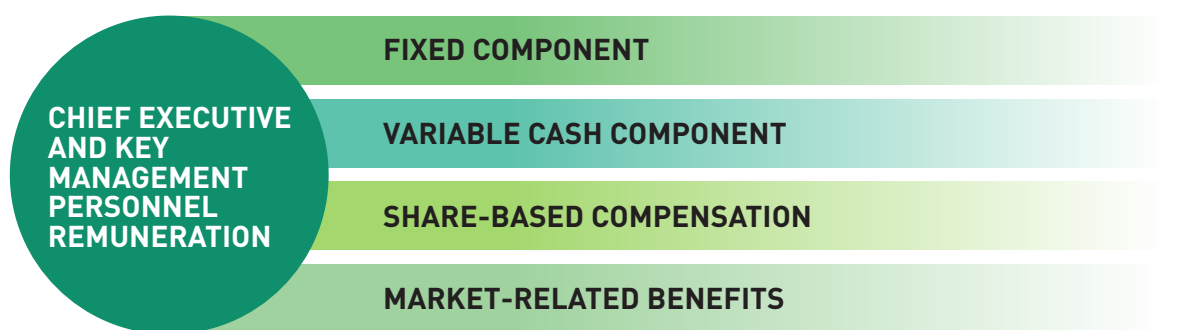
Details of the share awards granted by StarHub to the NEDs under the StarHub Restricted Stock Plan can be found in the Directors' Statement section on pages 178 to 182 of the Annual Report.



## Chief Executive and Key Management Personnel Remuneration

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

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



- **Fixed Component**

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

- **Variable Cash Component**

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

### Annual Variable Bonus

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

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

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

- Business outcomes (65% weightage); and
- Customer and People outcomes (35% weightage).

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

### EVA Incentive Plan (EIP)

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

Under the EIP, a notional EVA bank account is set up for each key management personnel, into which the annual EVA performance bonus declared and earned by him for each year is credited. One-third of the accumulated EVA performance bonus, comprising the EVA performance bonus declared for the current financial year and the balance brought forward from preceding financial years, is paid out in cash each financial year. The remaining two-thirds are carried forward

# CORPORATE GOVERNANCE

in each individual's EVA bank account, payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years. This mechanism encourages the Chief Executive and key management personnel to work for sustainable EVA generation and adopt strategies that are aligned with the long-term interests of the Group.

Based on the ERCC's assessment that the actual performance of the Group in FY2020 had met the pre-determined targets, the resulting annual payout under the EIP was adjusted accordingly to reflect the performance level achieved.

- **Share-based Compensation**

### **StarHub Performance Share Plan (PSP)**

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

Pursuant to the PSP, the ERCC has decided to grant contingent awards of StarHub shares on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2020 are:

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

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

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

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels for PSP awards granted in FY2018 based on the performance period from 2018 to 2020. The resulting shares vested were adjusted accordingly to reflect the performance level achieved.

### **StarHub Restricted Stock Plan (RSP)**

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

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

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

The Group has attained an achievement factor which is reflective of meeting the pre-determined target performance levels for RSP awards granted in FY2020 based on the performance period of 2020. The resulting shares vested were adjusted accordingly to reflect the performance level achieved.

- **Market-related Benefits**

The benefits provided are comparable with local market practices.

## Remuneration of the Chief Executive and Top Five Key Management Personnel

The details of the remuneration of the Chief Executive and the top five key management personnel (who are not Directors or the Chief Executive) are set out in Table 4 below (in bands of \$250,000 and percentage terms) for the services rendered by them to the Group for FY2020.

**Table 4**

	Fixed <sup>(1)</sup> (\$)	Variable <sup>(2)</sup> (\$)	Benefits <sup>(3)</sup> (\$)	Share-based Compensation <sup>(4)</sup> (\$)	Total (\$)
<b>Chief Executive</b> (who retired during FY2020)					
Peter Kaliaropoulos <sup>(a)</sup>	819,850	850,000	88,698	417,690	2,176,238
Total paid, including shares vested based on actual performance					1,909,748

## Top 5 Key Management Personnel

	Fixed <sup>(1)</sup> (%)	Variable <sup>(2)</sup> (%)	Benefits <sup>(3)</sup> (%)	Share-based Compensation <sup>(4)</sup> (%)	Total (%)	Remuneration bands <sup>(6)</sup>
Dennis Chia	47	29	4	20	100	D
Johan Buse	49	24	3	24	100	C
Charlie Chan <sup>(b)</sup>	50	23	4	23	100	B
Veronica Lai	50	31	4	15	100	B
Chong Siew Loong	56	19	5	20	100	A
Total including contingent shares granted but not vested, subject to performance <sup>(5)</sup>					\$4,936,076	
Total paid, including shares vested based on actual performance					\$4,326,738	

(1) Fixed refers to base salary, annual wage supplement and fixed allowances earned for FY2020.

(2) Variable refers to any applicable one-off incentive payments as well as incentives paid and accrued for the year pursuant to the AVB scheme and EIP for FY2020.

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

(4) Share awards granted under the RSP and the PSP are subject to pre-determined performance targets set over one-year and three-year performance periods respectively. The figures shown are based on the fair value of the StarHub shares at 100% of each of the RSP and PSP conditional awards, which may not be indicative of the actual value at vesting which can range from 0% to 100% of the RSP conditional award and 0% to 150% of the PSP conditional award. Over the last six financial years ended 31 December 2015 to 31 December 2020, the average number of StarHub shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.

(5) Refers to total remuneration including contingent shares granted but not vested, subject to performance.

(6) Remuneration bands:

"A" refers to remuneration between \$500,001 and \$750,000 per annum

"B" refers to remuneration between \$750,001 and \$1,000,000 per annum

"C" refers to remuneration between \$1,000,001 and \$1,250,000 per annum

"D" refers to remuneration between \$1,250,001 and \$1,500,000 per annum

(a) Mr Peter Kaliaropoulos retired as Chief Executive on 31 October 2020. Accordingly, the amount of actual compensation received was based on the period from 1 January 2020 to 31 October 2020.

(b) Mr Charlie Chan joined StarHub with effect from 6 January 2020. Accordingly, the amount of actual compensation received was based on the period from 6 January 2020 to 31 December 2020.

# CORPORATE GOVERNANCE

If any key management personnel of StarHub (including the Chief Executive) is involved in fraud or misconduct, which results in a re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such individual under all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether, and to what extent, such recoupment is appropriate, based on the specific facts and circumstances of the case. No such fraud or misconduct occurred in FY2020.

During FY2020, there was no employee of the Group who was a substantial shareholder of StarHub or an immediate family member of a Director, the Chief Executive or a substantial shareholder of StarHub, and whose remuneration exceeds \$100,000 per annum.



