

EASING LABOUR THROUGH SMART-AUTOMATION

Utilising IoT, machine learning and AI smart solutions to increase production efficiency, such as this solution for poultry farmers in Indonesia

**SMART POULTRY SOLUTIONS,
XL AXIATA**

**OUR
STRATEGY**



KEY TRENDS - OUR CHANGING WORLD

	Macroeconomic Factors	Regulatory Environment	Hyper-competition
Operating Environment	<ul style="list-style-type: none"> Diverse regulatory landscape with an increase in tax and levies imposed, with focus on 5G and national digital economic blueprints Digital connectivity demand in 'new normal' intensifying competition as industry players pursue growth to counterbalance COVID-19 setbacks from the previous two years Telecom operators and media companies concentrating on fixed-mobile convergence as a means to distinguish themselves in the market Operating in multiple markets, Axiata faces foreign exchange risk due to fluctuations in currency values Sri Lanka's challenging macroeconomic landscape marked by social unrest, political uncertainty and an economic crisis, depreciation of the Sri Lankan Rupee against the USD Chip prices anticipated to rise due to global chip shortage 	<ul style="list-style-type: none"> Robi acquired additional 4G spectrum with better payment terms and reduced regulatory costs, while Dialog and XL obtained temporary C-band spectrum for 5G trial services Despite declining macro-economic conditions, Dialog gained regulatory approvals to raise certain retail plans and pass-on new taxes to consumers Southeast Asian regulators prioritised 5G services, while South Asian regulators were more cautious due to market conditions Regulators increasingly concerned about Quality of Services and Quality of Experience Policymakers emphasise national digitalisation agenda with regulatory control over technology providers through domestic licensing and compliance with personal data protection, misinformation and network security 	<ul style="list-style-type: none"> 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 Demand for faster mobile and fixed wireless connections as viable alternatives to wired connections create new opportunities for bundled service offerings and intensifying competition between diverse players, including telecom, cable, wireless and satellite Internet providers
Strategic Implications	<ul style="list-style-type: none"> Regulatory changes in the market lead to increased compliance costs, higher exposure to penalties and an unbalanced competitive environment Rapid growth in data consumption, technological advancement and increased competition drive aggressive pricing moves and pressures on capex Industry restructuring and rationalisation via market convergence and consolidation Fluctuations in currency value may impact earnings Shortage of chip supplies and rising prices could impact costs, with constraints on capacity to invest and scale operations 	<ul style="list-style-type: none"> Conduct proactive regulatory management as a key part of Stakeholder Management under the 10 Key Focus Areas of the Axiata 5.0 Vision Collaborate with industry associations to advocate our positions to regulators and policymakers, both publicly and privately Conduct Group Spectrum Review of all spectrum assignments held by the OpCos Set up Regulatory Experts Working Group (EWG) to develop Group-wide best practice approaches to resolving regulatory issues faced by the OpCos Work with the Government of Malaysia to safeguard Axiata's investments interest, leveraging the Malaysia Technical Cooperation Programme (MTCP) with selected foreign governments 	<ul style="list-style-type: none"> Cost consideration in balancing investment in innovation and infrastructure to enhance products and services while dealing with pricing pressure to offer attractive promotions in bid to retain and expand market share Prioritisation of customer experience in a converged marketplace against increasingly attractive offerings or alternatives from competitors Constant upskilling of employees to remain relevant and keep up with digital innovation trends that contribute to performance and growth of the company
Way Forward	<ul style="list-style-type: none"> Maintain a solid balance sheet and strong liquidity position Optimise existing assets and pursue cost and operational excellence, leveraging on Collective Brain to drive initiatives to ensure disciplined cost management and capex efficiency, to generate sustainable cash flow Address potential risks across Axiata's operating markets with a robust Business Continuity Plan in place to ensure systematic identification of critical business processes and integrate robust risk management strategies Enhance competitive edge with strategic focus on digitisation, analytics and automation to meet customers' needs and achieve increased revenue yield per customer Track exchange rate fluctuations to hedge USD loan exposures while seeking offshore USD liquidity for markets facing liquidity impact Expand the supply chain and employ inventory management strategies to maintain sufficient stock levels 	<ul style="list-style-type: none"> Except for two OpCos, Axiata OpCos generally improved regulatory compliance performance in 2022 Proactively manage stakeholders, including the Malaysian Government and its Embassies and High Commissions, to safeguard investments overseas Conduct joint advocacy campaigns and industry thought-leadership positions with the GSMA, International Telecommunication Union (ITU) and other international bodies on industry-related matters 	<ul style="list-style-type: none"> Retaining focus on our regional triple core businesses which do 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 Focusing on the digitisation of our human capital across the People Lifecycle by embedding digital HR and Analytics Develop our people's analytics skill sets through the Axiata Certified Experts (ACE) community to deepen technical talent bench Driving efficiencies and innovations through investment in new technologies, initiatives focused on cost improvements and establishing strategic ties with Over-the-Top (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	<p>Our Strategic Response</p> <p>① ④ ⑤ ⑩</p> <p>Link to Risks</p> <ul style="list-style-type: none"> Financial Risk Market Risk Operational Risk Strategic & Investment Risk 	<p>Our Strategic Response</p> <p>⑦</p> <p>Link to Risks</p> <ul style="list-style-type: none"> Market Risk Geo-Political Risk Regulatory Risk Governance & Compliance Risk 	<p>Our Strategic Response</p> <p>① ② ③ ⑥ ⑧ ⑨ ⑩</p> <p>Link to Risks</p> <ul style="list-style-type: none"> Financial Risk Market Risk Technology Risk Operational Risk Strategic & Investment Risk

