

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of Axiata Group Berhad (Axiata or Company) is a strong advocate of good corporate governance and strives to put in place a strong and effective system throughout the Group. Axiata's continuous efforts to enhance its corporate governance practices have received many recognitions including the following in the year 2016:-

- i) Ranked 3rd in Excellence Award for Top Corporate Governance and Performance (Overall Category) and Merit Award for Corporate Governance Disclosures; and
- ii) Excellence Award for Long-Term Value Creation and for ESG Practices.

In this statement, the Board presents key highlights for the year 2016 and outlines how Axiata complies with each of the eight principles and 26 recommendations of the Malaysia Code on Corporate Governance 2012 (MCCG2012). This statement has been made in accordance with the resolution and authority of the Board dated 22 February 2017 and updated until the date of the Annual Report.

For better understanding of Axiata's compliance with the MCCG 2012 in respect of the financial year 2016 (FY16) kindly refer to the table at <https://axiata.com//media/upload/corporate/MCCG2012-Checklist.pdf>

Corporate Governance Framework

Axiata's Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:-

- i) Companies Act 2016 (CA 2016);
- ii) Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities);
- iii) MCCG 2012;
- iv) Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government Linked Companies (GLCs)' High Performance (Green Book); and
- v) Corporate Governance Guide: Towards Boardroom Excellence 2nd Edition issued by Bursa Securities.

BOARD OF DIRECTORS

Board Charter

The Board Charter sets out the roles and responsibilities of the Board. Axiata's Board Charter, which is periodically reviewed, takes into consideration all applicable laws, rules and regulations as well as best practices. The Board Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, President & GCEO and Non-Executive Directors (NED). It serves as a reference and primary induction literature, providing Board members and Management insight into the function of the Board. Board's specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.

Axiata Board Charter is available online at www.axiata.com//media/upload/corporate/Board_Charter.pdf

Roles and Responsibilities of the Board

In support of the Board Charter, Axiata has in place the Limits of Authority (LOA) document. The LOA serves to optimise operational efficiency and outlines high level duties and responsibilities of the Board and delegated day-to-day management of the Company to the President & GCEO. This delegation structure is further cascaded by the President & GCEO to the Senior Leadership Team (SLT) within the Company's CC. The President & GCEO and the SLT remain accountable to the Board for the authority being delegated.

The LOA is subject to review from time to time and any revision is first tabled to the Board Audit Committee (BAC) for recommendation before seeking the Board's approval. For the year 2016, the Board approved updates and/or revisions to the LOA covering; inter-alia, new capex governance process, strategy and business planning.

The following paragraphs describe how the Board of Directors of Axiata have discharged its key fiduciary duties and leadership functions and responsibilities in 2016:-

i) Review and Approve Strategic and Annual Business Plan and Budget

The Board plays a key and active role in the formulation and development of the Company's strategy. Annually, two off-site or retreat sessions are held for discussions on key strategies and proposed business plans for the following year. At the mid-year Board Strategy Retreat in July 2016, the Board focused on Axiata's Long Range Plan covering various areas crucial to Axiata's future; such as data leadership, convergence, new business opportunities, capex, organisational and cultural changes for turnaround and digital culture. A case study on convergence and business transformation in one of the world's largest mobile phone companies was also presented at the strategy retreat. Discussions during the mid-year retreat set the tone and provided direction in the formulation of the Company's strategy and business plans.

At the year-end Board Strategy and Business Planning Retreat in November 2016, the proposed business plan and budget were presented by the Management of Axiata and the OpCos. In this session, the Board deliberated in detail on the Group's annual strategy and business plan and provided their feedback and guidance before subsequent approval was sought. Selected topics such as network strategy, disruptive technology opportunities, digitisation and innovation were also dealt with in more detail during the year-end Retreat.

ii) Overseeing Conduct of Company's Business

On a quarterly basis, execution of annual strategy and challenges thereof are reported to the Board. Progress is monitored against the agreed KPIs approved by the Board. Major OpCos are also invited to present their performance on a rotational basis. This enables the Board to receive first hand updates from the Management of the respective major OpCos on their performance, key developments and/or issues and prospects.

