

Connecting SMEs To The Digital Future

Utilising Cloud technology to help businesses digitise and grow, with advanced technology tools boosting collaboration, productivity and generating data-based insights

AXIATA ENTERPRISE CLOUD SOLUTIONS

Monthly Sales Report



Transaction History

New Customers

- Jeffrey King
Accenture
- Rebecca Rios
Microsoft
- Timothy Walker
Fedex
- Jason Wilson
Facebook
- Deborah Morgan
The Guardian

Recent Order

Invoice	Customers	Date	Amount	Status	Amount
#360600	Maria Lee	08/08/2020	923.00	Confirmed	DS00248TRC
#360612	Carol Salazar	23/06/2020	281.70	Confirmed	DS00360TBA
#350632	Donna Day	15/03/2020	1,410.31	Confirmed	DS35982TBA
#265010	Adam Herrera	30/01/2020	1,211.87	Confirmed	DS11539EEA
#298300	Diana Hall	19/09/2019	946.65	Confirmed	DSS6562AAA
#240065	Deborah Harvey	23/02/2019	452.41	Confirmed	DS00360TBA

Our Strategy

Key Trends - Our Changing World

Operating Environment

Digital Acceleration

- Acceleration in 'offline-to-online' digital migration for work, education and economic transactions caused a surge in demand for data and digital solutions
- Mobile voice service marginalised as majority of users adopted Over-The-Top (OTT) voice applications
- Change in data usage profile from business districts to residential areas as more people are working/learning from home
- Proliferation of customer data in a hyper-connected world has heightened the need for enhanced controls, transparency, security and protection surrounding data privacy and cyber security

Strategic Implications

- There is need for differentiation of Axiata's digital telco proposition from mobile competitors by leveraging on IR 4.0 technologies
- Digital businesses primed to expand market share and further build revenue streams
- Critical to maintain continuous network service as interruptions would lead to loss of service confidence and market share
- Need to ensure that the Group upholds strong data privacy and cyber security standards
- By being an early mover and expanding network coverage to underserved areas, Axiata will be able to capture greater market share
- Accelerated adoption of digital technologies will require employees to be upskilled/ reskilled

Way Forward

- Harnessing Group synergies and leveraging regional presence to strengthen the value proposition of Axiata's digital telcos and digital businesses
- Aligning the Group's Network Transformation Programme and future network strategy with sectoral technological advancements, particularly on 5G technology
- Embarking on organic and inorganic expansion opportunities for all three lines of businesses to cater for new normal shifts
- Offering Beyond Connectivity Enterprise solutions for B2B and B2B2X which include Security, Equipment, Cloud, Data Centre, Application and IT services
- Building a Modern, Agile and Digital (M.A.D.) workforce with the digital, analytics and AI skills to drive our Axiata 5.0 Vision
- Inculcating cyber savvy culture into the workforce through cyber and data privacy awareness training and attack simulation assessments
- Axiata Supplier Code of Conduct ensures that vendors and business partners adhere to a high standard of data protection and compliance controls
- Executing the three-year cyber security strategy, Digital Trust and Resilience 2023, to improve processes, technology and people, under the oversight of the Axiata Board, Board Risk and Compliance Committee and Risk and Compliance Management Committee
- Maintaining our National Institute of Standards and Technology (NIST) cyber maturity level above the Asia Pacific and World average benchmarks and focusing on enhancing trust and resilience by evolving to a risk-based approach in addressing cyber threats

Link to Strategy and Risks

Our Strategic Response

① ③ ⑥ ⑧

Link to Risks

- Market Risk
- People Risk
- Strategic & Investment Risk
- Technology Risk
- Cyber & Data Privacy Risk

Climate Change

- Climate change agenda has accelerated with all industries, including the telco sector, committing to industry decarbonisation by 2050
- Acceleration in replacement of traditional energy sources with renewables across all sectors
- Businesses' ability to address climate-related risks is becoming an increasingly important factor that banking and financial institutions consider when making decisions on loans and funding

- Axiata is cognisant that if we do not heed the call for action on climate change, our business will lose its credibility in the marketplace, thus damaging our reputation. It also puts us at risk of non-compliance with increasingly stricter environmental legislation across our all our markets
- The climate change agenda dovetails with Axiata's drive for Operational Excellence As Part of Our DNA, as initiatives addressing climate risks will offer us both operational excellence and cost efficiencies
- edotco is supporting Axiata to be net-zero through various initiatives such as renewable energy sites, tower innovation using alternative materials, sites solarisation and a regional reforestation programme, among others

- Signed the Science Based Target Initiative Business Ambition Pledge for 1.5°C and plan to launch the Axiata Net-Zero Carbon Roadmap
- Commencing the adoption of the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations to improve and increase reporting of climate-related financial disclosure and information
- Maintaining environmental awareness and product end life management programmes across all OpCos
- Seeking efficient technologies which can enhance network energy efficiency and reduce GHG emissions
- edotco to maintain its momentum towards achieving net-zero through the edotco Carbon Neutrality Framework
- Chief Technology Officer Council to continue leveraging on the Collective Brain to incorporate efficient energy use in our regional network in line with both cost reduction and carbon emission targets