KEY TRENDS - OUR CHANGING WORLD

	Climate Change	Digital Acceleration
Operating Environment	<ul style="list-style-type: none"> Agenda for climate change has gained momentum, with every industry, such as the telco sector, pledging to achieve industry decarbonisation by 2050 Global energy markets are under stress with price spikes and greater focus on enhancing energy security while aligning with long-term climate goals Transition from traditional energy sources to renewables is rapidly progressing across all sectors; however, supporting regulatory and policy environments that enable access to stable renewable electricity marketplaces differ in markets Ability to address climate-related risks by businesses is becoming more significant as regulators, investors and financial institutions increasingly factor it into their consideration when assessing companies 	<ul style="list-style-type: none"> Continued adoption of hybrid working mode post-pandemic require anytime, anywhere connectivity, increasing demand for high availability and high-quality data access Increased reliance on digitisation and online transactions correspondingly increases vulnerability to cyber security risks, raising the priority for data protection and cyber resilience Increasing prevalence of digital usage placing certain communities at risk of being marginalised due to lack of equitable access to safe, affordable and high-quality digital services Rising democratisation of artificial intelligence and its prevalent use for process improvement, job efficiency and enhanced customer experience
Strategic Implications	<ul style="list-style-type: none"> Axiata recognises that failure to respond to the calls for action on climate change could result in a loss of credibility in the marketplace and damage to our reputation It puts us at risk of non-compliance with increasingly stricter environmental legislation across all our markets Ability to future-proof the business by understanding vulnerabilities to climate risks (transition and physical) and potential climate opportunities Growing pressure on reducing carbon emissions and B2B/B2C interest in smart solutions provides Axiata with business and non-business opportunities to enable decarbonisation The climate change agenda aligns with Axiata's pursuit of embedding Operational Excellence as part of our DNA, as initiatives addressing climate risks will offer us both operational excellence and cost efficiencies 	<ul style="list-style-type: none"> Ongoing need to ensure that necessary infrastructure and resources are available to meet rising data and quality demands Need the right investments in new technologies and digital innovations to enhance competitiveness Essential to maintain continuous network service as any interruptions can lead to loss of service confidence and loss of market share Crucial to address and mitigate cyber security risks and data privacy to safeguard operations, financial stability and reputation With rising digital adoption, there are opportunities to expand equitable access to digital resources and services to underserved segments and capture market share Employees need to undergo upskilling and reskilling to be future fit for the digital economy
Way Forward	<ul style="list-style-type: none"> Axiata signed the Science Based Target Initiative Business Ambition Pledge for 1.5°C Continue to operationalise Axiata Net-Zero Carbon Roadmap that outlines a three-objective approach to reach net-zero no later than 2050 and complete baseline setting for Scope 3 OpCos to align with Axiata's Net-Zero Carbon Roadmap and localise plans to decarbonise and be part of climate agenda Commenced adoption of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to assess and disclose our approach to climate-related governance, strategy, risk management, metrics and targets Continuing environmental awareness and implementing product-end-life management programmes across all OpCos Pursuing efficient technologies that can boost network energy efficiency and reduce carbon emissions Chief Technology Officer Council to continue to integrate energy efficiency into our regional network in line with cost reduction and carbon emission targets Cross-collaboration across markets and sectors when engaging regulators and policy-makers to increase public-private dialogue to expedite decarbonisation pathway 	<ul style="list-style-type: none"> Ongoing digitisation of the core by leveraging Open APIs and Open Digital Architecture which enables an ecosystem to drive innovation and collaboration with developers Implement Big Data Blueprint for OpCos to leverage technologies for business intelligence, data mining, advanced analytics and machine learning Advocate cyber resilience through the Axiata Cyber Fusion Centre, a world-class cyber-monitoring centre, to drive towards global standards of data privacy and consumer protection Adopt Zero Trust Framework to limit exposure to advanced threats and protect our critical assets Enable digital and financial inclusion via Boost's digital bank license to the underserved and unserved segments, providing microcredit options to entrepreneurs Expand Enterprise strategic partnerships with hyper-scalers to offer beyond-connectivity enterprise solutions to accelerate digital transformation for businesses Support MSMEs, start-ups and technopreneurs to drive digital economy through Axiata Digital Innovation Fund to scale up and achieve national-level innovation goals faster and contribute more to GDP Foster digital inclusion in our communities through digital literacy and enablement programmes via Axiata Foundation's award-winning Axiata Digital Leaders Programme to equip and support young women, girls and marginalised communities to learn digital skills and build a future fit workforce of women in STEM Investing in upskilling talents in AI and analytics, through initiatives such as the Data Citizen programme available to all OpCos to develop fundamental knowledge on leveraging Data and Analytics
Link to Strategy and Risks	<p>Our Strategic Response</p> <p>5 7</p> <p>Link to Risks</p> <ul style="list-style-type: none"> Strategic & Investment Risk Regulatory Risk Governance & Compliance Risk 	<p>Our Strategic Response</p> <p>1 3 6 8</p> <p>Link to Risks</p> <ul style="list-style-type: none"> People Risk Market Risk Technology Risk Cyber & Data Privacy Risk Strategic & Investment Risk