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iii) Succession Planning

The Board through the BNC has oversight of the succession planning of Key Senior Management positions across the Group. A Group Talent Management Framework is put in place to identify and develop a group talent pipeline for future leadership across the Group. Through the framework and structured leadership development programme, mentoring and coaching, regular leadership assessments as well as cross-functional and cross-country assignments, the Group has met its target of identifying C-suite potentials providing a cover ratio of 2:1 from within the Group. Leadership talent pipeline is regularly reviewed via the Group Talent Council and assessed as potential successors for key positions in the Group against internal and external benchmarks. Update on talent framework, talent pool, succession plan and robustness of talent pipeline is presented to BNC and Board twice yearly and in 2016, it was presented in August and November.

During the year, the succession plan of three OpCos CEOs; namely, Celcom, Dialog and Robi were reviewed. Changes were planned and executed in transition and were fully in place by year end. Two regional positions were created; namely Regional CEO for South Asia and Regional CEO for Southeast Asia operations. These structural changes had created further opportunities and increased the bandwidth of Axiata CC.

The Board through the BNC also reviews candidates for key management positions and formulates nomination, selection and succession policies for members of the Board and the Group's key management personnel. The Board then deliberates on the BNC's recommendations and proactively provides guidance on talent management and succession planning.

Board's succession planning was a key agenda in 2016 and is further elaborated under Board Refresh and Succession Planning on pages 76 and 77 of this Annual Report.

iv) Identifying Principal Risks and Ensuring Implementation of Internal Controls and Mitigation Measures

Significant emphasis was placed by the Board on cybersecurity risk in 2016. This resulted in the setting up of the Cyber Security Steering Committee (CSSC), made up of members of BAC of Axiata, Celcom and XL reporting to the BAC of Axiata. A presentation on cybersecurity by external experts were made at the pre-Board meeting in May 2016 and in February 2017, the Chairman of the CSSC presented the findings on cybersecurity risk assessments of the Group and made recommendations on how to mitigate these risks to Axiata Board. These recommendations including development of 'best in class' were duly endorsed by Axiata Board.

A quarterly updated risk profile of the Group and each of the OpCos is presented to the BAC and Board. The BAC reviews in detail the major risks that the Group faces in its business and operations and management controls and processes that are in place to manage those risks. Such systems are designed to manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss. Focus areas of these risks are deliberated by the Board as they are raised by the Chairman of the BAC at Board meetings. Other than cybersecurity, key risks deliberated by the Board in 2016 included forex, treasury and regulatory risks.

v) Overseeing Development and Implementation of Shareholder Communications Policy

Axiata believes in building investor confidence and trust through transparent communication of its objectives and KPIs. The Company carried out its Investor Relations (IR) activities in accordance with its annual IR calendar which is tabled to the Board and available on the IR section of Axiata's corporate website. On a quarterly basis, the Board is apprised of these activities including the number of non-deal roadshows and conferences attended, summary of analysts' recommendations, investors' feedback and market consensus of the Group's annual performance against KPIs. Report on movements of the share price of Axiata and Total Shareholder Returns against indices and peers are also included.

Further details on IR activities undertaken by Axiata's IR function in FY16 is provided on page 89 of this Annual Report.

vi) Reviewing Adequacy and Integrity of Management Information and Internal Control System

The Board has the overall responsibility and accountability for the Group's internal control system and continues to maintain and review its internal control system to ensure, as far as possible, the protection of the Group's assets and the Company's shareholder investments. The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are captured in the Statement on Risk Management and Internal Control on page 96 of this Annual Report.

Roles and Responsibilities of Chairman & GCEO

There is a clear division between the roles and responsibilities of the Chairman and the President & GCEO as set out in the Axiata Board Charter. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations under the Axiata Board Charter and as required under the relevant legislations. Some of the specific responsibilities of the Chairman include:-

- i) Managing Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views,
- ii) Working closely with the President & GCEO to ensure provision of accurate, timely and clear information to facilitate the Board to perform effectively, be able to make informed decisions and to monitor the effective implementation of the Board's decisions; and
- iii) Ensuring meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions.

