

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6084
COMPANY NAME : STAR MEDIA GROUP BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviews and adopts strategic plans for Star Media Group Berhad ("Star" or the "Company") and its subsidiaries (collectively referred to as the "Group") periodically. The Board promotes business sustainability and exercises oversight over the conduct of the Group's businesses and evaluates each segment's progress in terms of business objectives. The 2018 Group's Budget and Forecast Plan for the next few years were approved by the Board during its final Board meeting in 2017 upon recommendation by the Finance Committee of the Company.</p> <p>The Board also identifies principal business risks faced by the Group and ensures that appropriate internal controls and mitigating measures are in place. There is a schedule of key matters reserved for the Board for its deliberation and decision to ensure the direction and control of the Group's businesses are vested in its hands. The financial and operational performance of the businesses are discussed at each quarterly meeting as well as through regular updates by Management to ensure that the business objectives are met. Management's performance is benchmarked against its ability to meet the budget and other Key Performance Indicators ("KPIs") set by the Board.</p> <p>In terms of values and ethical standards of the Group, all Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies.</p> <p>The Board also values dialogue with stakeholders and appreciates the keen interest of shareholders on Star's performance. In this regard, the Board ensures timely and relevant information about the Company is disseminated to stakeholders.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Dato' Fu Ah Kiow plays a key role in leading and ensuring the adequacy and effectiveness of the Board's performance and governance practices. He works closely with the Board members in formulating the policy framework and strategies.</p> <p>The Chairman with the assistance of the Company Secretaries sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.</p> <p>During deliberations at the board meetings, the Chairman provides his objective views and regularly seeks the opinions of Board members on matters being discussed during meetings and ensures that the decisions made are a representation of the Board as a whole. He also works closely with the Group Managing Director and Chief Executive Officer ("Group MD&CEO") on significant business issues including succession planning of key positions within the Group.</p> <p>The good leadership of the Chairman is acknowledged by the rating that is above average via the annual Board Effectiveness Evaluation conducted for FYE 2017.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board is Dato' Fu Ah Kiow whilst the Group MD & CEO is Datuk Seri Wong Chun Wai.</p> <p>The Chairman leads the Board in its collective oversight of Management whilst the Group MD&CEO focuses on the business and day-to-day management. The division of responsibilities between the Chairman and Group MD&CEO is clearly articulated in the Board Charter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by professionally qualified and competent Company Secretaries, namely, Ms Ong Wei Lymn and Ms Hoh Yik Siew. Both of the Companies Secretaries are professionally qualified members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries constantly keep themselves abreast of changes in the realm of corporate governance through continuous professional development. During the year 2017, they attended relevant trainings on changes in regulatory requirements.</p> <p>As counsels to the Board, the Company Secretaries provide regular updates relating to statutory and regulatory requirements as well as corporate governance best practices. The Company Secretaries also organise and attend all Board and Board Committee meetings, keep proper and accurate records of the proceedings and resolutions at the Company's registered office. The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management personnel for appropriate actions. The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>The Company Secretaries also organise Directors' training programmes for the Board members to help them stay current on relevant laws and practices. All Directors have unrestricted access to the advice and services of the Company Secretaries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting.</p> <p>Prior to the Board and Board Committee meetings, a formal and structured agenda together with the agenda papers are forwarded to the Directors via electronic means at least five business days prior to the Board and Board Committee meetings. Exceptions may be made for certain ad-hoc or urgent instances when Directors unanimously consent to a shorter notice period and elapsed timeframe for the provision of agenda papers. Upon receipt from the Management, the Company Secretaries ensure that the meeting materials are made available as soon as practicable. Hard copies of the agenda papers are only provided to some board members upon request. However, with the migration to full electronic papers after FYE 2017, Board members and Management are no longer supplied with any hard copies to save cost and for easier access to meeting materials in a more timely and efficient manner.</p> <p>Draft minutes of the meetings are circulated to the respective Chairman of the Board and Board Committee meetings as well as Group MD&CEO within two weeks together with the lists of matters arising from such meetings for their comments and necessary action. The minutes of meetings record the decisions, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.</p> <p>In addition to the provision of meeting materials, the Board also authorises Directors to seek independent professional advice if necessary at the Company's expense in the furtherance of their duties (as stated in paragraph 15.04 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad). Prior to incurring the professional fees, the Directors shall refer to the Managing Director on the nature and the fees of the professional advice to be sought.