## 4. ACCOUNTABILITY AND AUDIT



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

For FY2020, the Board has received written assurance from the Chief Executive and the CFO that the financial statements give a true and fair view of the Group's operations and finances. For the half year financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the requirements of the SGX-ST Listing Manual. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

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

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

**A. RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board provides oversight to the governance of risk management and internal controls of the Group. To ensure shareholder interests and Group assets are adequately safeguarded, it reviews the effectiveness of the Group’s risk management system and internal controls with the support from the Risk Committee (RC) and the Audit Committee (AC).

The RC ensures that all identified material risks are within the oversight of at least one Board Committee:

	STRATEGIC	OPERATIONAL	REGULATORY / LEGAL	INFORMATION TECHNOLOGY	HUMAN RESOURCE	FINANCIAL	COMPLIANCE / INTERNAL AUDIT
<b>Risk And Assurance Activities</b>	<ul style="list-style-type: none"> <li>• Business growth in key segments</li> <li>• Best in class customer experience</li> <li>• Growth opportunities in new and adjacent businesses</li> <li>• Competition and technology / Digital disruption</li> <li>• Process and IT Transformation</li> <li>• 5G and its deployment</li> <li>• COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Trusted Provider (in areas of network availability, data protection, timely project delivery and reliability of products and services)</li> <li>• Process and IT Transformation</li> <li>• COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Cyber-security and Critical Information Infrastructure (CII)</li> <li>• Emerging regulatory landscapes</li> </ul>	<ul style="list-style-type: none"> <li>• Trusted Provider (in areas of IT and OSS capabilities to support a transforming business)</li> </ul>	<ul style="list-style-type: none"> <li>• Attract, refresh and retain talent to drive corporate excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Accounting</li> <li>• Financial Disclosures</li> <li>• Management Accounting</li> <li>• Treasury and Tax</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with statutory and listing requirements</li> <li>• Business Process and Policy Governance</li> <li>• Internal Controls</li> <li>• Control Self-assessment</li> <li>• Audit Issue Management</li> <li>• Fraud and Whistle Blowing</li> </ul>
<b>Board Committee oversight</b>	<p>Strategy Committee</p>	<p>Risk Committee</p>			<p>Executive Resource and Compensation Committee</p> <p>Risk Committee</p>	<p>Audit Committee</p>	


The RC has full capacity to examine and review risk matters within its Terms of Reference, while having full access to and support from Management. It has the discretionary power to extend invitations to any Director or executive to attend its meetings. Furthermore, it requires Management to provide adequate resources to enable it to discharge its functions effectively.

# CORPORATE GOVERNANCE

RISK COMMITTEE	
Membership	Key Responsibilities
<p><b>Mr Stephen Geoffrey Miller</b>, RC Chairman  <b>Mr Paul Ma Kah Woh</b>, ID  <b>Ms Nayantara Bali</b>, ID  <b>Mr Peter Kaliaropoulos</b>, co-opted RC member  <b>Mr Nikhil Eapen<sup>(1)</sup></b>, co-opted RC member</p> <p>During FY2020, the RC held two meetings.</p>	<ul style="list-style-type: none"> <li>Review the type and level of business risk that the Group undertakes in achieving its business strategy, and the appropriate risk management framework and policies for managing StarHub's risks</li> <li>Provide oversight in the design, implementation and monitoring of the risk management framework and the system of internal controls for operations, compliance and information technology, and action plans to mitigate the identified risks are put in place</li> <li>Review the adequacy and effectiveness of StarHub's system of risk management and internal controls for operations, compliance and information technology</li> <li>Review the adequacy and effectiveness of policies and procedures for timely risk identification and remediation, including disclosure requirements for regulatory compliance</li> <li>Provide guidance on sustainability topics to be identified as material to the business and ensure the alignment and integration of our sustainability strategy and approach with our business model</li> <li>Provide guidance on cybersecurity, data ethics and governance to ensure appropriate controls and measures are in place</li> <li>Set and instil in StarHub an appropriate risk-aware culture for effective risk governance</li> <li>Ensure that all Group material risks are identified and responsibility is assumed by at least one Board Committee</li> </ul>

(1) Mr Nikhil Eapen was appointed as a co-opted RC member on 1 January 2021.

The RC is assisted by the Management Risk Committee (MRC), which comprises relevant members of Management. The MRC assumes the execution and advisory role in the implementation of the Group's enterprise risk management policies and procedures, including the corporate insurance programme as well as the facilitation of the self-assessment exercise required of significant business units on an annual basis. The MRC actively seeks to identify and understand current and emerging risks that are critical to business, and manages them at all levels across the organisation. It also maintains oversight on cybersecurity, data ethics and governance, and sustainability. The MRC regularly reports to the RC for execution updates and ensures timely actions and decisions are attended to key matters.

 Further details on StarHub's approach to sustainability can be found in the Sustainability Report on pages 108 to 174 of the Annual Report.

## Enterprise Risk Management System and Internal Controls

The Group's Enterprise Risk Management (ERM) system integrates a structured and disciplined approach towards risk management into the Group's core business processes and decision-making activities. The programme is established as one being inclusive and multi-disciplinary, focusing on risks and opportunities that are pertinent to the Group's business activities as well as aligning to the Group's strategic priorities. StarHub strives to embed risk management in day-to-day corporate affairs at all levels and adopts a holistic yet pragmatic approach to managing risks.

To optimise the management of risk, the RC has identified certain top risks of the Group for tracking and monitoring. These risks include strategic, operational, regulatory, legal, information technology, human resource and financial. In consultation with the Board and other Board Committees, the identified risk areas are mapped and assigned to the corresponding Board Committees for oversight, assessment and control. The RC maintains the oversight along with the providing necessary advisory on the identified top risks, which are subject to rigorous discussions at quarterly MRC meetings and bi-annual RC meetings.

Independent audits are conducted by the external and internal auditors to assess the effectiveness of the Group's internal financial controls. The AC is tasked with the responsibility for reviewing audit findings along with the adequacy of actions taken by Management in addressing the issues or weaknesses raised in the auditors' recommendations. Material findings are then reported to the Board.

StarHub is committed to effective corporate governance within which a sound, enterprise-wide framework of risk management and internal controls operate to safeguard stakeholders' interests and StarHub's assets. To this end, StarHub makes the necessary resources available to assist those accountable and responsible for managing risk, and continually improves the enterprise-wide risk management framework. StarHub seeks to achieve the key outcomes of such a framework, namely having a current and comprehensive understanding of the Group's significant and emerging risks, and that the nature and extent of the Group's significant and emerging risk exposures are within risk tolerances that reflect StarHub's values, objectives and resources.