CONSIDERING WHAT MATTERS

MATERIALITY ASSESSMENT

Materiality assessments are integral to our sustainability journey, as they enable us to evaluate the Environmental, Social And Governance (ESG) issues that affect our business and our stakeholders. We conduct a materiality assessment once every two years to ensure that the ESG issues and material matters we look into remain relevant and aligned with current sustainability trends, industry developments and regulatory shifts. It also allows us to identify opportunities and mitigate risks posed by each material matter. The recent update was aligned with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

In 2022, we re-evaluated our ESG material issues with the assistance of a third-party consultant. Our material matters represent key sustainability issues that will affect our business strategy and stakeholder value creation in the short and long term. We incorporated the perspectives of external and internal stakeholders as well as OpCos to develop a materiality matrix, mapped against Axiata's strategic priorities and its business environment. To ensure integration between Axiata's risk and materiality assessment, existing Enterprise Risk Management (ERM) risk parameters were used to guide the rating of likelihood and impact of each material matter.

The following infographics explain the steps taken in our materiality assessment process.

STEP 1: Review of Material Matters

For FY2022, Axiata's past list of material matters were reviewed and reassessed for its relevance to the business strategy and operations.

The material matters were reviewed against Bursa Malaysia's common material matters, GSMA materiality for the mobile industry, Axiata's OpCos material matters and other industry peers.

Then, a **revised list of 16 material matters** were proposed for Axiata's considerations and confirmed after deliberation with the senior management and Board Sustainability Committee (BSC).

STEP 2: Stakeholder Engagement

A **stakeholder prioritisation survey** was rolled out across the Group to understand the stakeholders' level of influence and dependence on Axiata. The preliminary outcome of the stakeholder prioritisation survey results was deliberated via a prioritisation workshop for deliberation and consensus.

A **stakeholder engagement survey** was then sent out to Axiata's key internal and external stakeholders to obtain their views on the importance of the sustainability matters.

By consolidating the outcome of the stakeholder prioritisation and engagement surveys, the average scores were tabulated to obtain the input for the **'Influence on Stakeholder Assessments and Decisions'** for the materiality matrix.

STEP 3: Sustainability Impact Assessment

A **sustainability impact assessment exercise** was rolled out across the Group including OpCos to obtain a holistic input from business perspectives. Impact rating of each material matters were consolidated with weighted average to produce an overall material matter ratings. Representatives from Axiata Corporate Centre and OpCos were gathered in a **workshop** to discuss the impact ratings for all material matters.

To ensure integration between Axiata's risk and materiality assessment, Axiata's ERM risk parameters were used to guide the rating of likelihood and impact of each material matter.

Through this exercise, the consolidated material matter ratings were deliberated to form the input for the **'Significance of Axiata's Sustainability Impacts'** for the materiality matrix.

STEP 4: Calibration of Stakeholder Engagement and Impact Assessment

The results from the stakeholder engagement from Step 2 and the impact assessment from Step 3 were analysed and tabulated to form the materiality matrix. Based on the mapping in the matrix, the top material matters were identified.

STEP 5: Review and Validation of Materiality Matrix

The materiality matrix was **validated** and approved by senior management, and presented to the BSC for **endorsement**.

CONSIDERING WHAT MATTERS

MATERIALITY MATRIX



LEGEND





Ranking	Sustainability Matters	Importance Level
1	Digital Integrity [#]	High Importance
2	Network Quality & Connectivity [#]	Medium-High Importance
3	Business Ethics & Governance [#]	
4	Emergency & Disaster Response	
5	Sustainable Business Growth	
6	Customer Experience [#]	Medium Importance
7	Digitisation & Innovation [#]	
8	Digital Inclusion	
9	Climate Change [#]	
10	Regulatory & Political Risk	Medium-Low Importance
11	Employee Health, Safety & Wellbeing	
12	Talent Development & Attraction [#]	
13	Fair, Diverse & Inclusive Employment [#]	
14	Sustainable Supply Chain [#]	
15	Community Development	
16	Environmental Management [#]	

- Advancing Digital Societies
- Advancing Our People & Communities
- Advancing Green Economy
- Driving Governance & Risk




[#] The renamed material matters to reflect what is important to the Group and aligned with external expectations as well as standards

STAKEHOLDER 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 2022.