Our Strategic Response

⑤ ⑦

Link to Risks

- Strategic & Investment Risk
- Regulatory Risk
- Governance & Compliance Risk

Key Trends - Our Changing World

Operating Environment

Macroeconomic Factors

- Heightened macroeconomic risks actuated by prolonged global lockdowns
- Supply chain disruptions caused inflationary pressure on SIMs and delay in delivery of network equipment
- Technology sector remains exposed to broader economic headwinds, with considerable pressure on working capital and liquidity
- As a multinational company operating in various markets, Axiata is subject to foreign exchange risk in terms of currency value fluctuations
- Escalating socio-economic and political crisis in Sri Lanka, causing shortages in basic necessities, inflation and more than 60% depreciation of Sri Lankan Rupee against the USD

Regulatory Environment

- Robi and Ncell successfully acquired more spectrum for 4G to cope with increased consumer demand
- Regulatory environment poised for 5G
- Policymakers returning to pre-COVID-19 policy agenda including modernisation of sectoral legislation and regulatory framework, and development of national digital economy blueprints in some markets
- Greater scrutiny of big tech over digital competition in the region similar to anti-trust action in US, Europe and China may result in Asia Pacific policymakers introducing digital regulations

Hyper-competition

- Customers more conscious of price points, service type/scope and responsive customer service
- Rise in data consumption offset by intense price competition in markets
- Telcos are facing limited incremental revenues, which combined with rising operating costs are pressuring margins
- Intensified competition as demand for faster mobile and fixed wireless connections create more viable alternatives to wired connections, along with new opportunities for bundled service offerings and business models for service providers
- Ever-expanding options for high-quality communication and Internet services from telecom, cable, wireless and satellite Internet providers are scaling up competition between diverse players

Strategic Implications

- Economic slowdown led to customers tightening spending across the board
- Supply chain disruptions impacting mobile handsets and network equipment could lead to future dips in revenue
- Currency volatility could affect earnings
- Continue with prudent financial management to build financial resilience
- In Sri Lanka, steep currency decline, heightening cost of living and power cuts impacting employees, customers and Dialog's operations

- Proactive regulatory management as a core component of Stakeholder Management under the 10 Key Focus Areas of the Axiata 5.0 Vision
- Consistently partnering with industry association groups to collectively carry our positions to regulators and policymakers
- Developed public policy thought piece titled "Impact of policymaking and the State of mobile broadband connectivity in South Asia" used to advocate for lower sectoral taxation policies for our South Asian markets

- Renewed focus on customer experience, Digital Telco transformation to cater to digital and technological convergence, and focusing on Enterprise needs for digital transformation
- Need to enhance and improve our network in line with new demands
- Ensure that our employees have the digital skills and talents to provide our differentiated products and services

Way Forward

- Maintaining a strong balance sheet and liquidity position
- Continue reducing financing cost and optimising capital structure amidst uncertain macroeconomic backdrop
- Continuing with Cost Excellence Programme by leveraging on the Collective Brain, disciplined cost management and ensuring capex efficiency
- Business Continuity Plan to address potential risks arising from our footprint spanning countries across Asia, through a systematic identification of critical business processes and adequate recovery actions
- Axiata Procurement Centre monitors the performance of our vendors and continuously develops new relationships to manage potential disruptions to supply chains
- Oversee and control the Group's treasury and funding matters
- Develop hedging strategies which are governed strictly by the treasury policies
- Monitor current and future outlook of the relevant economies and foreign exchange markets
- Dialog to continue sustaining operations despite challenges

- In general throughout 2021, Axiata OpCos have improved on their regulatory compliance performance and will continue doing so into the future
- Proactively managing stakeholders including support from the Government of Malaysia as well as Malaysian Embassies and High Commissions abroad to protect our investments overseas
- Conducting joint advocacy campaigns with the GSMA, International Telecommunication Union (ITU) and other international bodies on industry related matters
- Maintaining policies and procedures in alignment with the Malaysia Anti-Corruption Commission Act Section 17A on Corporate Liability with appropriate control mechanisms, automated systems and staff awareness programmes in place
- Upholding strict compliance, and fair and transparent practices of government policies in all operating markets, with dedicated personnel and resources to constantly monitor all relevant developments and maintain ongoing and courteous relationships with governing authorities

- Retaining focus on our regional triple core businesses which does not confine our risks to one country or one sector
- Differentiating ourselves through an intelligent Omnichannel Customer Experience (CX) and better customer service
- Accelerating our Network Transformation Programme
- Focus on the digitisation of our human capital across the People Lifecycle by embedding digital HR and Analytics
- Towards becoming a Digital Telco, our community of Analytics professionals, Axiata Certified Experts (ACE) are developing our people's Analytics skills
- Driving efficiencies and innovations through investment in new technologies, initiatives focused on cost improvements, and establishing strategic ties with OTT and digital product developers to create products and services that meet evolving customer needs, with the aim of increasing customer wallet share, customer retention and maintaining profitable growth
- Closely monitor the competitive landscape, explore and make appropriate investments to upgrade our technology and platform, as well as reviewing the relevance of our products and services to stay in the game