For FY2020, the Board has received written assurance from:

- The Chief Executive and the CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- The Chief Executive, the CFO, MRC members along with other key management personnel that the risk management and internal controls systems (including financial, operational, compliance and information technology controls as well as risk management objectives) are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers applicable to its present business landscape and operational context.

In view of the Group's current risk management system and internal controls, the reviews of Management as supported by internal and external audit findings, together with the relevant written assurance from the Chief Executive, the CFO, MRC members and other key management personnel, the Board (with the concurrence of the RC and the AC) is of the opinion that as at 31 December 2020, the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance, information technology risks as well as the risk management objectives which the Group considers applicable to its present business landscape and operational context.

To ensure corporate assets are protected and public concerns are appropriately addressed, the Group has maintained a crisis management process as part of its business continuity plan, which is regularly reviewed by the MRC.

Though the Board acknowledges the Group has an adequate risk management system and internal controls, there can be no absolute assurance that the Group will not be adversely affected by unexpected events since these are often unforeseen and unpredictable in nature, which could be exacerbated by material errors, human lapses and irregularities. However, the Board considers corporate prudence supported by appropriate risk mitigating measures and internal controls as elemental when conducting business affairs.

 Further details on StarHub's approach to enterprise risk management can be found in the Risk Management section on pages 100 to 105 of the Annual Report.

## B. AUDIT COMMITTEE

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

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



# CORPORATE GOVERNANCE

AUDIT COMMITTEE	
Membership	Key Responsibilities
<p><b>Mr Paul Ma Kah Woh</b>, AC Chairman and ID  <b>Mr Nihal Vijaya Devadas Kaviratne</b> CBE, lead ID  <b>Ms Ng Shin Ein</b>, ID  <b>Mr Lim Ming Seong</b>, NED</p> <p>The AC comprises four NEDs, with the majority (including the AC Chairman) being IDs. During FY2020, the AC held four meetings and a private session with the external auditors and internal auditors without Management being present.</p>	<ul style="list-style-type: none"> <li>• Reviewing and approving quarterly business performance updates and half yearly financial results announcements and financial statements, before recommending to the Board for approval</li> <li>• Monitoring compliance with relevant statutory and listing requirements to ensure the integrity of the Group's financial statements and reporting, including the relevance and consistency of the accounting principles adopted</li> <li>• Providing oversight in the design, implementation and monitoring of the system of internal controls (financial controls, compliance with laws and regulations, and information technology (Financial Controls))</li> <li>• Reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Group's Financial Controls</li> <li>• Reviewing the adequacy, effectiveness, scope and results of the external audit, and the independence and objectivity of the external auditors (taking into account the nature, extent and cost of non-audit services provided by the external auditors during the financial year)</li> <li>• Reviewing the scope and results of the internal audit and the independence and objectivity of the internal audit function</li> <li>• Reviewing interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate for Interested Person Transactions that is renewable annually</li> <li>• Making recommendations to the Board on the proposals to shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors</li> <li>• Commissioning and reviewing findings of internal investigations into suspected fraud, irregularity, failure of internal controls or violation of any law that is likely to have a material impact on the Group's results</li> <li>• Reviewing reports made under StarHub's Whistle Blowing Policy, and where appropriate, directing the investigation of such matters and any follow-up actions to be taken</li> </ul>


The AC has explicit authority to investigate any matter within its Terms of Reference, with full access to and co-operation from Management. The AC also has full discretion to invite any Director or executive to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly. After each AC meeting, the AC Chairman reports to the Board on significant matters which have been discussed.

## Key Audit Matters (KAMs)

The significant areas of audit focus in relation to the financial statements for FY2020 are (a) revenue recognition, (b) acquisition of Strateq Sdn. Bhd. (Strateq), and (c) impairment assessment of goodwill and investments in subsidiaries. During FY2020, the AC received updates from Management on the status of these areas, reviewed and discussed with the external auditors on the results of their audit, including their findings on the key areas of audit focus.

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

- Revenue recognition policies and assumptions adopted;
- The key assumptions applied in the provisional fair valuation of identified assets acquired and liabilities arising from the acquisition of Strateq; and
- Assumptions and estimates made in goodwill impairment assessment and valuation of investment in subsidiaries.

 Significant matters that were discussed with Management and the external auditors have been included as KAMs in the Independent Auditors' Report on pages 184 to 187 of the Annual Report.

### C. EXTERNAL AUDIT

The AC has performed a review of the independence and objectivity of the external auditors, as well as the volume and type of non-audit services provided by the external auditors to StarHub and the Group during FY2020.

The audit and non-audit fees paid/payable to KPMG LLP (KPMG) for FY2020 are \$0.6 million and \$0.2 million respectively, as disclosed in Note 25.3 to the Financial Statements for FY2020. The non-audit fees as a percentage of the total fees paid to KPMG for FY2020 would be 30%. The non-audit services included tax compliance and advisory, and services pertaining to the review of an integrated assurance framework. These constitute permissible non-audit services under the Accountants (Public Accountants) Rules – Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities.

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

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

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

Based on the independence review, the AC is satisfied that the nature and extent of such non-audit services provided to the Group would not compromise the independence and objectivity of KPMG and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. Accordingly, and having regard to the adequacy of the resources and experience of the external auditors and the audit engagement partner and staff assigned to the audit, the AC has recommended to the Board that KPMG be nominated for re-appointment as the Group's external auditors at the forthcoming AGM of StarHub. To further maintain the independence of KPMG, the AC ensures that the audit partner in-charge of the Group is rotated every five years. In this regard, in FY2021, the audit partner-in-charge had been changed with effect from 1 January 2021. None of the Directors (including the AC members) or Management is or has in the past two years been a former partner, director or employee of the Group's external auditors.

The AC has also reviewed the appointment of different auditors for its subsidiaries pursuant to Rule 716 of the SGX-ST Listing Manual. The Board and the AC have confirmed that they are satisfied that the retention of Deloitte & Touche LLP (Deloitte) as the auditors of Ensign would not compromise the standard and effectiveness of the audit of the Group. Deloitte, through its member firms, has provided non-audit services to the Group during FY2020. The non-audit services, which are mainly provided to the Group (other than Ensign), included human resource consultancy and CRM system development work, where Deloitte's expertise and experience with the Group were relevant to ensure efficiency and effectiveness. The Audit and Risk Committee of Ensign has carried out a review of Deloitte's independence, and it is satisfied with Deloitte's independence. Deloitte has further confirmed its independence, within the meaning of regulatory and professional requirements. Appropriate safeguards were also established to address any potential independence threats arising from the provision of non-audit services to Ensign as well as the Group. Such safeguards included (a) assigning a separate and different Deloitte team from the audit team for the provision of non-audit services to Ensign and/or the Group, (b) undertaking an independent internal quality control review with respect to the audit of Ensign and (c) obtaining the AC's approval before any engagement of Deloitte to perform non-audit services where the total non-audit fees exceed or may exceed 50% of the Group's total audit and non-audit fees for the relevant financial year.