	Why They Are Important	How We Engage	Topics Raised	Axiata’s Response and Results
 <p>Customers</p>	<p>Our customers refer to the subscribers of Axiata’s services and comprise both individual and business consumers. We value each of our customers and the experience that they have on our network, and impact of our solutions and services. We are committed to delivering optimum performance to meet our customers’ expectations and user experience.</p>	<p>We undertake a range of surveys across our markets to understand customer satisfaction and expectations. Scores are benchmarked against our peers and the data analyses, among others, drive operational excellence.</p>	<ul style="list-style-type: none"> • Network quality and availability • Improving customer experience • Price of packages, products and service differentiation 	<ul style="list-style-type: none"> • 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 customers for remote assistance on products, deals and packages, and reliable connectivity
 <p>Suppliers & Business Partners</p>	<p>Our suppliers and business partners 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 to build mutual beneficial support to grow respective businesses.</p>	<p>We conduct engagement with key suppliers to understand solutions and services that can drive operational excellence. We come together with our business partners and suppliers to address opportunities for improvement during performance management and the Annual Supplier Forum.</p>	<ul style="list-style-type: none"> • Performance against Supplier Code of Conduct • Emerging corporate developments and understanding of long-term strategy • Opportunities for vendor and partner development • Supplier support and continuity of services during emergency situations (e.g. floods) • Embedding ESG within supply chain 	<ul style="list-style-type: none"> • 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
 <p>Community & Civil Society Organisations</p>	<p>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.</p>	<p>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.</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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
 <p>Media</p>	<p>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.</p>	<p>We engage with the media through interviews, press releases, conferences and other engagement activities.</p>	<ul style="list-style-type: none"> • Corporate developments • Financial and market performance • Industry trends and issue • Technology breakthrough 	<ul style="list-style-type: none"> • Providing regular performance, network and merger and acquisition updates • Implementation of Axiata 5.0 Vision to advance our digital footprint
 <p>Shareholders, Investors & Analysts</p>	<p>As owners of Axiata, shareholders and analysts 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.</p>	<p>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, including ESG related matters.</p>	<ul style="list-style-type: none"> • Financial performance • Long-term business strategy • Board composition • ESG strategy, performance and disclosures which include management of climate related risks • Share price performance and outlook • Support of the UN SDGs • Labour standards 	<ul style="list-style-type: none"> • 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 • Heightened investor focus on ESG matters

STAKEHOLDER ENGAGEMENT

	Why They Are Important	How We Engage	Topics Raised	Axiata's Response and Results
<p>Regulators and Government</p> 	<p>Our regulators and authorities specify the national laws and regulations that determine the licence and scope of our activities in our respective operating markets. They provide our OpCos access to operating licences and impose regulatory measures which have potential cost implications for the Group.</p>	<p>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.</p>	<ul style="list-style-type: none"> • 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 ESG matters into the business operations, particularly climate change 	<ul style="list-style-type: none"> • 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 • Active engagement and dialogues with regulators and government agencies to foster collaboration, highlight telco concerns as well as anticipate and adequately respond to ESG regulations or disclosure requirements
<p>Industry Bodies</p> 	<p>As a regional industry player in the telecommunications industry, we collaborate and partner with other industry bodies within and related to the industry as well as aligned with key area of interests.</p>	<p>We engage with relevant industry bodies through regular discussions and business roundtables for the continual improvements of telecommunications industry.</p>	<ul style="list-style-type: none"> • Business continuity and opportunities • Partnerships and collaborations 	<ul style="list-style-type: none"> • Roundtables with United Nations Global Compact Network Malaysia & Brunei (UNGCMYB) and GSMA and industry players on renewable energy in Malaysia • As part of thought leadership, we actively engage with industry bodies to foster collaboration, highlight telco concerns as well as anticipate and adequately respond to ESG regulations or disclosure requirements • Engage in telco industry proceedings and policies that improve the industry and benefit communities and society
<p>Employees, Management & Board</p> 	<p>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.</p>	<p>Axiata conducts an annual Employee Engagement Survey, regular townhalls and a range of digital platforms to stay engaged with employees across the Group.</p>	<ul style="list-style-type: none"> • Long-term business strategy and performance • Career and talent development opportunities • Work-life balance and employee wellbeing support • Pay and remuneration • Diversity and inclusivity • Board Sustainability Committee (previously Board Annual Report Committee) provides enhanced oversight on ESG management across Axiata in addition to the preparation of the Integrated Annual Report Suite (includes SNCR) 	<ul style="list-style-type: none"> • Providing job opportunities to local citizens • Group and OpCo Talent Development programmes • Transforming towards a Modern, Agile and Digital (M.A.D.) organisation • Ensuring a Diverse, Equity and Inclusion (DEI) working environment