Link to Strategy and Risks

Our Strategic Response

① ④ ⑤ ⑩

Link to Risks

- Financial Risk
- Market Risk
- Operational Risk
- Strategic & Investment Risk

Our Strategic Response

⑦

Link to Risks

- Market Risk
- Geo-Political Risk
- Regulatory Risk
- Governance & Compliance Risk

Our Strategic Response

① ② ③ ⑥ ⑧ ⑨ ⑩

Link to Risks

- Financial Risk
- Market Risk
- Technology Risk
- Operational Risk
- Strategic & Investment Risk

Considering What Matters

Considering our material matters enables Axiata to gain a deeper understanding of how our internal and external stakeholders perceive and respond to the key sustainability issues that we face, and identify those that potentially have the most positive or negative impacts on our efforts to create value for both our business and our stakeholders. We conduct our materiality assessment once every two years, or when there is a significant change in our business or operating environment, with the last one led by an independent consultant in 2020. In 2021, Group Sustainability conducted an internal annual review of our material matters to ensure its continued relevance to the Group. The internal review reaffirmed that there were no changes to the material matters and its prioritisation from 2020.

We approach our material matters by grouping them into our Next Generation Digital Champion, Environmental, Social and Governance (ESG) Pillars. Our approach gives us better insights into how our material matters are linked to ESG factors that are important to our business, and affect our ability to execute our strategy towards achieving the Axiata 5.0 Vision. This has enabled us to embed sustainability factors into our business model, strategy, assessment of risks and opportunities, as well as our business operations, thus strengthening integrated thinking throughout the Group.

Our Materiality Assessment Methodology

Guided by Bursa Malaysia's Sustainability Reporting Guidelines and Toolkits as well as the Global Reporting Initiative (GRI) Standards, we employed the following process in assessing our material matters:

Review of Material Matters

- Reviewed and updated our material sustainability matters in response to changes in our business landscape, risk environment, internal policies, KPIs, emerging local and global sustainability trends, regulatory developments and stakeholder opinions

Stakeholder Engagement

- Conducted a structured stakeholder prioritisation exercise
- Identified the influence and dependence of key stakeholders
- Obtained prioritised stakeholders feedback on sustainability matters

Sustainability Impact Assessment

- Conducted workshops within the Group to further prioritise sustainability matters from the business perspective

Our Material Matters

Anchored on our aspiration to be The Next Generation Digital Champion by 2024, we ensure the way we operate integrates ESG elements. This structure guides our value creation disclosures and narrative for our stakeholders on how we are Advancing Asia.

Our Material Matters for Next Generation Digital Champion:

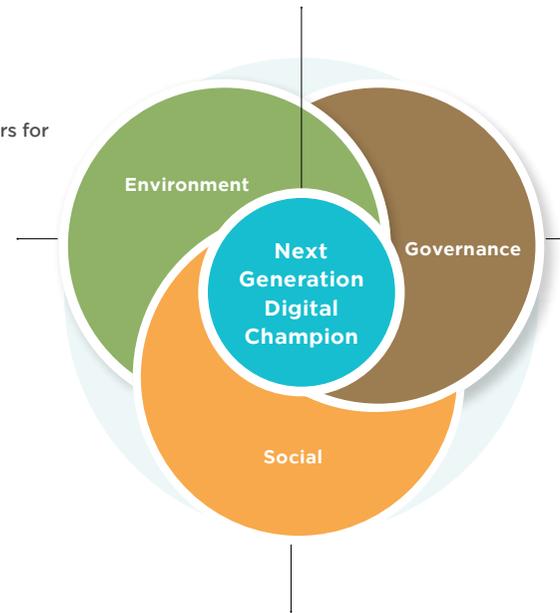
- Sustainable Business Growth
- Digital Inclusion
- Network Quality and Coverage
- Digitisation and Modernisation

Our Material Matters for Environment:

- Climate Action
- Resource and Waste Management

Our Material Matters for Governance:

- Business Ethics and Compliance
- Data Privacy and Cyber Security
- Regulatory and Political Risk



Our Material Matters for Social:

- Fair Employment and Welfare
- Employee Health, Safety and Wellbeing
- Customer Service
- Community Development
- Talent Development
- Emergency and Disaster Response
- Supply Chain Management

Stakeholders Engagement

Axiata's commitment to create long-term value for our ecosystem of stakeholders throughout our regional footprint in ASEAN and South Asia takes into account the feedback we receive from our continuous engagements with our stakeholders which are conducted through multiple channels. The table below provides highlights of engagement activities and outcomes in 2020.



Customers



Regulators and Government



Shareholders



Employees

Why They Are Important

We value each of our customers and the experience that they have on our network, and the impact of our solutions and services. We are committed to delivering optimum performance to meet our customers' expectations and improve user experience.

Our regulators and authorities specify the national laws and regulations that determine the licence and scope of our activities in our respective markets operation. They provide our OpCos access to operating licences, and impose regulatory measures which have potential cost implications for the Group.

As owners of Axiata, shareholders provide us with the financial capital needed to sustain our growth. They are entitled to receive a return on their investment and be apprised of developments in the Group.

Our innovative and diverse workforce is essential to delivering the best digital experience for our customers. We drive a culture of high performance and accountability that attracts, develops, and retains the best talent to deliver our business strategy.