# CORPORATE GOVERNANCE

The Board and the AC have also confirmed that they are satisfied that BDO PLT (BDO) are suitable to act as the auditors of Strateq. BDO has not provided non-audit services to the Group during FY2020. BDO has confirmed its independence, within the meaning of regulatory and professional requirements.

StarHub's auditor, KPMG, has reviewed the audit work of Deloitte and BDO as part of its overall review of the StarHub subsidiaries' audited financial statements in order to express an opinion on the Group's consolidated statements.



Details of the aggregate amount of external auditors' fees paid for FY2020 and the breakdown for the audit and non-audit services are set out in Note 25.3 to the Financial Statements of the Annual Report.

## D. INTERNAL AUDIT

The internal audit function of the Group for FY2020 was carried out by PricewaterhouseCoopers Risk Services Pte. Ltd., an independent firm. The internal auditor is guided by the Standards for the Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

The internal auditor reports to the AC functionally, and to the Chief Executive and the CFO administratively. The appointment, termination and remuneration of the internal auditor are approved by the AC. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC. The AC meets with the internal auditors, and with the external auditors, in each case without the presence of Management, at least annually.

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

The AC reviews the adequacy, effectiveness, scope and independence of the internal audit function annually. For FY2020, the AC is satisfied that StarHub maintained an effective internal audit function that is adequately staffed and independent of the audited activities, and that the internal auditor has appropriate standing within StarHub to perform its function effectively.

## E. INTERESTED PERSON TRANSACTIONS

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


StarHub has established review procedures to ensure that all IPTs are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of StarHub and its minority shareholders. Under the review procedures, the IPT terms and pricing are to be (a) consistent with StarHub's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties and (b) fair and reasonable. StarHub will also consider factors such as specification compliance, track record, experience and expertise, as well as preferential rates or discounts for bulk purchases. An authorised senior officer who does not have any conflict of interests in relation to the IPT will determine whether the IPT terms and pricing are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured. StarHub has also put in place procedures to identify the interested persons and record and monitor the IPTs entered into by the Group.

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

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

In FY2020, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's subsidiary companies as well as associated company, Shine Systems Assets Pte. Ltd.

StarHub does not provide loans to Directors as a matter of corporate policy and therefore no loans have been provided by StarHub to the Directors in FY2020.

 Further details on StarHub's IPTs for FY2020 can be found in the Interested Person Transactions and Material Contracts section on pages 280 to 281 of the Annual Report.



## 5. SHAREHOLDER RIGHTS AND ENGAGEMENT



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

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET and on the StarHub IR website. StarHub recognises that the timely release of relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

### A. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

# CORPORATE GOVERNANCE

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

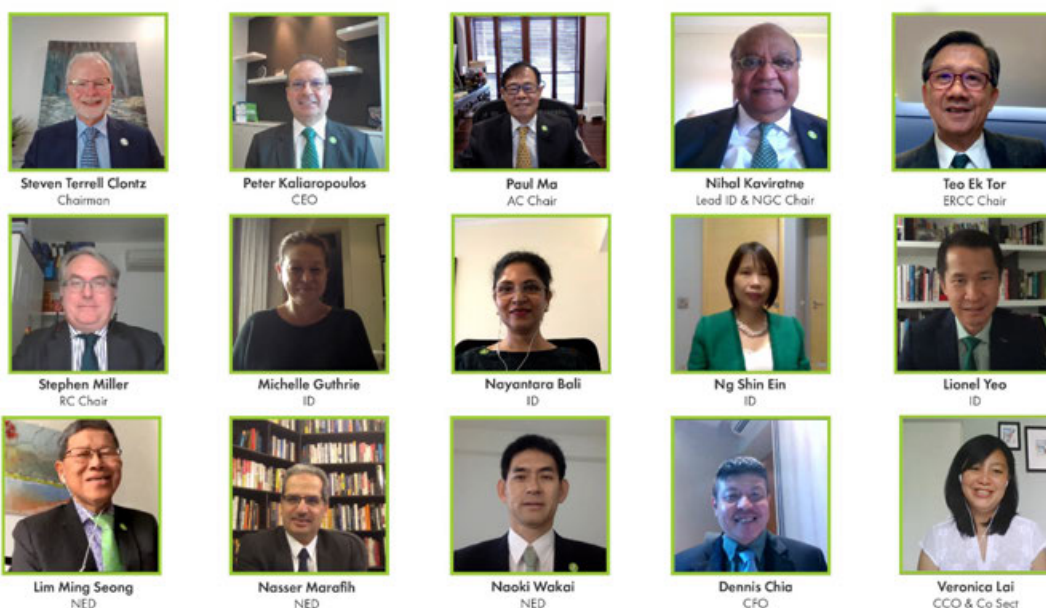
In FY2020, arising from the COVID-19 situation and in accordance with the various legislative measures passed to allow alternative arrangements for general meetings of companies, the AGM and EGM were convened and held by electronic means. Shareholders were afforded the opportunity to participate by:

- Observing and/or listening to the AGM and/or EGM proceedings via live audio-visual webcast or live audio-only stream;
- Submitting questions in advance; and
- Appointing the Chairman of the AGM and Chairman of the EGM as proxy to attend, speak and vote on their behalf at the AGM and EGM, respectively.

The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting. Minutes of general meetings are made available on the StarHub IR website. The minutes record substantial and relevant comments and questions from shareholders, and responses from the Board and Management.

2020-09-23 14:00:00

## STARHUB 22<sup>ND</sup> ANNUAL GENERAL MEETING



## B. ENGAGEMENT WITH SHAREHOLDERS

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

StarHub solicits and considers the views of shareholders via (a) regular and timely analyst and media briefings throughout the year, (b) frequent interactions between Management, the StarHub IR team and both retail and institutional investors through investor roadshows and conferences organised by major brokerage firms, the SGX-ST and events organised by StarHub, including an Investor Day on 18 November 2020, and (c) third-party independent perception studies commissioned by StarHub.

Apart from SGXNET announcements and the Annual Report, the regularly updated StarHub IR website at [IR.starhub.com](http://IR.starhub.com), is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group such as the corporate group structure. Investors may also elect to be notified of any new updates via an



email alert service. New material price-sensitive information such as financial results are released via SGXNET before being posted on the StarHub IR website or the conduct of any media or analyst conferences. This ensures fair and non-selective disclosure of information to all shareholders.

In line with amendments to Rule 705 of the SGX Listing Manual, StarHub had adopted half-yearly announcement of its financial results with effect from FY2020. The half-year and full-year financial results will contain detailed financial statements, key business drivers and management commentaries on the financial performance of the Group. They will be announced within 45 and 60 days from the end of each respective financial period. Voluntary quarterly business updates containing critical financial and operational data will be published for the first and third quarter of the financial year to give investors insight into the Group's interim business performance.