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter which is published on the Company’s website serves as a primary reference and literature document which guides the governance and conduct of the Board. The Board Charter outlines the duties and responsibilities of the Chairman, Group MD&CEO as well as Directors and Board Committees. The key matters reserved for the Board’s deliberation and decision making are explicitly spelt out in the Board Charter.</p> <p>The Board periodically reviews its Board Charter and updates the Terms of Reference of the Board Committees to ensure that they are kept contemporaneous with legislative requirements and better practices.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Board has adopted and implemented a Code of Conduct and Ethics ("CCE") that reflects the Company's vision and core values. The Company has in place a separate code of conduct and ethics for Directors and employees of the Company.</p> <p>The Board is mindful of its leadership in business ethics practices as one of the key elements of business sustainability. The CCE for Directors which are part of the adopted Board Charter, provides principles and standards relating to Directors' fiduciary duty to act in public interest and best interest of the Group. The Board Charter is available on the Company's website.</p> <p>In addition, the Board is provided guidance on disclosure of conflicts of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests for the Company's monitoring on a half yearly basis or as and when required.</p> <p>Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the Listing Requirements.</p> <p>The CCE for Employees are stipulated in the Employee Handbook in the Company's portal system. The code of conduct and ethics for</p>

	employees promotes integrity and ethical conduct/behaviour in all aspects of the Company's operations, including privacy and confidentiality of information and sets out the prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised Whistleblowing Policy and accompanying procedures that are applicable to all employees of the Company. The Whistleblowing Policy outlines avenues for employees of the Company to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices. The Board vide the Whistleblowing Policy emphasises good faith in reporting, protection from reprisal as well as anonymity of the whistleblower's identity.</p> <p>The Whistleblowing Policy as well as the relevant procedures are reviewed periodically by the Board. The Whistleblowing Policy and procedures are available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>Five out of the total eight Board members are Independent Non-Executive Directors, thereby constituting more than majority of Independent Directors on the Board.</p> <p>The presence of majority Independent Directors brings the element of detached impartiality to the oversight function of the Board. Their presence allows the Board to apply heightened professional scepticism and challenge Management in an unbiased manner and prevent dominance and complacency in the boardroom.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	<p>The Board recognises that extended tenure may give rise to Independent Directors having a close relationship with the Board and Management and thus, becoming too sympathetic to their interests or too accepting of their work.</p> <p>Currently, none of the Independent Non-Executive Directors of the Company have exceeded the cumulative term of nine years.</p> <p>Moving forward, should the Board intend to retain any of its Independent Directors beyond nine years or twelve years, it would provide justification and seek annual shareholders' approval based on the prescribed mechanism by MCCG.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has adhered to the limits of tenure for the Independent Directors to nine years as prescribed in the Board Charter. Upon completion of such tenure, the Independent Directors may continue to serve on the Board subject to his re-designation as a Non-Independent Director.</p> <p>Currently, none of the Independent Directors of the Company have served the Board for more than nine years as disclosed in the Annual Report.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	<p>In recommending the appointment of Directors and Senior Management, the Nomination Committee considers salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Management level.</p> <p>The Board alongside the Nomination Committee, undertake periodic reviews of the composition of the Board and Senior Management to ensure that they remain diverse and are able to avert “blind spots”.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the need for it to escalate its efforts to establish a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender.</p> <p>Disclosure on the Company's policies on gender diversity, its targets and measures to meet those targets are made available in the Corporate Governance Overview Statement of the Annual Report.</p> <p>Currently, two women, namely, Datin Linda Ngiam and Madam Wong You Fong are serving as Board members of the Company, representing 25% female representation on the Board. The said Directors also occupy several Board Committees of the Company.</p> <p>In addition, the Board values the diversity of perspectives and experience at Senior Management level for better decision making and competitive advantage. Currently, 50% of the C-suite positions of the Company are held by women. The strong female representation at the Senior Management level can serve to form the pipeline of candidates potentially available for directorships.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>Selection of candidates are based on the recommendations by Directors, Management and/or major shareholder who either know the candidates themselves or are business associates with capabilities and experience that are sought by the Group. The Company also relies on recommendations by independent sources to identify suitably qualified candidates that meet the Group's needs. The appointment of the two Independent Directors during the year was based on the above after considering their professional background, experience, skills and expertise.</p> <p>The current selection mechanism represents a proven method of sourcing high calibre Directors with a sound understanding of the business imperative.