How We Engage

We undertake a range of surveys across our markets to understand customer satisfaction levels and expectations. Scores are benchmarked against our peers, and the data analyses, among others, drive operational excellence.

We proactively engage with country regulators and authorities through industry meetings, thought leadership platforms, and capacity building workshops to support and enable the digital ecosystem.

We conduct an Annual General Meeting to meet and be accountable to shareholders. We also organise regular investor roadshows and analyst meetings to engage shareholders on current corporate developments.

Axiata conducts an annual Employee Engagement Survey, regular Townhalls and a range of digital platforms to stay engaged with employees across the Group.

Matters Raised

- Network quality and availability
- Improving customer experience
- Price of packages, products and service differentiation

- Spectrum allocations and licensing fees
- Taxation and industry long-term sustainability
- Compliance with regulations and customer service standards
- Information security and data protection
- IR 4.0 and digitalisation towards the Digital Economy
- Developing local digital talents and national talent pipelines
- Integration of Environmental, Social and Governance (ESG) matters into the business operations, particularly climate change

- Financial performance
- Long-term business strategy
- Board composition
- ESG strategy and performance, which includes management of climate-related risks
- Share price performance and outlook
- Support of the United Nations Sustainable Development Goals (UN SDGs)

- Long-term business strategy and performance
- Career and talent development opportunities
- Work-life balance and employee wellbeing support which has heightened during pandemic
- Pay and remuneration
- Diversity and inclusivity

Axiata's Response and Results

- Be the lowest cost producer relative to our customer promise
- Drive operational excellence in relation to customer expectations
- Creating digital lifestyle products and self-service customer care solutions
- Support during the pandemic for customers – for remote assistance on products, product deals and packages, and reliable connectivity

- Investing in the development of local telecommunication infrastructure
- Contributing directly and indirectly to the development of the local and regional digital economy
- Supporting digital innovation funds to drive the development of local and regional digital ecosystems
- Deploying world-class cyber security and data privacy practices

- Transparency in corporate reporting and disclosures through multiple platforms, and sharing of these reports for wider public awareness
- Briefings and engagements with shareholders on emerging topics in the industry and national landscape

- Providing job opportunities to local citizens
- Group and OpCo Talent Development programmes
- Transforming towards a Modern, Agile and Digital (M.A.D.) organisation

Stakeholders Engagement

Community

Media

Suppliers

Why They Are Important

We are present in a diverse and fast developing economic region. We recognise that strong community participation and engagement is needed as part of our social licence to operate.

The media provides a platform to communicate with our key stakeholders and local communities. Media channels allow us to promote new products and services, corporate announcements and thought leadership.

Our suppliers provide us business critical products and services that enable us to drive our business strategy. We work in partnership to deliver best value for our operations as well as develop their capabilities and capacity.

How We Engage

Building relationships with the community through partnerships with local NGOs to foster digital inclusion initiatives, corporate responsibility programmes and needs assessment of local stakeholders. We communicate our initiatives through digital and print media.

We engage with the media through interviews, press releases, conferences and other engagement activities.

We conduct engagements with key suppliers to understand solutions and services that can drive operational excellence. We recognise outstanding suppliers through the Biennial Axiata Supplier Awards, and address opportunities for improvement during performance management and the Annual Supplier Forum.

Matters Raised

- Support of the UN SDGs
- Building capacity of future leaders
- Pre- and post-disaster assistance
- Addressing local social needs
- Developments in digital connectivity and of the wider digital ecosystem for society at large during the pandemic

- Corporate developments
- Financial and market performance
- Industry trend and issues
- Technology breakthroughs
- National policy matters

- Performance against Supplier Code of Conduct
- Emerging corporate developments and understanding the long-term strategy
- Opportunities for vendor development
- Supplier support and continuity of services during pandemic

Axiata's Response and Results

- Digital and Financial Inclusion initiatives covering aspects of digital skills, and digital connectivity and inclusivity
- Disaster Management and Response initiatives
- Developing national talent towards becoming future leaders
- Established Digital Innovation Funds in three countries to spur innovation and local entrepreneurship

- Providing regular performance, network and Mergers and Acquisitions updates
- Implementation of the Axiata 5.0 Vision to advance our digital footprint

- Sourcing local vendors
- Supporting the Bumiputera Empowerment Agenda in Malaysia to build local, regional and global champions
- Verticalisation of procurement services across the Group to provide scale
- Supporting local direct and indirect employment through our supply chain
- Value chain discussions for telco industry to operate during pandemic as an essential infrastructure service

An Illustrative Case Study of Our Industry Engagements in 2021: CEO Action Network (CAN) Malaysia

Background

Established in 2020, CAN is a closed-door coalition of peer-to-peer business leaders comprising CEOs and Board members of major companies in Malaysia. CAN aspires to catalyse the integration of ESG into business models to create an ecosystem for sustainable businesses and sustainable development. It is following through on this through a dedicated Working Group, Workstreams and members actively driving initiatives addressing three focus areas of advocacy, capacity building and sustainability performance.