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

Dividends were declared on a half-yearly basis in FY2020, and shareholders were informed of the dividend payments in the respective half year financial results announcements via SGXNET and the StarHub IR website. In determining the dividend, the Board balances the need for a satisfactory return to shareholders against StarHub's investment requirement to ensure sustainable growth. StarHub is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) as dividends, payable on a semi-annual basis. Taking into consideration short-to-mid term business conditions (including the impact of COVID-19), cash flow and investment requirements, as well as results reaped from the ongoing business transformation initiatives, StarHub expects to declare a dividend per share of 5.0 cents for FY2021.



Live broadcast of StarHub's FY2020 results briefing.

## 6. MANAGING STAKEHOLDERS RELATIONSHIPS



### Engagement with Stakeholders

Through effective stakeholder engagement, StarHub gathers insights from our stakeholder feedback, which allows us to offer the right products and services and enable us to create value for all. We have identified our main stakeholders through a stakeholder mapping exercise, based on the potential for StarHub to impact their part of the value chain as well as their potential to impact our business, and this is reviewed annually to assess their potential impact to our operations. We promote and manage our stakeholder relations through regular and proactive engagement with our stakeholders, at the corporate level and functional divisions across the Group. In FY2020, the Group's key areas of focus in relation to the management of stakeholder relationships include translating stakeholder needs into organisational goals for effective strategy development to promptly address our stakeholders' concerns.



Further details on StarHub's communication with our shareholders and other stakeholders can be found in the Investor Relations section and Sustainability Report on pages 106 to 107 and 108 to 174 of the Annual Report respectively.

# CORPORATE GOVERNANCE

## 7. OTHER CORPORATE GOVERNANCE PRACTICES AND POLICIES



### A. DEALINGS IN SECURITIES

#### Insider Trading Policy

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

- All Directors and Group employees are prohibited from dealing in StarHub securities during the period:
  - (a) commencing two weeks prior to the announcement of the Group's business performance update for each of the first and third quarters of our financial year and ending on the date of announcement of the relevant business performance update; and
  - (b) commencing one month prior to the announcement of the Group's half-yearly and full-year results and ending on the date of announcement of the relevant results.
- All Management and employees directly involved in the preparation of the Group's quarterly business performance updates and the half-yearly and full-year results are prohibited from dealing in StarHub securities during the period commencing one month prior to the announcement of each of the Group's business performance updates and financial results and ending on the date of announcement of the relevant update or results.

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

#### Share Trading Policy

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

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

For the issue of new StarHub securities, while the SGX-ST Listing Manual permits the Board to seek a general mandate from shareholders to allot and issue up to 20% of StarHub's total issued share capital other than on a *pro rata* basis to existing shareholders, the Board has continued to voluntarily limit such mandate to 15% only.

In addition, for the specific mandate from shareholders to allot and issue StarHub shares under the RSP and the PSP, the Board has limited the aggregate number of StarHub shares available for grant under the RSP and the PSP to 8% of StarHub's total issued share capital (instead of the permitted 15% under the SGX-ST Listing Manual), taking into account any outstanding unvested share awards.

### B. WHISTLE BLOWING POLICY

StarHub adopts a zero-tolerance policy against ethical and legal violations. The Group has instituted a robust procedure which provides accessible channels for employees and external parties (such as our customers, suppliers, contractors and other stakeholders who may have a business relationship with the Group) to report in a responsible manner, anonymously or otherwise, any concern or complaint in relation to any irregularity, inappropriate behavior, legal or ethical violation or other



serious breaches of internal processes. Such reporting channels have been communicated, and include a dedicated whistle blowing email and a direct channel to the AC Chairman and the General Counsel (via email and/or mail).

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

The Group's Whistle Blowing Policy aims to encourage the reporting of such matters in good faith, by lending confidence that employees and other persons making such reports will be treated fairly and accorded due protection against reprisals or victimisation. The Group's Whistle Blowing Policy is available on StarHub's intranet and corporate website for easy access by all employees and the public.

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

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

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

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

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

In addition, employees are also required to complete an annual declaration which includes the declaring of any potential, apparent or actual conflict of interest between their official duties at StarHub Group, and any other persons or interests.

### D. DOCUMENT CLASSIFICATION POLICY

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

# CORPORATE GOVERNANCE

## E. CYBERSECURITY AND DATA PROTECTION

Cybersecurity and data protection continue to be key strategic priorities for StarHub. Appropriate cybersecurity and data protection frameworks have been put in place to safeguard our networks/systems and customer and employee data and sensitive and/or confidential information from risks of cybersecurity threats and security breaches, as well as to ensure the Group's compliance with all applicable laws, including the Cybersecurity Act 2018, the Personal Data Protection Act 2012 (PDPA) and sector-specific cybersecurity requirements imposed by the Infocomm Media Development Authority such as the Telecommunications CyberSecurity Code of Practice and the Broadcast CyberSecurity Code of Practice.

As part of its best practices relating to cybersecurity, StarHub undergoes periodic audits by third party assessors. The Group has also engaged security monitoring partners to provide round-the-clock detection for security events as an early warning mechanism. In addition, a Cybersecurity Committee has been set up to discuss cybersecurity matters and drive and monitor cybersecurity compliance in the Group.

In February 2020, StarHub was certified with the Data Protection Trustmark (DPTM), which is a voluntary enterprise-wide certification for organisations to demonstrate accountable data protection practices. Adapted from the PDPA, international benchmarks and best practices, the DPTM certification framework requires organisations to have sound data protection policies and practices to manage and protect personal data in accordance to the certification framework. StarHub also conducts regular reviews of its data protection frameworks and awareness programs to ensure the Group's compliance with all applicable data protection laws and regulations.



Further details on StarHub's approach to cybersecurity and data protection can be found in the Cybersecurity and Data Privacy section of the Sustainability Report on pages 138 to 139 of the Annual Report.

## F. COMPLIANCE LEAVE POLICY

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

## G. WORKPLACE SAFETY AND HEALTH

StarHub is committed to ensuring the health, safety and welfare of all our employees in carrying out business activities and operations. StarHub strives to build a healthy workforce and safe workplace by continually enhancing workplace safety and health (WSH) processes and embracing best practices, in line with applicable laws such as the Workplace Safety and Health Act and regulations.