While the Chairman is a NINED by virtue of him being the representative of the major shareholder of the Company, he has never assumed an executive position in the Company.

The President & GCEO is responsible for the management of the Company's business, organisational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the SLT.

Board Composition Framework

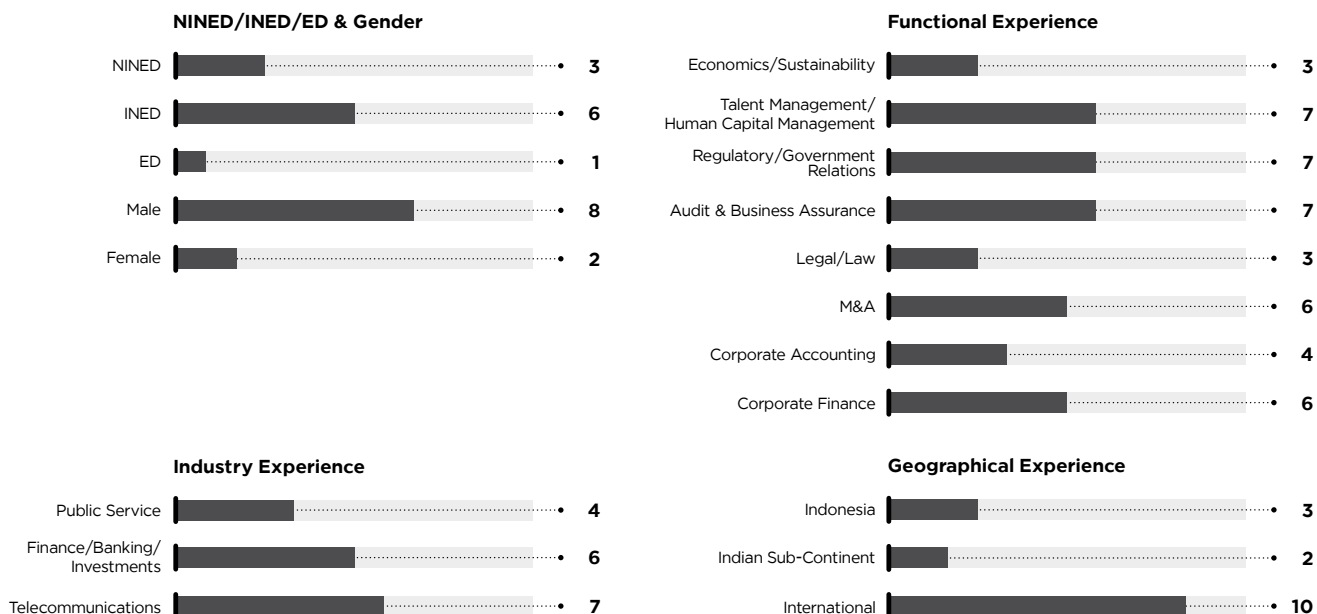
In designing its Board composition, Axiata remains true to its Board Composition Framework formulated in 2008. The framework took into consideration, amongst others, the complexity and geographical spread of the Group’s business, as well as best practices and recommendations in the Green Book as follows:-

- i) Maximum of 10 Board members (up to two Executive Directors (EDs). In recent discussions, the Board indicated a possibility that the Board composition may be larger than 10 in view of the new businesses and allowing a certain duration for Board transition and refresh;
- ii) Two Non-Independent Non-Executive Directors (NINEDs) representing Khazanah as the major shareholder;
- iii) More than 50% of the Board to comprise Independent Non-Executive Directors (INEDs) with various mix of skills, experience and diversity including in terms of nationality and gender; and
- iv) Up to three members with geographical experience matching Axiata’s footprint (Indonesia/Indian sub-continent/international).