In 2020, Axiata Group became one of the 54 members of CAN and have been actively participating in the Policy Advocacy Workstream. We are also engaging with various stakeholders including our supply chain, regulators and policy makers, the government, and our cross-sectoral peers to share industry best practices and strategies that can future proof companies.

The Issue

- The Climate Change agenda requires urgent action through an 'All of Government and Whole of Society' multiple stakeholder approach to effectively mitigate and limit environmental impacts
- With almost 70% of ESG impacts arising from businesses' supply chains, it is necessary to elevate SMEs' awareness and focus on the importance of ESG factors to reduce risks and obtain their support to achieve targets

Our Response

In September 2021, Axiata joined CAN members to publicly pledge to 14 Collective Commitments covering the three categories of environment, people and governance. We have committed to achieving our goals by 2023 or within three years of becoming a member of CAN.

Our Risks Linked To Strategy

Financial Risk

Risk Level: ●

Market Risk

Risk Level: ●

People Risk

Risk Level: ●

Risk Category	Financial Risk	Strategic Risk	Operational Risk
Risk Movement	Increased in 2022	Unchanged	Unchanged
Context	<ul style="list-style-type: none"> Exposure to foreign exchange (forex) currency volatilities across 11 markets of operation, specifically the socio-economic and political crisis in Sri Lanka Exposure to funding and cashflow constraints in anticipation of Merger and Acquisition (M&A) activities, as a result of limited balance sheet headroom Challenging COVID-19 operating environment could cause difficulties in meeting financial targets 	<ul style="list-style-type: none"> Operating in emerging markets with challenging macroeconomic and geopolitics Fragmented market structures and high infrastructure costs Rapidly advancing IR 4.0 and telco technologies 	<ul style="list-style-type: none"> Increasing demand for digital and compliance-based talents Loss of key talents remains a pressing concern Health and safety of all employees are a key priority, largely due to COVID-19
Impact	<ul style="list-style-type: none"> High risk impact Inability to pay shareholder dividends, ensure sustainable growth and continue as an ongoing business concern 	<ul style="list-style-type: none"> High risk impact Failure to meet financial targets will affect profitability and competitive ability, with greater cost leakages 	<ul style="list-style-type: none"> High risk impact Business disruption
Mitigating Actions and Opportunities Arising	<p>Risk Owners: Axiata Treasury Management Centre</p> <ul style="list-style-type: none"> Closely monitoring forex movements and formulates hedging strategies to minimise exposure on foreign loans Monitoring Gross Debt/EBITDA level to ensure it is within the set threshold Revisiting investment/funding plans, reviewing product plans, monitoring OpCo dividend policy and setting financial guardrails Reviewing business structure to identify business leakages and enhance the business model Closely monitoring developments in Sri Lanka and impacts on Dialog's business, as well as in Myanmar on edotco's business, where the latter's potential impact to the Group is less than 5% of our net assets Whilst developments in Ukraine have no direct impacts on our businesses as yet, we are closely tracking the likely indirect impact of the conflict 	<p>Risk Owners: OpCo CEOs</p> <ul style="list-style-type: none"> Aggressive M&A, focusing on industry consolidations in targeted markets Seeking opportunities for telco infrastructure sharing to reduce investment costs Investing in new technologies for the competitive edge Establishing strategies with digital players to meet evolving customer needs and reap higher revenue yield per customer 	<p>Risk Owners: Group People Division</p> <ul style="list-style-type: none"> Active talent hiring agenda and robust talent development programmes Competitive salary packages benchmarked against peers, attractive performance-based rewards and a positive working environment Imposing stringent working protocols and SOPs for Work-In-Office and Work-From-Home arrangements to combat COVID-19 Enhancing the AxiataCares programme at Group and OpCo levels
Key Risk Indicators	<ul style="list-style-type: none"> Composition of local vs foreign currency borrowings across all OpCos Gross Debt/EBITDA level OpCos actual vs budget financial performance 	<ul style="list-style-type: none"> ROIC < WACC Achievement of cost savings target 	<ul style="list-style-type: none"> Turnover rate Employee engagement survey
Changes for 2021	<ul style="list-style-type: none"> Strengthened the monitoring of internal processes and governance Reviewed business plans to maximise business outputs/profitability whilst enhancing business cost optimisation initiatives 	<ul style="list-style-type: none"> Improved ways of doing business Strategic move towards digitisation and digital markets 	<ul style="list-style-type: none"> Improved employee wellbeing programme Tightened SOPs and daily tracking of employees' health declaration Enhanced AxiataCares programme
Link to Strategy and Material Matters	<p>Our Strategic Response</p> <p>① ② ③ ⑨</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Sustainable Business Growth Emergency Disaster and Response 	<p>Our Strategic Response</p> <p>② ③ ④ ⑨</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Customer Service Data Privacy Digital Inclusion Sustainable Business Growth Business Ethics and Compliance Regulatory and Political Risk 	<p>Our Strategic Response</p> <p>③ ④ ⑦ ⑧</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Talent Development Fair Employment and Welfare Employee Health, Safety and Wellbeing