Further details on StarHub's approach to workplace safety and health can be found in the Employee Health and Safety section of the Sustainability Report on pages 146 to 147 of the Annual Report.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Steven Terrell CLONTZ** *(Chairman)*  
Paul MA Kah Woh  
Stephen Geoffrey MILLER  
Nihal Vijaya Devadas KAVIRATNE CBE  
Michelle Lee GUTHRIE  
Nayantara BALI  
NG Shin Ein  
Lionel YEO Hung Tong  
TEO Ek Tor  
LIM Ming Seong  
Nasser MARAFIH  
Naoki WAKAI

## AUDIT COMMITTEE

**Paul MA Kah Woh** *(Chairman)*  
Nihal Vijaya Devadas KAVIRATNE CBE  
NG Shin Ein  
LIM Ming Seong

## STRATEGY COMMITTEE

**Steven Terrell CLONTZ** *(Chairman)*  
Stephen Geoffrey MILLER  
Nihal Vijaya Devadas KAVIRATNE CBE  
Michelle Lee GUTHRIE  
Nayantara BALI  
NG Shin Ein  
LIM Ming Seong  
Nikhil Oommen Jacob EAPEN  
Peter KALIAROPOULOS

## RISK COMMITTEE

**Stephen Geoffrey MILLER** *(Chairman)*  
Paul MA Kah Woh  
Nayantara BALI  
Nikhil Oommen Jacob EAPEN  
Peter KALIAROPOULOS

## NOMINATING AND GOVERNANCE COMMITTEE

**Nihal Vijaya Devadas KAVIRATNE CBE**  
*(Chairman)*  
Steven Terrell CLONTZ  
Lionel YEO Hung Tong

## EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

**Michelle Lee GUTHRIE** *(Chairman)*  
Stephen Geoffrey MILLER  
Lionel YEO Hung Tong

## COMPANY SECRETARIES

Veronica LAI Kwai-Yi  
Audra BALASINGAM

## REGISTRATION NUMBER

199802208C

## REGISTERED ADDRESS

67 Ubi Avenue 1  
#05-01 StarHub Green  
Singapore 408942  
Tel : (65) 6825 5000  
Fax : (65) 6721 5000

## SHARE REGISTRAR

M & C Services Private Limited  
112 Robinson Road #05-01  
Singapore 068902

## AUDITORS

**KPMG LLP**  
Public Accountants and Chartered Accountants  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner-in-charge:  
ONG Chai Yan (from 1 January 2016 to  
31 December 2020)  
SIEW Yilin (appointed w.e.f. 1 January 2021)

## SUBSIDIARIES

StarHub Mobile Pte Ltd  
StarHub Cable Vision Ltd.  
StarHub Online Pte Ltd  
StarHub Shop Pte Ltd  
StarHub, Inc.  
StarHub (Hong Kong) Limited  
Nucleus Connect Pte. Ltd.  
Ensign InfoSecurity Pte. Ltd. and its subsidiaries  
Malaren International Sdn. Bhd. and its subsidiaries

## ASSOCIATED COMPANIES

Shine Systems Assets Pte. Ltd.  
Antina Pte. Ltd.  
Vectra Corporation Limited

## INVESTOR RELATIONS

For enquiries on the Group's business performance, contact the Investor Relations team at email: [ir@starhub.com](mailto:ir@starhub.com)

# RISK MANAGEMENT

## Our Approach to Enterprise Risk Management

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

## StarHub's Risk Appetite Statement

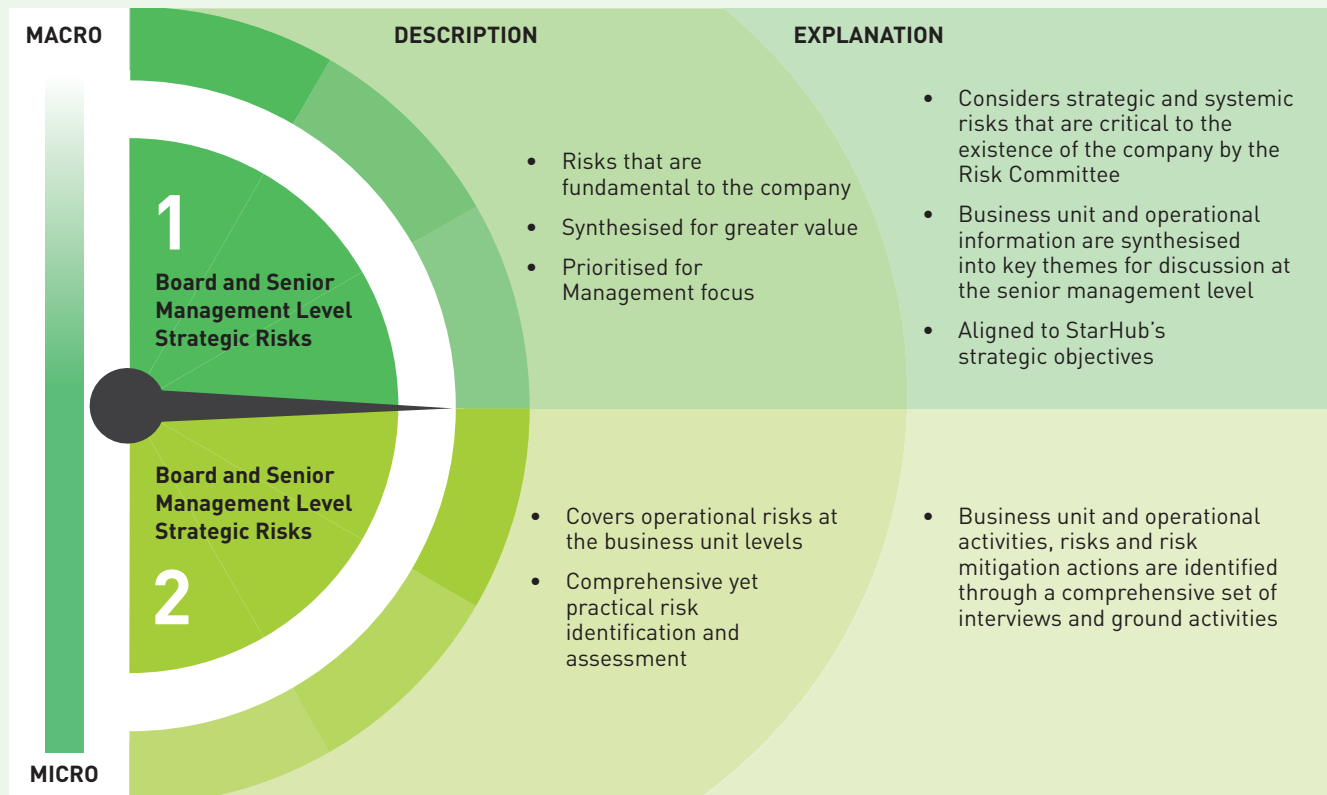
- StarHub operates with an appetite for appropriate risk-taking where there is a preference for conservative options, a practice that is embedded in our operations.
- While StarHub continues to drive business excellence, innovation and growth, it takes a holistic view of the risks involved in doing so,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

## StarHub's Enterprise Risk Management Framework

Through our Enterprise Risk Management framework, we seek to:

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

These are illustrated in the diagram below: ▼



## StarHub's Top Risks

To improve the management and mitigation of risks, StarHub has identified Top Risks for tracking and monitoring. These risks are aligned with the company's strategic priorities, and were identified and prioritised in consultation with the Board Risk

Committee and Management Risk Committee. They are supported by bottom-up risk assessments conducted at the business level to ensure that the risk information is effectively captured and synthesized into key themes for discussion at the strategic level.