Board Composition and Balance

The year 2016 saw several changes to Axiata Board composition, partly planned and unplanned as follows:-

- i) Juan Villalonga Navarro’s planned retirement at the 2016 AGM on 25 May 2016 as elaborated under Board Refresh and Succession Planning on page 77 of this Annual Report;
- ii) Dato’ Abdul Rahman Ahmad’s resignation due to his appointment as President & Group CEO of Permodalan Nasional Berhad on 30 September 2016;
- iii) Appointment of Dato’ Mohd Izzaddin Idris on 24 November 2016 to fill the vacancy created by Dato’ Abdul Rahman Ahmad’s departure; and
- iv) Appointment of Dato Dr Nik Ramlah Nik Mahmood on 21 March 2017 as elaborated under Board Refresh and Succession Planning on page 77 of this Annual Report.



The Board currently comprises of 10 Directors. Of the 10, three are NINEDs, two including the Chairman represent the interest of Khazanah and one by association to Khazanah, six are INEDs and one ED, namely the President & GCEO. INEDs make out more than 50% of the Board composition, exceeding the MCCG 2012 recommendation and the minimum number required under the Main LR. The high proportion of INEDs ensures effective check and balance on the Board with INEDs acting as caretakers for minority shareholders, providing unbiased perspectives and promoting constructive discussion of Management’s proposal.

The Board also ensures that it has appropriate mix of diversity, skills, experience and expertise to enhance the Board’s decision making capabilities. This is fundamental given the size and geographical presence of Axiata Group. The breadth of skillsets and experience of the Board is also instrumental to guide Axiata through the third phase of its transformation journey focused on redefining Axiata and shaping the future of telecommunications in the region in meeting its vision to become a ‘New Generation Digital Champion’ by 2020.

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Axiata Board's structured approach in designing the Board composition is mirrored throughout the whole Group with OpCos adopting their own Board composition framework which takes into consideration the companies requirements, local laws and regulations and agreements with partners. The framework ensures sufficient oversight and connectivity with Axiata Board, CC, Management and OpCos Management. It sees each OpCo having a maximum of nine members made up of Axiata INED, Group Management representatives, OpCos CEO and partner's representatives with good mix of skillsets and diversity covering operations strategy and finance.

Board Gender Diversity Policies and Targets

Axiata did not set a specific target on gender diversity but it is entrenched in its Board Charter that the Board would actively work towards meeting the Government's target of 30% women's participation on Boards. This is implemented by having a requirement for third party recruitment firms to shortlist at least 50% qualified women candidates in their search for Board candidates. Outcomes have not always been favourable, but it puts much emphasis on Axiata's efforts to pursue this agenda and strengthen the Group and Board's performance. This approach has enabled Axiata to make progress in this regard without compromising on the normal selection criteria of a Director.

In the last two years, Axiata has appointed the following capable and qualified individuals on its Board and the Boards of its OpCos:-

- i) Dato Dr. Nik Ramlah Nik Mahmood as INED of Axiata;
- ii) Dian Siswarini Soetiman as President Director of XL;
- iii) Khatijah Shah Mohamed as INED of Celcom; and
- iv) Rosanna Annizah Ahmad Rashid as INED of edotco Group.

Independence

Axiata measures the independence of its Directors based on the criteria prescribed under the Main LR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. A Director should also be willing to express his opinion at the Board free of concern about his position or the position of any third party. The Board believes that it is impractical to formulate a list of criteria which is appropriate to characterise, in all circumstances, whether a NED is independent and instead choose to assess the INEDs based on intrinsic independent values demonstrated by the INEDs. Objective assessment of the independence of Directors based on the provisions of the Main LR is carried out before the appointment of Directors and reaffirmed annually. The review of Directors' independence also form part of the annual Individual Director Peer and Self Review carried out by the BNC whereby INEDs are essentially assessed based on the spirit, intent, purpose and attitude of each INED as well as readiness to challenge and debate, which is considered as exhibiting independent judgment and ability to act in the best interest of Axiata.