Our Risks Linked To Strategy

Geo-Political Risk

Risk Level: ●

Strategic and Investment Risk

Risk Level: ●

Technology Risk

Risk Level: ●

Risk Category	Strategic Risk	Strategic Risk	Operational Risk
Risk Movement	Unchanged	Unchanged	Unchanged
Context	<ul style="list-style-type: none"> Political instabilities, civil unrest and other social tensions Adverse regulatory changes and uncertainty in policy making 	<ul style="list-style-type: none"> Industry restructuring and rationalisation via market convergence and consolidation Challenges and investment cost of growing the digital and Enterprise business 	<ul style="list-style-type: none"> Continuous investments in new technologies, upgrades and equipment Rapid technological advances may result in premature obsolescence of key technology and equipment before their end life cycle
Impact	<ul style="list-style-type: none"> High risk impact Disruption of business operations, with negative market sentiment eroding investor confidence in the longer term 	<ul style="list-style-type: none"> High risk impact Sustainable business growth 	<ul style="list-style-type: none"> High risk impact Business disruption
Mitigating Actions and Opportunities Arising	<p>Risk Owners: OpCo Management, Group Regulatory</p> <ul style="list-style-type: none"> Closely collaborate with OpCos to track market geo-political developments, and tap into their local expertise, familiarity and connections to assess changing scenarios Maintain a neutral stance and foster healthy government relations across all markets Contribute to national socio-economic development through various CSR programmes 	<p>Risk Owners: Mergers and Acquisitions Committee, Group Corporate Development</p> <ul style="list-style-type: none"> Active M&A activities balanced by robust due diligence to evaluate, manage and anticipate potential risks and challenges Post-acquisition transitional teams to ensure alignment and adoption of Axiata's organisational, operational and cultural values Seeking out opportunities for infrastructure sharing to manage cost whilst maintaining strategic alliances Closely monitoring the market landscape to anticipate other developments that may heighten competition 	<p>Risk Owners: Group Technology</p> <ul style="list-style-type: none"> Constantly reviewing and refreshing our technology to remain relevant whilst maintaining financial prudence Future proofing is a critical criterion in network equipment selection and built into the procurement process Increasing digitisation and automation efforts to ensure optimum technology utilisation Proactively conducting studies on technological advancements, especially in 5G, while charting future network strategy Monitoring the implementation of various systems and applications across all divisions and seeking out opportunities for consolidation and synergies
Key Risk Indicators	<ul style="list-style-type: none"> General elections and key geo-political events that may give rise to political instability and civil unrest 	<ul style="list-style-type: none"> ROIC < WACC 	<ul style="list-style-type: none"> ROIC < WACC Digitisation and automation across all functions
Changes for 2021	<ul style="list-style-type: none"> Improved monitoring processes of key geopolitical events, and anticipating emerging risks 	<ul style="list-style-type: none"> Improved due diligence exercise with the increased importance of non-quantitative factors, especially anti-bribery and anti-corruption compliance and due diligence 	<ul style="list-style-type: none"> Improved processes and internal control
Link to Strategy and Material Matters	<p>Our Strategic Response</p> <p>① ③ ⑦ ⑧</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Sustainable Business Growth Business Ethics and Compliance Talent Development Fair Employment and Welfare Regulatory and Political Risk Community Development 	<p>Our Strategic Response</p> <p>① ③ ⑥ ⑦ ⑧ ⑨ ⑩</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Customer Service Digital Inclusion Sustainable Business Growth Digitisation and Modernisation Talent Development Supply Chain Management 	<p>Our Strategic Response</p> <p>② ③ ④ ⑤ ⑥</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Digital Inclusion Digitisation and Modernisation Supply Chain Management Community Development