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

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

Key Risk	Risk Description	Mitigation
<b>Best In-Class Customer Experience</b>	<p>StarHub continues to face challenges in retaining and attracting customers in the telecommunications, media and technology space as consumers have rising expectations of network capacity, coverage speeds, superior customer service and overall value for money.</p> <p>StarHub is committed to continuously improve the standards of customer experience across all products and services.</p> <p>As customer expectations continue to rise, StarHub continues to challenge the norm and make strides in providing digital, zero-touch products while improving on network capacity, coverage, speeds, and overall value for money.</p> <p>StarHub continues to strive to provide innovative products and offerings for all customers as a preferred challenger brand.</p>	<p>StarHub's focus is to be a leader in providing a superior customer experience across all service lines.</p> <ul style="list-style-type: none"> <li>StarHub has expanded its Net Promoter Score ("NPS") program to measure customer loyalty and long-term value across all lines of businesses, including select partners to date.</li> <li>StarHub's NPS score has improved year-on-year. StarHub expects this to result in increased customer loyalty and higher expected long-term value.</li> <li>StarHub utilises real-time survey and data collection to gain insights and to better understand customers profile, drivers, customer needs and behaviors to better optimise the design of customer journeys.</li> </ul>
<b>Establish credibility as a Trusted Provider</b>	<p>StarHub needs to ensure availability and resilience of its network infrastructure and systems. We are committed to providing the best services to our customers.</p> <p>Additionally, our business relies on information systems. There are threats that StarHub faces such as cybersecurity (DDoS) and threat of Data breaches. StarHub needs to ensure that our Network security is as robust as possible. As custodians of customer data, StarHub needs to ensure adequate and effective data privacy and security measures are in place.</p>	<ul style="list-style-type: none"> <li>StarHub has policies, guidelines and procedures in place to ensure that network infrastructure and information systems are up-to-date, reliable and secure.</li> <li>StarHub ensures strict compliance with Info-Communications and Media Development Authority of Singapore (IMDA) Resiliency Codes of Practices and is subjected to rigorous independent external audits on its network infrastructure. StarHub is also compliant to ISO 23001 to ensure resiliency of our critical network infrastructure.</li> <li>StarHub has a centralised Personal Data Protection Office with defined Personal Data and Protection procedures and guidelines to ensure strict compliance with legislations from the Singapore Personal Data Protection Act and to mitigate breach of data and privacy risks. Our Information System Policy is also benchmarked to international standards such as ISO27001.</li> </ul>

# RISK MANAGEMENT

Key Risk	Risk Description	Mitigation
<b>Business growth in key segments</b>	<p>Business growth in key segments have been impacted by the economic downturn as a result of the pandemic.</p> <p>The Mobile business has been affected due to the decline in roaming revenue caused by travel restrictions across the region and globally. The reduction in tourist arrivals have also affected the growth in the prepaid business.</p> <p>A number of enterprises have deferred their ICT and advertising spending and delayed IT projects implementations due to the economic slowdown and work-from-home arrangements.</p>	<ul style="list-style-type: none"> <li>StarHub continues to leverage on opportunities in key sectors such as Government, Financial Services, Hospitality, IT and Manufacturing.</li> <li>StarHub has been strengthening our partnership ecosystem, to enhance our product and service offering with best-in-class ICT solutions such as Hybrid Cloud Services.</li> <li>StarHub seeks to expand our digital touchpoints and enhance customer experience to meet the needs of the SME segment and mid-markets.</li> <li>StarHub continues to pursue growth opportunities through new technologies such as 5G and IoT in industries such as Construction, Logistics, and Manufacturing to develop innovative solutions for smart facilities management, robotics and logistics to drive incremental revenue streams.</li> <li>StarHub focuses on customer base management to drive up take in new business revenue.</li> </ul>
<b>Opportunities in new and adjacent businesses</b>	<p>The increasingly saturated telecommunications market has seen a need for StarHub to venture out into new business areas to remain relevant and competitive. Such initiatives are challenged by crowded markets, competition from other potential investors, legal and regulatory restrictions, other socio-political factors.</p> <p>With the acquisition of new businesses, StarHub faces the challenge of identifying suitable targets, integrating newly acquired businesses into our operations, and generating synergies from these acquisitions.</p>	<ul style="list-style-type: none"> <li>StarHub has ventured into areas such as cybersecurity, data analytics, digital solutions, Over-The-Top (OTT) and ICT managed services to generate alternative sources of revenue.</li> <li>StarHub is constantly exploring new investment opportunities to augment its existing business and to find new sources of revenue.</li> <li>StarHub has been pursuing strategic partnerships and conducting trials with Enterprise customers, industry and tech partners to develop 5G use cases to differentiate its 5G offerings.</li> <li>To mitigate risks associated with the acquisition of businesses, StarHub has implemented systematic processes in the evaluation and decision-making of investment leads. These are augmented with clear post-integration plans, with business and corporate involvement.</li> </ul>