During the financial year 2016, none of Axiata INEDs disclosed any relationships that could materially interfere with, or be perceived to materially interfere with their independent judgement and ability to act in the best interest of Axiata. Based on the feedback from BEE for 2016, the Board was rated highly in having a suitably strong element of independence and the INEDs were rated highly on their ability to demonstrate the values

and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of all stakeholders' interest and ability to effectively delineate their role of providing oversight as Independent Directors.

Independence Term Limit

The Board subscribes to the nine-year independence limit prescribed in MCGG 2012. Notwithstanding the tenure limit, the Board recognises that INEDs would have developed a good understanding of Axiata Group's businesses over time and Axiata could lose their valuable contributions simply by phasing out INEDs who have reached the limit. In this regard, the Board still believes that term limits do not in any way interfere with an INED's judgement and ability to act in the best interest of the Company and as such, the INEDs could be re-designated as NINED or retained as independent Director as prescribed under MCGG 2012. Assessment, however, will be carried out by the BNC based on 'independence' criteria adopted by the Company to assess whether a Director can remain as an INED after serving a cumulative term of nine years. Recommendations by the Board and justifications to shareholders will be provided in circumstances where a Director is to remain as INED despite serving more than nine years.

As at the date of the Annual Report, three of Axiata INEDs; namely, Tan Sri Ghazzali Sheikh Abdul Khalid, Datuk Azzat Kamaludin and David Lau Nai Pek have reached the nine years' cumulative term as Independent Directors. In accordance with the recommendation of the MCGG 2012, shareholders' approval will be sought for the three Directors to be retained as INEDs. Details of BNC and Board review on the independent status of the said INEDs are provided under the section on Review of Directors for Re-Election/Re-Appointment on page 82 of this Annual Report.

Board Refresh and Succession Planning

A report from one of the previous Board Effectiveness Evaluation highlighted that most Axiata INEDs would reach the nine year cumulative term limit under the MCGG 2012 at about the same time in 2017. It was proposed that a phased retirement plan be put in place to ensure smooth transition. This proposal was followed through by the Board through the BNC which spent a considerable amount of time consulting each Board member on their individual plans and deliberating on the same in the context of the overall Board composition requirements.

The Board was able to conduct an open and transparent discussion on Board refresh and succession planning with a clear objective to achieve a more balanced board tenure and mitigate the potential risk of 'groupthink' often observed in cohesive teams that have been together for an extended period of time.

In 2016, a clear phased retirement plan has been adopted around the following parameters:-

- i) Axiata INEDs tenure as independent directors shall not exceed cumulative term of 12 years;
- ii) Phased retirement plan for Axiata INEDs from 2016-2020;
- iii) Where the skillset is unique, the successor will overlap the retiring INED for a period of transition; and
- iv) Continue to observe the gender diversity agenda on best effort basis.

The plan was put in motion with the retirement of Juan Villalonga Navarro at Axiata's AGM in 2016. Thereafter, one each of the long serving Axiata INEDs will retire in each subsequent year until 2020. With new appointments expected to take place, more than 50% of the Board composition will be refreshed by the year 2020.

The appointment of Dato Dr. Nik Ramlah, a qualified legal practitioner with extensive experience in corporate and regulatory affairs is part of the transition plan to replace a unique skillset in the field of law that the Board is expected to lose in the phased retirement plan.

Axiata is still in the midst of searching for replacement for Juan Villalonga Navarro who brought with him global experience and years of telco industry expertise. From a previous review on Board composition, there is also a requirement to find a millennial candidate with digital, entrepreneur and disruptor mindset. This additional skillset and diversity would further strengthen the Board during this challenging period for the telco industry and as Axiata accelerates its own agenda on digitisation and innovative technologies and solutions.

Board Appointments

There is a clear and transparent process for the selection, nomination and appointment of suitable candidates to the Board of Axiata as described in the chart below:-



The review of candidates for Board appointment has been delegated to the BNC and such responsibilities include reviews of the existing composition of the Board to identify gaps based on Axiata's Board composition framework. Subsequently, BNC reviews and recommends to the Board a candidate with the relevant skillsets, expertise and experience to fill the gaps. Other criteria such as integrity, existing commitments, potential risks and/or conflict of interests and ability to bring a different perspective and increase diversity of the Board are also considered in BNC's review to assess suitability of candidates for appointment to the Board. The process for Board appointment also mandates the BNC/President & GCEO to engage external consultants and this has been utilised on several occasions.