Our Risks Linked To Strategy

Regulatory Risk

Risk Level: ●

Cyber and Data Privacy Risk

Risk Level: ●

Risk Category	Compliance Risk	Operational Risk
Risk Movement	Unchanged	Unchanged
Context	<ul style="list-style-type: none"> Broad range of telco regulations, depending on market maturity Potential increase in tax and levies imposed by the relevant regulatory bodies 	<ul style="list-style-type: none"> Maintaining customer data confidentiality, integrity and system availability Providing protection against cyber security attacks and data privacy breaches Inspiring customer confidence, and digital trust and resilience as a competitive differentiator
Impact	<ul style="list-style-type: none"> High risk impact Policies and regulations could disrupt business operations, impair returns and long-term growth prospects, as well as limit our flexibility to respond to market conditions, competition and new technologies 	<ul style="list-style-type: none"> Service interruption resulting in loss of service confidence and market share Business disruption, and exposure to penalties for breach/leakage of confidential information and non-compliance of regulatory requirements such as the Personal Data Protection Action 2010 Compromising customers' confidence may lead to business loss
Mitigating Actions and Opportunities Arising	<p>Risk Owners: Group Regulatory</p> <ul style="list-style-type: none"> Collaborating with other telco players to present a united voice advocating strict compliance, and fair and transparent policies Active engagements and dialogues with regulatory and government officials to anticipate emerging regulations, and address and highlight concerns of the telco sector, to advocate sustainable regulatory regimes Participating in government consultations and industry events, to foster collaboration and knowledge sharing for best industry policies and practices Dedicated Subject Matter Experts (SMEs) to monitor regulatory compliance at Group level and across all OpCos 	<p>Risk Owners: Group Risk and Compliance</p> <ul style="list-style-type: none"> Maturing cyber security and data privacy across all OpCos against global benchmarks and best practices by adopting and aligning to internationally recognised standards such as the NIST Framework, IAPP¹/ CIPM² and CMMI³ based Privacy Maturity models Establishing a long-term Data Privacy and Cyber Security Strategy Framework and Roadmap, ensuring alignment and standardisation across all OpCos to meet strategic objectives Embedding Cyber Security and Data Privacy controls by design across all business facets by incorporating the related standards and requirements in: <ul style="list-style-type: none"> Protecting our hardware and software Improving Training and Awareness Reducing third-party risk through the Supplier Code of Conduct and improved contract clauses Periodic automated assessments and remediation to identify gaps Incorporating Cyber Security and Data Privacy performance metrics into OpCos' KPI scorecards
Key Risk Indicators	<ul style="list-style-type: none"> Regulatory Compliance scorecard Emerging regulatory requirements and government policies that may impact our business Record tax hike/pressures and penalties across all OpCos 	<ul style="list-style-type: none"> Monitoring cyber-attacks/breach/incidents and their impact on business operations Maturity level assessment defined in the Cyber Security and Data Privacy scorecard across all OpCos Measuring the mean time to respond on cyber events and its improvement trends
Changes for 2021	<ul style="list-style-type: none"> Improved regulatory compliance monitoring and insights More agile responses in adopting and adapting to adverse regulatory changes 	<ul style="list-style-type: none"> Expansion of scope of processes and internal controls Improvements in monitoring use-cases and response plans * Use of automation for improvements in scale, speed and repeatability
Link to Strategy and Material Matters	<p>Our Strategic Response</p> <p>④ ⑦</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Data Privacy Digital Inclusion Sustainable Business Growth Climate Action Business Ethics and Compliance Digitisation and Modernisation Regulatory and Political Risk Resource and Waste Management 	<p>Our Strategic Response</p> <p>② ③ ④ ⑦</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Customer Service Data Privacy Sustainable Business Growth Business Ethics and Compliance Regulatory and Political Risk

Notes: ¹ IAPP = International Association of Privacy Professionals
² CIPM = Certified Information Privacy Manager

³ CMMI = Capability Maturity Model Integration

Risk Level: ● Medium Level ● Medium to Medium High Level ● Medium High Level ● High Level

Our Risks Linked To Strategy

Operational Risk

Risk Level: ●

Governance Risk

Risk Level: ●

Risk Category	Operational Risk	Compliance Risk
Risk Movement	Unchanged	Unchanged
Context	<ul style="list-style-type: none"> Complex end-to-end telco business with three distinct business segments of Digital Telcos, Digital Businesses and Infrastructure Supply chain disruptions due to global lockdowns imposed as a result of the pandemic 	<ul style="list-style-type: none"> Ensuring high ethical standards and good corporate governance Section 17A of the MACC⁴ Act came into effect in June 2020 and has taken centre stage in corporate governance focus Heightened investor focus on ESG risks
Impact	<ul style="list-style-type: none"> High risk impact Business disruption 	<ul style="list-style-type: none"> High risk impact Loss of investors' confidence Potential material penalties in the event of breach/non-compliance with the MACC Act related to ABAC
Mitigating Actions and Opportunities Arising	<p>Risk Owners: Group Technology, Group Procurement</p> <ul style="list-style-type: none"> Monitoring vendor performance, especially for major and high risk vendors Monitoring supply availability, according to current and future needs Exploring alternative vendors to reduce dependencies Establishing clear Business Continuity Management (BCM) plans to address supply chain risks, disruptions, and the business recovery strategy based on multiple crisis simulation scenarios 	<p>Risk Owners: Group Risk and Compliance, Group People Division, Group Sustainability</p> <ul style="list-style-type: none"> Axiata's Code of Conduct guides personnel conducting business for/on behalf of the Group Implementation of Group-wide Corporate Compliance Programme to build strong governance in conformance to the TRUST principles defined in the MACC Act, and strengthening Axiata's compliance maturity Establishment of a strong governance structure with the BRCC and the Risk and Compliance Management Committee Establishing the Sustainability Steering Committee and developing the Sustainability Roadmap ensuring Group-wide efforts towards common goals
Key Risk Indicators	<ul style="list-style-type: none"> Service/supply disruption and business downtime Performance of major and critical vendors 	<ul style="list-style-type: none"> Non-compliance/breach cases/deviation from Group's governance policy instruments Bribery and corruption charges that may lead to corporate liability charges Regulatory fines
Changes for 2021	<ul style="list-style-type: none"> Improved supply chain management strategy Strengthened monitoring process to specifically manage COVID-19 impacts and government sanctions imposed on identified high risk vendors 	<ul style="list-style-type: none"> Improved the governance structure, process and culture, especially in the area of ABAC compliance
Link to Strategy and Material Matters	<p>Our Strategic Response</p> <p>③ ④ ⑦ ⑧</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality and Coverage Customer Service Data Privacy Digital Inclusion Sustainable Business Growth Supply Chain Management Digitisation and Modernisation Community Development Employee Health, Safety and Wellbeing Emergency Disaster and Response 	<p>Our Strategic Response</p> <p>③ ⑦ ⑧</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Data Privacy Sustainable Business Growth Climate Action Business Ethics and Compliance Regulatory and Political Risk Resource and Waste Management