</p> <p>The Directors appointment process is anchored on a structured process undertaken by the Nomination Committee. Candidates are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in paragraph 2.20A of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Nomination Committee is chaired by a Non-Independent Non-Executive Director, Tan Sri Kuan Peng Soon.</p> <p>The Company's Senior Independent Director is not designated as the Chairman of the Nomination Committee as this is paramount to maintaining his neutrality and to be an effective conduit for other Independent Directors to voice their concerns.</p> <p>The Board acknowledges that the efficacy of the Nominating Committee to a large extent hinges on the effectiveness of its Chairman. In this regard, the Board is confident that Tan Sri Kuan Peng Soon, given his vast experience in the corporate sector and leadership qualities, would be well-placed to lead the succession planning and appointment of Board members and Senior Management members as well as the annual review of Board effectiveness.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, experience in meeting the needs of the Group.</p> <p>The evaluation process was based on a self-review assessment whereby the Directors assessed themselves and also the Board as a whole as well as the performance of the Board Committees. The criteria and outcome of the assessment were properly documented.</p> <p>Based on the recent assessment, the Nomination Committee was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, Board Committees and key officers had also discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfill their commitment to the Company and Group during the year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the Group MD&CEO and senior management. The Remuneration Committee reviews the remuneration policy for the members of the Board, Board Committees and the Group MD&CEO as well as senior management annually prior to making its recommendations to the Board for approval. The remuneration policy is encapsulated in the Board Charter, which is made available on the Company's website.</p> <p>The remuneration of Non-Executive Directors ("NEDs") is structured to link with their contribution to the Company and is commensurate with their level of responsibilities.</p> <p>The fees of the NEDs and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The RC also evaluates the Group MD&CEO's remuneration package based on his performance and ability to meet the predetermined criteria. On the other hand, the remuneration for Senior Management is based on experience, expertise, skills and industry benchmarks taking into consideration the Company's performance. To ensure consistency in performance assessment, the final performance ratings by Group MD&CEO is used for the purpose of determining their performance bonus and annual increment.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has constituted a Remuneration Committee to assist in developing and administering a fair and transparent procedure for setting the remuneration of Directors and Senior Management. The Remuneration Committee comprises wholly of Non-Executive Directors.</p> <p>The Terms of Reference of the Remuneration Committee clearly sets out its duties and functions which is approved by the Board. The Terms of Reference of the Remuneration Committee is disclosed on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company’s performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The Board strives to ensure that information pertaining to Directors’ remuneration is made transparent and accessible to shareholders and other stakeholders. Each Director’s detailed remuneration is disclosed in the Annual Report (on a named basis and by the exact amount).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure of the Senior Management personnel' names would not be in the best interest of the Group due to confidentiality and security concerns.	
		The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attract, retain and motivate Senior Management personnel to lead and run the businesses successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Dato' Fu Ah Kiow whilst Chairman of the Audit Committee is Mr Lee Siang Chin. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>Mr Lee Siang Chin is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit Committee.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has always recognised the need to uphold independence. None of the members of the Board were former key audit partners. The Company has in place, a formalised policy via the Terms of Reference of the Audit Committee, not to consider a former audit partner as a candidate for appointment to the Audit Committee.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Company also relies on the stipulations in the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants (MIA) which clarify that the appointment of a former key audit partner within two years after conclusion of the audit will result in threats to the independence of the audit process.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee has in place its Terms of Reference which specifies the functions of the Audit Committee. These amongst other include reviewing the suitability, objectivity and independence of the external auditor as well as the quality of audit services rendered. The Audit Committee also reviews the nature and extent of non-audit services rendered by the external auditor, if any.</p> <p>In addition, the Audit Committee has obtained written confirmation from the external auditor, BDO on its independence.</p> <p>Pursuant to the assessment on the suitability, objectivity and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>In order to assist in the discharge of the Board's oversight responsibilities in relation to financial reporting and external audit, internal control and internal audit as well as related party transactions, the Board has established Audit Committee comprising wholly Independent Non-Executive Directors.</p> <p>The Audit Committee members do not participate in the day-to-day management of the Group and do not engage in any business dealings or possess business relationship with the Group. This allows the Audit Committee members to exercise their judgement objectively whilst acting in the best interest of the Group.