OUR RISKS LINKED TO STRATEGY

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

FINANCIAL RISK	Risk Category: Financial Risk	Risk Movement: Unchanged	Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Exposure to foreign exchange (forex) risk across 10 markets due to weakened frontier market currencies against the USD, with rising US interest rates and the risk of a global recession, including significant unrealised forex losses from Dialog due to socioeconomic and political crisis in Sri Lanka Liquidity of USD in certain markets may constrain debts servicing, with limited balance sheet headroom posing funding and cashflow constraints in anticipation of Merger and Acquisition (M&A) activities Volatile market conditions complicate financial budgeting <p>Impact</p> <ul style="list-style-type: none"> Major risk impact Liquidity crisis in certain markets may cause payment delays that could impact domestic operations, with risk of delayed repatriation of funds Devaluation of local currency against USD increases risk of breaching financial covenants for those with USD debt exposure Unrealised forex losses arising from USD debt liabilities due to local currency depreciation can deplete retained earnings and limit dividend upstream capabilities 	<p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Axiata Treasury Management Centre</p> <ul style="list-style-type: none"> To proactively manage macroeconomic risk, Axiata continuously monitors and adjusts its capital structure across the Group and OpCos Monitor current and future outlook of the relevant economies and foreign exchange markets Develop hedging strategies that are governed strictly by the treasury policies Oversee and control the Group's treasury and funding matters Strict implementation and monitoring of the Group's capital structure guardrails such as the Gross Debt/ EBITDA ratio, local and foreign currency debt mix, hedging of foreign currency debt (where available), fixed and floating interest rate mix, average tenure of debts and the liquidity ratio 	<p>Key Risk Indicators</p> <ul style="list-style-type: none"> Exposure to funding and cashflow constraints in anticipation of M&A activities (Funding risk) Unable to meet Axiata's financial obligations (Liquidity risk) Exposure to forex currency volatilities across 10 markets of operation (Forex risk) Financial losses due to overall performance of investments on the financial market <p>Changes for 2022</p> <ul style="list-style-type: none"> Proactive and pre-emptive solutioning to avoid payment defaults due to in-country liquidity shortage <p>Link to Strategy and Material Matters</p> <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 Network Quality & Connectivity Customer Experience Digitisation & Innovation Regulatory & Political Risk 	

MARKET RISK	Risk Category: Strategic Risk	Risk Movement: Unchanged	Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Challenging emerging markets macroeconomic and geopolitics landscape impacting forex and commodity costs Supply chain disruptions due to global trade uncertainties Fragmented market structures and high infrastructure costs Rapid advancement of IR 4.0 and telco technologies Exponential growth in data consumption, offset by rising price competition and consumer price sensitivity, resulting in pressured margins due to limited revenue growth and escalating costs and investment requirements Intensified competition, particularly in Indonesia and Nepal, with aggressive pricing strategy amid ever-expanding viable options <p>Impact</p> <ul style="list-style-type: none"> Major risk impact Currency fluctuation may cause inflationary pressure which could lead to shrinking consumer affordability (top line impact) and cost escalation, especially for USD-linked expenditures (bottom line impact), with potential implications to EBITDA in the short to medium-run 	<ul style="list-style-type: none"> Exponential data consumption growth and technological evolution intensifying, expected to translate into cyclical pressure on capex and product pricing in the long-run <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: OpCo CEOs</p> <ul style="list-style-type: none"> Strategic focus on digitisation, analytics and automation initiatives, internally and through external partnerships, to improve revenue yield per customer Selective industry consolidation in targeted markets Establish strategic ties with hyper-scalers Over-the-Top (OTT) and digital product developers to create customer-centric products and services Seek opportunities to share telco infrastructure to reduce investment cost Invest in new technologies to improve competitiveness and reduce future cost of gigabyte production (cost/GB) <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Macroeconomic outlook e.g. currency exchange rates, key interest rates, inflation rates, fuel rates, etc. 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Improved operational efficiency and cost structure through tactical cost transformation initiatives Strategic move towards increased adoption of digitisation, analytics and automation Strategic Group oversight and heightened cross-entity collaborations for knowledge sharing and leveraging combined learnings to address OpCo-specific risks and/or opportunities <p>Link to Strategy and Material Matters</p> <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 & Connectivity Customer Experience Digital Integrity Digital Inclusion Sustainable Business Growth Business Ethics & Governance Regulatory & Political Risk 	

