

Chairman's Message



Tan Sri Shahril Ridza Ridzuan

Dear Stakeholders,

On behalf of the Board of Directors (Board), I am honoured to present my first statement as Chairman of Axiata Group Berhad (Axiata), having been appointed on 1 January 2022.

It is heartening that Axiata has stayed true to its purpose of Advancing Asia throughout the year by creating significant value for its broad base of global stakeholders. In pursuit of its ambition to become The Next Generation Digital Champion by 2024, Axiata and its Group of Companies (collectively "the Group") remain on track in delivering the Axiata 5.0 Vision sustainably through strong business growth as well as operational and financial resilience.

[IAR, Our Investor Proposition on page 7](#)

[IAR, In Conversation With The PGCEO on page 13](#)

ADVANCING ASIA DIGITALLY

Continued Value Creation for Our Stakeholders

Axiata has consistently exemplified its commitment to include its regional communities in its value creation endeavours. With the pandemic firmly establishing connectivity and digital enablement as a necessity, Axiata is meeting the new increased demands of more than 163 million subscribers and over 185,000 enterprises by supporting communities and businesses through digitalised shifts.

As a valuable nation building partner, Axiata contributed a total of USD11.1 billion to the Gross Domestic Product of the 11 countries it operates in, and directly and indirectly supported some 700,000 jobs in a year which has seen rising unemployment. The Group is championing digital inclusion by grooming future Asian leaders through its regional programmes of Axiata Young Talent Programme (AYTP) in Malaysia, XL Future Leaders in Indonesia and SmartEdu in Cambodia. As at the end of 2021, a total of 2,693 Malaysian, 1,100 Indonesian and 41 Cambodian talented youths have been given the opportunity to further develop their potential, as well as grow their skillsets and knowledge to thrive in the digital economy.

In 2021, Axiata expanded its philanthropic outreach by pledging RM115 million for the next 10 years to Axiata Foundation to be channelled towards its Education pillar which includes its signature Axiata Young Talent Programme. The Foundation's coverage has also been expanded to include Community Investments - to enrich and empower communities through digital inclusivity - and Environment - to empower communities to do their part towards green and sustainable development, in alignment with Axiata's climate action strategy.

The Group is supporting technopreneurs in building resilient digital ecosystems that are becoming more relevant in the new normal through its venture funds spanning four countries. In 2021, the Axiata Digital Innovation Fund in Malaysia, Smart Axiata Digital Innovation Fund in Cambodia, Dialog Axiata Digital Innovation Fund in Sri Lanka and Robi Venture in Bangladesh have collectively provided funding to 45 digital start-ups and ventures to advance the development of local digital ecosystems in their respective countries.

Axiata has also maintained its growth trajectory towards becoming a compelling investment for shareholders and investors. In view of the Group's solid performance, a dividend of 9.5 sen per ordinary share for the year was announced, including the interim dividend of 4 sen per ordinary share declared for the financial period ended 30 June 2021.

[IAR, Our Continuing Response To COVID-19 on page 8](#)

[IAR, In Conversation With The PGCEO on page 13](#)

[IAR, How We Create Value on pages 39 to 50](#)

[SNCR, Social Value Creation on pages 58 to 84](#)



Nurturing young talents through our Axiata Young Talent Programme

Supported
~ **700,000**
jobs in a year which
has seen rising
unemployment

Contributed a total of
USD11.1 billion
to the Gross Domestic
Product of the 11
countries it operates in

Pledged
RM115 million
for the next 10 years to
Axiata Foundation



Scan to watch a video of the
Chairman's Message

Chairman's Message

Championing Sustainable Growth

Axiata is among industry leaders in adopting Environmental, Social and Governance (ESG) practices. Testament to this, in 2021 the Group's MSCI ESG Rating was upgraded to 'AA' from 'A', and its ESG Rating on the FTSE4Good Bursa Malaysia Index (FTSE4Good) from three-star to four-star¹. Axiata remains one of the Top 10 constituents by market capitalisation on FTSE4Good.

In addition, Axiata has taken on board recommendations of the Malaysian Code on Corporate Governance (MCCG) 2021 which has enhanced the Board's oversight on sustainability-related issues and considerations in discharging their governance function. The Sustainability Steering Committee continues to strengthen Group-wide alignment towards achieving common ESG objectives and goals. This has been executed within the Stakeholder Management Key Focus Area under the Operational Excellence Pillar of the Axiata 5.0 Vision.