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<p><b>5G and its deployment</b></p>	<p>Following the award of 5G license in June 2020, StarHub has launched 5G trial on non-standalone (“NSA”) network in August 2020. The trial provided the opportunity for Enterprises to experience 5G and explore potential use cases with StarHub and our industry partners.</p> <p>However, the ecosystem is still nascent and key aspects like customer adoption and device ecosystems are still developing.</p> <p>Furthermore, cyber threats are sophisticated and continually evolving. With 5G being an end-to-end transformation of the wireless network, attacks can make use of thousands or even millions of interconnected and vulnerable nodes. Besides, many demanding new use cases enabled by 5G require built-in security that goes beyond 3GPP standards and encompasses automation, security orchestration, analytics to detect and mitigate threats.</p>	<ul style="list-style-type: none"> <li>StarHub has been engaging with customers who are early adopters, through 5G solution trials and collaborating with partners to explore possibilities like private networks and edge computing.</li> <li>StarHub has established partnerships with academic institutions, such as the collaboration with Nanyang Polytechnic to set up NYP-StarHub Application &amp; Experience Centre for 5G (APEX 5G) in January 2020. Innovative and practical 5G technologies and applications were developed for healthcare, retail, urban solutions and advanced manufacturing sectors.</li> <li>StarHub operates its current 3G/4G/5G NSA Mobile network in Telecommunication Cybersecurity compliance and has established an operational ecosystem of best-in-class vendors and solution to address the increasing security threats emerging in today’s Internet. Security processes are operational and provide a solid foundation for security operations in 5G Standalone (“SA”) networks.</li> <li>StarHub 5G SA security solution is implemented with below features to address the threats evolved in 5G network: <ul style="list-style-type: none"> <li>Utilise the 3GPP (Standard) framework for 5G Security and ensure encryption and authentication is deployed pervasively in its 5G network.</li> <li>Implement Security Gateway for securing RAN communication with IPSec encryption as well as protection of 5G Core using GTP Firewall.</li> <li>Implement 5G Core Security like Perimeter Security, Security Zoning, Defense in Depth, Traffic Separation, Micro-Segmentation &amp; DDoS Protection.</li> <li>StarHub 5G network complies to zero trust environment for trust access, trust communication and trust execution.</li> <li>StarHub builds on its existing ecosystem and expand security sensing, detection, intelligence and response using SIEM and Security orchestration system to achieve end-to-end security operations.</li> </ul> </li> </ul>
<p><b>COVID-19</b></p>	<p>COVID-19 caused major disruptions to work, study and daily lives. Organisations across all sectors were forced to adapt and pivot to new ways of working in order to stay sustainable.</p> <p>Since Circuit Breaker, new working arrangements were adopted and remote working became the new norm. Such distributed working set up require reliable and secure networking and unified collaboration tools.</p>	<ul style="list-style-type: none"> <li>StarHub has put in place solutions to address the challenges faced both by our internal teams and enterprise customers as a result of dispersed working arrangements required since the Circuit Breaker in April 2020.</li> <li>StarHub has deployed new solutions like SmartSIP for Teams which provide seamless communication between our unified voice and collaboration tools.</li> <li>StarHub has also worked with global security companies like ADVA, to provide effective network security solutions.</li> <li>A Covid-19 Taskforce has been set up and meets fortnightly to ensure staff safety, business continuity plans and other business issues are adequately addressed.</li> </ul>



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<p><b>Increasing Competition and technological disruption</b></p>	<p>StarHub operates in an intense and highly competitive environment. It competes with incumbent Mobile Network Operators (MNO), multiple Mobile Virtual Network Operators (MVNO) and Over-The-Top (“OTT”) providers in the media distribution space.</p>	<ul style="list-style-type: none"> <li>StarHub differentiates itself by providing best-in-class customer experience and digital, zero-touch products while improving on network capacity, coverage, speeds, and overall value for money. StarHub was the first to launch 5G NSA service in 2020.</li> <li>StarHub also differentiates itself through innovative and simplified product offerings that meet customer needs.</li> <li>To remain versatile in an evolving market, StarHub has simplified its mobile plans; launched giga!, a digital SIM-only brand; and revamped its Pay TV entertainment passes and customer experience to provide greater flexibility and variety to consumers. In 2020, StarHub launched StarHub TV+, a hybrid platform integrating OTT streaming services, apps and TV programmes; and was first to launch Disney+ in 2021.</li> <li>StarHub continues to enhance and refine its enterprise propositions by offering end-to-end digital solutions tailored to customers’ unique needs. It is also leveraging a growing demand for emerging technology to capture greater market share in adjacent verticals such as data centre solutions, internet of things and data analytics.</li> </ul>
<p><b>Attract, refresh and retain talents</b></p>	<p>With the increased pace of digitalisation, StarHub continues to face intensive competition for talent.</p> <p>The company continues to strive to attract, refresh and retain talents with the skill sets and capabilities required to drive the business forward.</p>	<ul style="list-style-type: none"> <li>StarHub benchmarks its Human Resource practices by taking part in multi-industry studies to identify key areas for improvement.</li> <li>StarHub has its continuous employee listening programme to pulse employees to better understand and address employee concerns.</li> <li>StarHub places strong emphasis on attracting, hiring and retaining talent with competitive remuneration packages, recognition awards and talent development programs.</li> <li>StarHub has put in place a robust talent review process to identify high potential talents who will go through a talent accelerator program, placed on critical assignments and be assigned with a coach and development sponsor.</li> <li>StarHub has a learning and development roadmap defined to help employees embrace StarHub’s culture markers. Employees are encouraged to take charge of their development through the 3E approach (Education, Exposure, Experience), aligned with their individual development plans.</li> </ul>

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<b>StarHub as a Critical Information Infrastructure</b>	<p>Being a Critical Information Infrastructure (“CII”) operator, StarHub is exposed to the spectrum of cybersecurity-related threats prevalent in the digital era.</p> <p>A cyber incident on StarHub’s CII could potentially cause:</p> <ul style="list-style-type: none"> <li>▶ Disruptions to StarHub’s corporate network and/or services provided to customers;</li> <li>▶ Breach of sensitive and/or confidential information;</li> <li>▶ Significant regulatory fines and penalties.</li> </ul> <p>Like most organisations, StarHub relies on certain key vendors/ suppliers to provide equipment as well as the maintenance of our network to ensure business continuity and data asset protection.</p>	<ul style="list-style-type: none"> <li>• StarHub has implemented security policies, procedures and systems based on international standards such as the ISO 27001, and local statutory requirements such as the Telecommunications Act, Broadcasting Act, and the CyberSecurity Act 2018. We continue to benchmark ourselves against relevant frameworks to enhance our cybersecurity readiness.</li> <li>• StarHub regularly conducts rigorous penetration testing and vulnerability assessments on its networks and systems to identify vulnerabilities and act accordingly in a timely and effective manner.</li> <li>• StarHub has current business continuity and disaster recovery plans and conducts regular exercises to ensure swift recovery following the event of a disruption.</li> <li>• StarHub constantly updates itself on regulatory requirements of government agencies. These enables us to develop and/or revise plans and procedures to minimise the occurrence of emerging risks.</li> </ul>
<b>IT systems</b>	<p>StarHub’s business depends on the uninterrupted availability of our IT systems. These IT systems may fail due to defects in the technology or human errors in providing services. Furthermore, we rely on certain key vendors and/or suppliers on providing IT technology and IT services for our IT systems.</p>	<ul style="list-style-type: none"> <li>• StarHub monitors the availability and operational robustness of critical IT systems in real time.</li> <li>• StarHub has established standard operating procedures (SOP) to mitigate system disruption caused by human or system errors</li> <li>• StarHub has maintenance contracts with agreed service levels in place for our IT technology suppliers</li> <li>• StarHub has critical business applications installed on high availability IT infrastructure and operates a disaster recovery data center</li> <li>• StarHub has defined business continuity management procedures and disaster recovery plans. StarHub conducts crisis exercises to ensure operational readiness in the event of a business operations disruption.</li> </ul>