OUR RISKS LINKED TO STRATEGY

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

PEOPLE RISK	Risk Category: Operational Risk	Risk Movement: Decreased in 2022 Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Increasing demand for digital and compliance-based talent Loss of key talent remains a pressing concern Retention and recruitment issues post-pandemic due to new working model, mental health deterioration, the Great Resignation Era and other factors High attrition rate for in-demand roles in 2023 as analysts forecast increased competition for talents <p>Impact</p> <ul style="list-style-type: none"> Moderate risk impact Increased competition and challenges in attracting and securing talents Potential loss of key talents and resource limitations could hamper Axiata 5.0 Vision achievement <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group People Division</p> <ul style="list-style-type: none"> Dynamic talent acquisition approach, robust talent development programmes, attractive performance-based rewards and safe work environment 	<ul style="list-style-type: none"> Advocate staff empowerment to respond to changing customer demands and work processes Employee engagement to motivate and maintain morale, and reduce attrition Adapt to distributed workforce and changed work modes by incorporating alternative talent sources such as contract and gig Policies and self-declared documents from our people via the Code of Conduct and Conflict of Interest that sets out rules and guidelines on how personnel are expected to conduct business and behave themselves are updated periodically <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Loss of key personnel Leadership competency gap Capacity & capability shortage Employee safety & health risk Insider threats 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Explored collaboration with external organisations to broaden opportunities for talents development Accelerated development of senior-level talents for CXO-level roles through bespoke and targeted approach Refreshed Axiata Employee Value Proposition (EVP) to increase talent attraction across various levels <p>Link to Strategy and Material Matters</p> <p>Our Strategic Response</p> <p>3 4 7 8</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Customer Experience Digital Inclusion Sustainable Business Growth Digitisation & Innovation Fair, Diverse & Inclusive Employment Talent Development & Attraction Employee Health, Safety & Wellbeing Business Ethics & Governance Digital Integrity Sustainable Supply Chain
CYBER AND DATA PRIVACY RISK	Risk Category: Operational Risk	Risk Movement: Unchanged Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Maintaining confidentiality, integrity and system availability of customers, employees and sensitive business information Adequate protection and response against cyber security attacks and data privacy breaches Inspiring customer confidence and digital trust and resilience as a competitive differentiator Emergence of new industries that run cyber security attacks as a form of business <p>Impact</p> <ul style="list-style-type: none"> Major risk impact Loss of revenue, service and market share, competitive edge, brand reputation and trust Incur regulatory penalties and adverse legal and financial impact <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Risk and Compliance</p> <ul style="list-style-type: none"> Develop and implement Privacy and Cyber Security policies, frameworks and standards Implement cyber security strategy to improve overall maturity and resilience, measure maturity against NIST¹ Cyber Security Framework 	<ul style="list-style-type: none"> Perform independent benchmark and maturity reviews to validate effectiveness Commissioned and operationalised Axiata Cyber Fusion Centre Enhance detection, response and offensive security capabilities Enhance situational awareness and resilience through public-private efforts Remediate identified telecom infrastructure risks through independent assessments Implement IAPP²/CIPM³ and GDPR best practices for compliance with PDPA and the privacy programme Vendors and partners to comply with data protection and compliance controls in Axiata's Supplier Code of Conduct and contracts OpCos aligned with common KPIs collaborate to achieve Group objectives Centrally manage security monitoring and threat intelligence for prompt response to malicious events Perform simulations of critical threats to improve response capability <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Monitoring cyber events and incidents by severity Measuring NIST Cyber Security Maturity Monitoring and lowering the Mean Time To Resolve (MTTR) incidents Age of open vulnerabilities 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Maintained higher protection levels and monitoring for business-critical services Group Security Operations actively engaged in threat-hunting activities Vulnerability Management and remediation actively monitored to lower risk <p>Link to Strategy and Material Matters</p> <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 & Connectivity Business Ethics & Governance Digital Integrity Customer Experience Regulatory & Political Risk Sustainable Business Growth

Notes: ¹ NIST = National Institute of Standards and Technology

² IAPP = International Association of Privacy Professionals

³ CIPM = Certified Information Privacy Manager

OUR RISKS LINKED TO STRATEGY

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

<p>STRATEGIC AND INVESTMENT RISK</p> <p>Risk Category: Strategic Risk</p> <p>Risk Movement: Unchanged for Non-Frontier Market Increased in 2022 for Frontier Market</p> <p>Risk Level: ●</p> <p>Context</p> <ul style="list-style-type: none"> Liquidity challenges in Sri Lanka and Bangladesh impact purchasing and ability to repatriate dividends Industry restructuring and rationalisation via market convergence and consolidation Challenges and investment costs for Digital and Enterprise businesses due to interest rates increase and persistent inflation affecting cost of funding and cost of doing business Central banks' interest rate hikes to tame inflation failed to decrease prices, raising expectation of stagflation in the global economy <p>Impact</p> <ul style="list-style-type: none"> External factors such as regulatory approvals and counterparty risks can hinder M&A progress and industry restructuring Potential for goodwill impairment as Weighted Average Cost of Capital (WACC) rises in frontier markets Catastrophic risk impact for frontier market and non-frontier market <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Corporate Development</p> <ul style="list-style-type: none"> Closely monitor the competitive landscape, explore and invest in upgrading technology and platform as necessary 	<ul style="list-style-type: none"> Review products and service relevance Practices prudent cost management Establish strong strategic alliances with network vendors to keep pace with technology shifts Venture into new growth areas to create additional revenue streams Invest in new markets and services that rely on connectivity Mergers and Acquisition Committee, chaired by the GCEO, oversees all acquisitions and divestments and, at the same time, maintains a robust due diligence process to evaluate and manage the potential risks involved Post-acquisition, transition teams are formed to ensure the proper implementation of organisational and cultural changes necessary to integrate the acquired company successfully To mitigate exposure in frontier markets, Axiata manages capital per its "Capital Management Framework" <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Risk of frontier market Exposure to adverse macroeconomics and emerging markets situation Slow trajectory and no new growth areas Axiata unable to achieve dividend target payout Exposure to industry restructuring and rationalisation 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Increase engagement with regulators, counterparties, different stakeholders Sweat existing assets and operational excellence to build sustainable cashflows in OpCos in frontier markets <p>Link to Strategy and Material Matters</p> <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 & Connectivity Customer Experience Talent Development Digital Inclusion Digitisation & Innovation Sustainable Business Growth Sustainable Supply Chain
<p>REGULATORY RISK</p> <p>Risk Category: Compliance Risk</p> <p>Risk Movement: Unchanged</p> <p>Risk Level: ●</p> <p>Context</p> <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 Regulatory environment poised for 5G Policymakers resuming pre-COVID-19 policies, including modernisation of sectoral legislation and regulatory framework, and development of digital economy blueprints Increased scrutiny of big tech may lead to digital regulations in Asia Pacific <p>Impact</p> <ul style="list-style-type: none"> Catastrophic risk impact Increased compliance costs and higher exposure to penalties Unbalanced playing field <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Regulatory</p> <ul style="list-style-type: none"> Advocate strict compliance, fair and transparent practices in government policies 	<ul style="list-style-type: none"> Continuously improve process flows for swift and cost-effective responses to changing regulations Axiata senior officials engage regulatory officers to establish sustainable regulatory regimes for mobile telecommunication Participate in government consultations and industry events to collaborate and share knowledge on best policies and practices, including with relevant partners such as the International Telecommunication Union (ITU), World Bank and GSMA Axiata's Regulatory Compliance Framework and Action Plan manage regulatory compliance risks Appoint stakeholder representatives to engage directly with top-level stakeholders, push National Champion agenda, maximise investment synergies and support crisis management activities Dedicate resources to monitor developments and maintain relationships with governing authorities <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Regulatory non-compliance New regulatory non-compliance risks - loss of spectrum, spectrum refarming and onerous spectrum/license renewal conditions 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Enhanced Axiata Regulatory Compliance Framework Appointed Axiata stakeholder representatives for selected markets <p>Link to Strategy and Material Matters</p> <p>Our Strategic Response</p> <p>4 7</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Network Quality & Connectivity Business Ethics & Governance Digital Integrity Regulatory & Political Risk Sustainable Supply Chain