With sustainability firmly embedded within the Axiata 5.0 Vision, it is now one of the considerations in evaluating both Group and OpCo CEOs' Performance Scorecards. Embedding sustainability-related Key Performance Indicators (KPIs) in the Performance Scorecard is a key driver for the execution of Axiata's sustainability strategy Group-wide across its regional markets.

Enhancing Digital Trust and Resilience

Considering how data usage has surged in the post-pandemic reality, Axiata has upheld its customers' right to data privacy. The Group's T.R.U.S.T. (Transparent, Rights, Use, Security and Transfer) principles are ingrained into its Privacy Policy, procedures and guidelines within the organisation and for third-party

partners. Personal data is only used for specifically stated purposes, and retained only for as long as reasonably required, while data analysis technologies employ techniques for anonymisation of the data. The common Group-wide policy adoption ensures that the same high standards are practiced regionally at all OpCos. This approach was a key driver in improving the Group's average Privacy Maturity Level by 91% to 2.67 in 2021 based on the Capability Maturity Model Integration (CMMI).

Axiata's Digital Trust and Resilience 2023 (DT&R2023) cyber security strategy has employed a comprehensive approach in protecting its digital assets by focusing on the synergy of function, Crown Jewel monitoring and protection, addressing new capabilities and adopting new technologies in being future fit and building a cyber savvy culture through awareness and training. This resulted in the Group levelling up its National Institute of Standards and Technology (NIST) Cyber Security Maturity to 3.7 in 2021 on the CMMI scale of 1 to 5, putting Axiata above the world average and regional averages of companies in Asia Pacific, Latin America and Europe.

Axiata continues to diligently monitor current and emerging risks within its regional operations. While none of the markets that the Group operates in currently regulate net neutrality, paid peering, zero rating and related practices, Axiata ensures that all its business practices in these areas are in full compliance with local anti-competition legislation and is continuously monitoring potential risks in this space.

- [IAR](#), Transparency & Accountability on pages 83 to 102
- [SNCR](#), Responsible Business Practices on pages 88 to 90
- [GAFS](#), Building Digital Trust Through Data Privacy and Cyber Security on pages 35 to 37

Committing to Climate Action

The telco industry has a unique role to play in addressing climate action by not just reducing emissions within its own operations, but also providing digital solutions that will enable our customers to achieve their emissions goals. With regards to the latter, Axiata's contributions are shaped by its investments in digital solutions and improved network capabilities.

The Group has stepped up on our commitment to achieve industry decarbonisation by 2050 in line with the GSMA's ambition. During the year, the Group developed its Net-Zero Carbon Roadmap and articulated its commitment to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Framework, both of which will be implemented in 2022. Axiata was also the first Malaysian telco to join the Science Based Targets Initiative (SBTi) Business Ambition for 1.5°C campaign in 2021.

- [IAR](#), In Conversation With The PGCEO on pages 16 to 17
- [IAR](#), Outcome 6 on pages 49 to 50
- [SNCR](#), Environmental Stewardship on pages 47 to 56



The Smart team in Cambodia participates in an annual tree planting initiative

Axiata's
**MSCI ESG Rating
upgraded
to 'AA'**
from 'A' in 2021

**FTSE4Good
ESG Ratings
upgraded to
4-star¹**
from 3-star

Group's average Privacy
Maturity Level based on
CMMI improved by
91% to 2.67
in 2021

Note: ¹ The 4-star ESG Rating refers to the Top 25% by ESG Ratings amongst public listed companies in FBM EMAS

Chairman's Message

Engaging and Developing Our Talents

In creating value for our people, our focus revolves around curating a Modern, Agile and Digital culture and enhancing Diversity, Equity and Inclusion whilst creating enabling mechanisms for employee wellbeing, professional and personal growth.

We have continued to refine the AxiataCares initiative, as part of our unique employer value proposition which embodies our philosophy of People First, Always. Adopting a holistic approach, AxiataCares caters for the employee experience through channels that nurture mutual trust between the employee and the company, fosters a conducive environment of partnerships and friendships amongst colleagues and enables them to meaningfully contribute to communities externally.