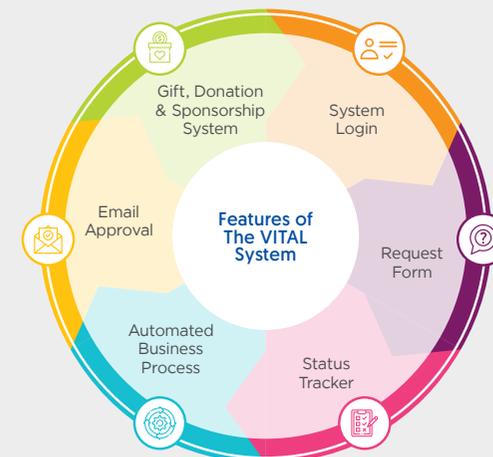
An Illustrative Case Study on How We Identified and Mitigated against Anti-Bribery and Anti-Corruption (ABAC) Risks

The Issue

Following the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that came into effect in June 2020, there was a need to review and monitor the Gifts, Donations and Sponsorships (GDS) transactions across Axiata Group. To strengthen governance, the GDS Policy and GDS Committee were introduced in June 2020. However, the manual review process, document record-keeping and approval poses a risk of human error, inconsistencies of record-keeping and operational inefficiencies.

Our Mitigation Plan

To mitigate these risks, we rolled out a digitisation initiative in 2021 to automate the process. Our aims were to improve lead time, transparency and reporting, as well as process GDS transactions across Axiata Group. Known as the VITAL system, its name is in line with the VITAL values and principles embedded in our ABAC Policy.



Value Created

- Increase operational efficiency when executing GDS related transactions process
- Ease the process and mobility of doing business with both web and app based features
- Track and monitor the completion status of all GDS transactions logged in
- Enable cross-referencing and checking to ensure no overlap of transactions thus reducing fraud risk
- Store all related supporting documents in a secured environment
- Track patterns, outliers of the GDS transactions recorded and provide valuable insights to management of key high risk areas that may require attention
- Generate automated reporting across the Group thus allowing consistency and depth of information being reported to the GDS Committee

④ **GAFS, Statement On Risk Management And Internal Control on pages 25 to 32**

Note: ⁴ MACC = Malaysian Anti-Corruption Commission

Risk Level: ● Medium Level ● Medium to Medium High Level ● Medium High Level ● High Level

Evolving And Adapting Our Strategy To Capture New Normal Growth Opportunities

Axiata’s journey towards becoming The Next Generation Digital Champion by 2024 is steered through the execution of our Axiata 5.0 Vision

Our strategy guides us towards developing an inclusive regional connectivity and digital ecosystem that empowers communities and businesses to build a better future for themselves. With the digital age having firmly arrived, our three core businesses are primed to serve new normal shifts and demands, to continue delivering strong growth momentum.

We are stepping up on core competencies and organisational efficiencies, and contributing towards strengthening digital ecosystems in line with our goal to drive long-term value creation. Having built positive traction through the Group-wide execution of Axiata 5.0 over the past three years, we remain committed to disciplined execution of our strategy to deliver on our promise of inclusive and sustainable growth in line with our purpose of Advancing Asia.

VISION

The Next Generation Digital Champion by 2024

ASPIRATIONS

Digital Telcos

Transform from Mobile-Centric Telcos to Converged Digital Operators, to become #1 or strong #2 in all our markets

Digital Businesses

Create 2 “Unicorns”

Infrastructure

Top 5 Global TowerCo

 **IAR**, In Conversation With The PGCEO, Key Trends and Our Risks Linked To Strategy on pages 13 to 26, 28 to 29 and 33 to 36

AXIATA 5.0 VISION: 3 CORE PILLARS AND 10 KEY FOCUS AREAS



SUSTAINABLE GROWTH

- 1 **Positioning for New Norms**
Emerging as the winner among the gainers by optimising assets, accelerating digital and managing interfaces
- 2 **OpCos Transformation**
Each OpCo to zero in on key focus areas to achieve long-term strategic objectives
- 3 **New Growth Areas**
Capturing double-digit growth in Enterprise, Home and Digital Value Added Services



OPERATIONAL EXCELLENCE

- 4 **Cost Management**
To be the lowest cost producer of data and deliver on our Customer Promise
- 5 **New Engagement Model**
Transformation via the virtual centralisation of the Collective Brain
- 6 **Digitisation & Analytics**
Leveraging on Data Analytics, AI and ML as a core differentiator
- 7 **Stakeholder Management**
Greater focus on regulatory and sustainability matters and our role as nation building partners
- 8 **Organisation 5.0**
Reimagining and refining evolving competencies



STRUCTURAL CHANGES

- 9 **Industry Consolidation**
Explore Mergers and Acquisitions where opportunities arise
- 10 **Portfolio Optimisation & Value Illumination**
Driving organic growth and identifying strategic inorganic transactions