</p>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The existing Audit Committee members are financially literate and possess the requisite knowledge and experience to discharge their functions effectively. The Audit Committee Chairman, Mr Lee Siang Chin is a qualified accountant. Datin Linda Ngiam meanwhile possesses the relevant business knowledge in the media industry whilst Mr Choong Tuck Oon has extensive experience in leading business transformation and managing risks for large domestic, regional and global financial institutions across ASEAN and North Asia.</p> <p>All of them participated in relevant continuous professional development programmes as detailed in the Annual Report 2017.</p> <p>The Audit Committee ensures that the financial reports of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial reports comprise the quarterly reports announced to Bursa Malaysia Securities Berhad and the annual audited financial statements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through Audit Committee has put in a place an Enterprise Risk Management framework to identify, evaluate and manage significant risks that may affect the Company and Group's business objectives.</p> <p>A Management level Committee, namely, the Risk Management Committee meets on a quarterly basis to review the risks identified and devise mitigation or management strategies.</p> <p>The Board also ensures that internal controls are adequately implemented to manage and minimise the occurrence of material misstatement, financial loss or fraud.</p> <p>Details are on the risk management and internal control framework are available in the Statement of Risk Management and Internal Control.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The features of the Group’s risk management and internal control framework, as well as the adequacy and effectiveness of the framework are described in the Statement of Risk Management and Internal Control and the Audit Committee Report (Annual Report).</p> <p>Key functions undertaken by those entrusted with risk management and internal control responsibilities as well as the measures being put in place to manage risks are also articulated in the said statement.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is carried out by the Internal Audit Department which is led by the Head of Internal Audit. The Head of Internal Audit reports directly to the Audit Committee Chairman. The Internal Audit Department is accorded with appropriate standing and authority to facilitate the discharge of its duties. The Internal Audit Department has access to all relevant records, personnel and properties within the Group to carry out its work.</p> <p>The Internal Audit Department provides assurance on the adequacy and effectiveness of the governance, risk and internal control processes. Internal audit reports are issued to the Audit Committee on a quarterly basis, incorporating findings and Management's corrective actions. The Internal Audit Department also follows up on the status of internal findings to ascertain if all necessary actions are taken within the stipulated timeframe.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	Disclosure on the prescribed elements are available on the Statement on Risk Management and Internal Control.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place an Investor Relations function to address any queries and concerns from stakeholders, particularly shareholders. In addition, the Company organises separate quarterly briefings for fund managers and institutional investors and analysts after its announcement of each quarterly results to Bursa Malaysia Securities Berhad.</p> <p>It is the Company’s practice to respond to stakeholders’ letters, phone calls and e-mail enquiries in a timely manner. Whilst the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	Star is not a Large Company as defined by the Malaysian Code on Corporate Governance and as such, is not subjected to Practice 11.2. The current Annual Report of Star provides stakeholders with a fairly comprehensive overview on the Company’s financial and non-financial information including strategic performance. Components such as Management and Discussion Analysis, Corporate Governance Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information. Information is also provided on the business model as well as the trends, outlook and prospects of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Company disseminates the Notice of Annual General Meeting (“AGM”) to shareholders at least 21 clear days (both dates of despatch and Annual General Meetings are excluded) prior to the AGM. This is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days’ notice period for public companies or listed issuers respectively.</p> <p>The Company deems that the current notification period is sufficient as the Board would like to avoid any compromise on the content of Notice of AGM and relevant accompanying materials (including Annual Report) for expediency.</p> <p>In addition to being dispatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Malaysia Securities Berhad. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>As for the immediate preceding AGM, all the Directors attended the Company's AGM which is the primary forum for the Board to meet shareholders. The Board, Management team and external auditors were present to answer questions raised and provide clarifications to shareholders.</p> <p>It is customary for the Company to provide feedback and responses to the shareholders' queries such as institutional shareholders and Minority Shareholders Watchdog Group (MSWG), save for sensitive information which may not be privy to public. Written responses will be given when necessary.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company leverages on technology and adopts electronic voting to facilitate General Meeting proceedings in a seamless manner.</p> <p>Independent scrutineers, namely, Coopers Professional Scrutineers Sdn Bhd, have been appointed to validate the votes cast at the upcoming AGM. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p> <p>The Board has always given utmost consideration to the location of its General Meetings to ensure it is easy to reach for shareholders and reflects shareholders’ geographical concentration.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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