Significant efforts and resources are also directed at honing digital and innovation related competencies as well as talent development programmes to accelerate our people's development and leadership capabilities. Axiata FastForward, our virtual university platform featuring seven academies – Leadership and Management, Customer Experience, Technology, Sales and Marketing, Ways of Working, Finance and Business and Digital – curates learning journeys based on competencies to continuously upskill and reskill our people in line with becoming a Modern, Agile and Digital organisation. As a Group with regional presence, emphasis is also placed on building platforms to facilitate cross cutting collaborations and partnerships.

Diversity, Equity and Inclusion initiatives are gaining traction across the Group. To further infuse these values into Axiata's culture, it launched the Women of Axiata and Male Allies initiative for our people in March 2021, joined the 30% Club Malaysia in June 2021 towards increasing female representation at Board and senior levels, and signed the United Nations Women's Empowerment Principles Charter in February 2022. As an example of our commitment to advancing women in leadership, Axiata appointed four female executives into CXO² level roles across the Group in 2021.

As a positive indicator that we are tackling the right areas with our People and Culture initiatives, our Employee Engagement Survey for 2021 yielded a score of 91%, demonstrating a resilient and highly engaged workforce across the Group despite the challenging operating environments in our markets.

[IAR, In Conversation With The PGCEO on page 24](#)

[IAR, Outcome 2 on pages 41 to 42](#)

[SNCR, Employees on pages 59 to 68](#)

Strong Leadership for Continuity of Vision

On behalf of the Group, I would like to record our deepest appreciation to Tan Sri Ghazzali Sheikh Abdul Khalid for his steady hand at the helm providing guidance to the Group throughout his tenure as a Board Member since 24 March 2008, and as Chairman from 1 November 2018 till his retirement on 31 December 2021.

His contributions have been numerous and outstanding as part of the founding Board that was responsible for shaping Axiata's rise from its humble beginnings into the globally recognised regional mobile telecommunications and digital conglomerate it is today, and we are immensely grateful for his stewardship and guidance.

On a personal note, I would like to thank Tan Sri Ghazzali for enabling a smooth leadership transition by providing me his constructive feedback and insights between the period of my appointment as an Independent Non-Executive Director on 29 November 2021 till the date he stepped down.

The Board is also heartened by the steady leadership that Dato' Izzaddin Idris has demonstrated in his first year as President and Group CEO, as he provides continuity in the execution of the Axiata 5.0 Vision. The Group's strong operating performance in 2021 is testament to this.

Axiata has followed through with its Board Refresh Programme to heighten its corporate governance practices by appointing Nurhisham Hussein as a Non-Independent Non-Executive Director effective 25 January 2022. We look forward to working closely with Nurhisham and are confident his strategic insights and knowledge will help the Group maintain its growth momentum.

I am deeply aware of the responsibility the Board carries in ensuring that we continue to deliver on Axiata's vision for the long term and look forward to working collaboratively with my fellow Board members to sustain the Group's value creation and growth trajectory.

[IAR, Transparency & Accountability on pages 83 to 102](#)

Future-Proofing the Business

As the pandemic continues to exert an influence on global recovery and instability in global politics rises, Axiata treads into 2022 with cautious optimism. Having found its footing in serving the growing needs of digitalisation, Axiata is armed with a resilient balance sheet and a steady pipeline of corporate activities aimed at capturing new growth areas.

The era of 5G is unfolding across our region and with it, a new future of seamless and high-quality connectivity is set to redefine how we live, work and transact. As Axiata strides ahead to reposition the business and seize new growth, the Board is cognisant of significant shifts shaping the future of telco and digital service providers. We will be resolute in our efforts to ensure stringent monitoring and mitigation of risks. This is key to ensuring the business remains operationally resilient and agile to capture opportunities that will further secure Axiata's position as a trusted and reliable digital partner to all its stakeholders.

[IAR, In Conversation With The PGCEO on page 19](#)

Acknowledgements

On behalf of the Group, our sincere appreciation goes to the governments and regulators of Axiata's markets of operation for their continuous support. To the Axiata Family's diverse regional talents, we are indebted to you for your outstanding performance in yet another challenging year. We extend our sincere gratitude to the Group's shareholders for their unfailing faith in Axiata's value creation abilities. As we step into 2022, Axiata reasserts its commitment to maintain its momentum on a sustainable value creation path for all its stakeholders.

Tan Sri Shahril Ridza Ridzuan
Chairman