OUR RISKS LINKED TO STRATEGY

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

TECHNOLOGY RISK	Risk Category: Operational Risk	Risk Movement: Unchanged	Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Exposed to broader economic headwinds, with considerable pressure on working capital and liquidity Continuous investments in new technologies, upgrades and equipment Premature obsolescence of key technology and equipment due to rapid technological advances <p>Impact</p> <ul style="list-style-type: none"> Major risk impact Can impact Axiata's ability to create value Short-term: Pressure on working capital and liquidity leading to cash flow issues and increased competition due to rapid technological advances Medium-term: Challenges in keeping up with technological changes and funding major initiatives due to pressure on working capital and liquidity could limit Axiata's ability to remain competitive and achieve future growth Long-term: Failure to keep up and invest in new technologies and innovations could lead to premature technology obsolescence, reducing the long-term value and limiting ability to remain competitive 	<p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Technology</p> <ul style="list-style-type: none"> Constantly reviews and updates technological capabilities to remain relevant while maintaining financial prudence Future proofing is therefore identified as a critical criterion in selecting network equipment and is built into the procurement process Axiata is closely studying the technological advancements in the mobile communications industry, while carefully crafting the future network strategy Diversifying revenue streams across geographies, markets and business lines Emphasising cost optimisation by reducing operating cost, increasing efficiency in operations and improving supply chain management Investing in new technologies and partnerships to collaborate with others to leverage synergies Minimise the risk of technology debt by conducting thorough due diligence before investing in technologies <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Working capital and liquidity ratios Research and development spending 	<ul style="list-style-type: none"> Technology obsolescence Customer satisfaction and retention Revenue growth and market share <p>Changes for 2022</p> <ul style="list-style-type: none"> Improved technology planning and procurement Enhanced customer experience Strengthened partnerships and collaborations Improved risk management framework <p>Link to Strategy and Material Matters</p> <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 & Connectivity Business Ethics & Governance Digital Integrity Emergency & Disaster Response 	

GOVERNANCE RISK	Risk Category: Compliance Risk	Risk Movement: Unchanged	Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Ensuring high ethical standards and good corporate governance Section 17A of the MACC Act came into effect in June 2020 and has taken centre stage in corporate governance focus Heightened investor focus on ESG matters Updated reporting requirements with enhanced sustainability disclosure under Bursa Malaysia Main Market Listing Requirements which includes addressing the TCFD reporting framework Pose significant risks to cashflow and customer experience/ quality of service arising from over/ underinvestment in capex <p>Impact</p> <ul style="list-style-type: none"> Moderate risk impact Loss of investors' confidence Potential material penalties in the event of breach/ non-compliance with the MACC Act related to Anti-Bribery and Anti-Corruption (ABAC) Enhanced sustainability disclosure requirements and regulations may disrupt operations, lead to penalties/ fines or impact investor confidence Intentional or unintentional 'greenwashing' can damage stakeholder trust and brand value Investor expectations on returns impacted by cash flow from operations and capex investments 	<p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Risk and Compliance, Group Sustainability, Group Finance</p> <ul style="list-style-type: none"> Maintaining and developing strong ethical platform and corporate governance standards to support business integrity and performance Implement compliance programme and enhance overall maturity Implement ABAC procedures, revise policies and procedures, and align processes with appropriate control mechanisms Establish automated systems Mandatory training and awareness programmes for all employees Perform independent benchmarks to ensure adequacy and effectiveness of compliance programmes Introduce technology to identify, assess and manage ABAC risk <p>Key Risk Indicators</p> <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 and loss of reputation Inability to achieve ESG target Capex to revenue and capex to EBITDA ratios to align with competition 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Operationalised and strengthened compliance culture through training and certification programmes and launched the Governance & Regulatory Academy online knowledge platform Conducted continuous half-yearly reporting to MACC on Axiata's Integrity and Governance Unit (IGU) activities Completed governance review and anti-bribery and anti-corruption laws Refreshed sustainability approach including ESG-related targets and enhanced sustainability governance Group-wide Released quarterly capex in line with ongoing traffic forecasts as opposed to annual capex planning cycles in past years <p>Link to Strategy and Material Matters</p> <p>Our Strategic Response</p> <p>3 7 8</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Digital Integrity Sustainable Business Growth Business Ethics & Governance Regulatory & Political Risk Climate Change Environmental Management 	

OUR RISKS LINKED TO STRATEGY

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

GEO-POLITICAL RISK	Risk Category: Strategic Risk	Risk Movement: Unchanged Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Socioeconomic and political crisis in Sri Lanka leads to rising inflation and weakening Sri Lankan Rupee against the USD Political instabilities, civil unrest and other social tensions Adverse regulatory changes and uncertainty in policy making US-China trade tension as new sanctions and actions are imposed towards each other Ongoing Russia-Ukraine war continues with no clear resolution in sight <hr/> <p>Impact</p> <ul style="list-style-type: none"> Work closely with OpCos to assess changing political landscape and respond promptly, using their local knowledge and expertise Maintain neutral government relations and contribute to socioeconomic development through CSR initiatives Established Capital Management Framework to manage capital 	<p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: OpCo Management, Group Regulatory</p> <ul style="list-style-type: none"> Axiata works closely with the Management of the respective OpCos, leveraging on their local expertise, knowledge, and ability to continually assess the changing political scenario and have in place various measures to ensure a timely response in the event of such occurrences Axiata's emphasis is on maintaining a neutral government relation and contribute to the socioeconomic development of these countries through various Corporate Social Responsibility (CSR) initiatives, as highlighted in the Annual Sustainability and National Contribution Report Managing capital with the establishment of a Capital Management Framework <hr/> <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Geo-political risk due to change of government and other developments 	<p>Changes for 2022</p> <ul style="list-style-type: none"> Capital Management Framework <hr/> <p>Link to Strategy and Material Matters</p> <p>Our Strategic Response</p> <p>1 3 7 8</p> <p>Link to Material Matters</p> <ul style="list-style-type: none"> Talent Development Sustainable Business Growth Business Ethics & Governance Regulatory & Political Risk Community Development <ul style="list-style-type: none"> Fair, Diverse & Inclusive Employment Employee Health, Safety & Wellbeing
OPERATIONAL RISK	Risk Category: Operational Risk	Risk Movement: Unchanged Risk Level: ●
<p>Context</p> <ul style="list-style-type: none"> Global shortage of chip supplies expected to last up to 2023 with hike in chip prices Complex end-to-end telco business with three distinct business segments of Digital Telcos, Digital Businesses and Infrastructure Possible operational disruptions include blackouts, brownouts, disruptions to infrastructure networks and critical private-sector institutions <hr/> <p>Impact</p> <ul style="list-style-type: none"> Catastrophic risk impact Shortage of chip supplies and price hikes could lead to cost increases, impacting short-term profitability and limiting its investment ability and scale operations Infrastructure network disruptions could cause service disruptions impacting customer satisfaction and brand reputation <hr/> <p>Mitigating Actions and Opportunities Arising</p> <p>Risk Owners: Group Technology, Axiata Procurement Centre</p> <ul style="list-style-type: none"> Monitor critical supplier performance and develop new relationships to reduce dependency on single-source suppliers Group Business Continuity Plan identifies critical business processes and adequate recovery actions to address possible risks 	<ul style="list-style-type: none"> Working with international standards agencies to standardise SIMS will reduce variances and improve availability of supply Focusing on operational resilience by implementing backup power systems and redundancy measure to minimise impact of infrastructure disruptions Diversifying the supply chain by maintaining local suppliers but extending to other regions to secure deliveries at a slight premium Focus on innovation to identify new technologies and products that are less reliant on scarce materials <hr/> <p>Key Risk Indicators</p> <ul style="list-style-type: none"> Operation and supply chain disruption Reputation risk System downtime Process efficiency Vendor performance Fraud incidents <hr/> <p>Changes for 2022</p> <ul style="list-style-type: none"> Conducted ongoing inventory management to ensure sufficient stockpiles of critical components/ materials Diversified suppliers 	<ul style="list-style-type: none"> Adopted alternative technologies to reduce dependence on hardware-based solutions Reduced energy consumption to minimise risk of disruptions due to blackouts or brownouts Strengthened partnerships to ensure access to critical resources and infrastructure even in the face of disruptions <hr/> <p>Link to Strategy and Material Matters</p> <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 & Connectivity Customer Experience Digital Inclusion Sustainable Business Growth Digitisation & Innovation Climate Change Environmental Management Community Development <ul style="list-style-type: none"> Digital Integrity Emergency & Disaster Response Employee Health, Safety & Wellbeing Business Ethics & Governance Regulatory & Political Risk Sustainable Supply Chain

REFINING OUR STRATEGY TO UNLOCK FUTURE VALUE

VISION

The Next Generation Digital Champion

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

Axiata's path to securing its aspiration as The Next Generation Digital Champion is guided by our Axiata 5.0 Vision

Our strategy remains centred on progressing regional connectivity and building inclusive digital ecosystems that empower communities and businesses to build a better future. We are strengthening our digital core to capitalise on the consolidating market environment and the significant shifts in digital demand to deliver strong growth momentum. Our journey from Telco to TechCo is a strategic path that will enable us to unlock valuable strengths and harness synergies within the business value chain, bringing us closer to our aspirational vision of Advancing Asia.