Recent appointments of Dato' Izzaddin on 24 November 2016 and Dato Dr Nik Ramlah on 21 March 2017, did not deviate from this process.

When Dato' Abdul Rahman resigned from Axiata Board on 30 September 2016, the Board identified gaps in areas such as mergers and acquisitions, finance, banking and investments. Dato' Izzaddin, a member of Malaysia Institute of Accountants and a fellow member of Certified Public Accountants of Australia, was identified as a potential successor through internal recommendation. His position as Group Managing Director/CEO of UEM Group Berhad and previous experience as CFO and key positions held in banking, finance and corporate affairs in large corporations made him a strong candidate to replace Dato' Abdul Rahman and after a meeting with several BNC and Board members, Axiata formalised Dato' Izzaddin's appointment.

In the case of Dato Dr Nik Ramlah, her candidacy was first mooted internally but external consultant was engaged in the process. President & GCEO and BNC members met with Dato Dr Nik Ramlah, a former Deputy CEO of the Securities Commission of Malaysia before formalising her appointment as INED.

Upon his/her appointment, the director will receive a letter of appointment outlining his/her duties and responsibilities and disclosure required of him/her in compliance with the CA 2016, Capital Market & Services Act 2007 (CMSA 2007) and Main LR. The letter of appointment encloses Axiata's governance documents such as Board Charter/Board Committees' Terms of Reference (ToR) and documents outlining NED remuneration and benefits.

Directors' Time Commitment

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees which they are part of. While it is impossible to be specific about the actual or maximum time commitment, a NED of Axiata is expected to devote such time as is necessary to attend all Board and committee meetings, AGM/EGM, Directors' training, Board networking events, meetings with various stakeholders and site visits.

A Director is expected to advise the Chairman of the Board or in his absence, the Chairman of the BNC, of his/her intention to join the Board of another public listed company outside the Group. In doing so, the Director is expected to indicate the time commitment with respect to the new appointment. If necessary, the Chairman and/or Chairman of the BNC will consult with the rest of the Board members as to whether the proposed new appointment is likely to impair the Director's ability to devote the necessary time and focus on his/her role as a Director of the Company.

In any given circumstances, in accordance with the provision of the Main LR and additional provision in the Green Book, members of the Board are expected to serve in no more than five and 10 public listed and private companies respectively.

The President & GCEO, who is the ED of Axiata, does not serve as a Director of other listed companies outside the Group.



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Board Induction/Orientation Programme

Each new Board member participates in a formal Board Induction programme coordinated by the Group Company Secretary together with the President & GCEO. The orientation program includes in-person presentations with the SLT with the objective of providing newly appointed Directors with the necessary information and overview to assist them in understanding the operations, current issues, corporate strategies, challenges as well as the structure and management of the Company.

The program generally covers the following topics:-

- i) Company vision, mission and objectives;
- ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and IR;
- iii) OpCos engagement process, background and major developments;
- iv) Risk Management, Talent Management and Leadership Development Programme;
- v) Technology updates and initiatives;
- vi) Mergers and Acquisitions (M&A) updates;
- vii) Regulatory issues and recent developments; and
- viii) Corporate, Board and Governance structure.

In addition, a telecommunications industry primer on the essentials of mobile communications highlighting key concepts and terminology of the mobile telecoms industry is also offered to appointees. On-site briefings or site visits may also be requested by the Directors of Axiata for them to gain more insights into the business and operations aspects of the Group. A few such events have been organized in the past.

Both Dato' Izzaddin and Dato Dr Nik Ramlah attended Board Induction not long after their appointments.

Re-Election & Re-Appointment of Directors

In accordance with the Articles of Association of the Company (Articles), newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment and one-third of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. The President & GCEO, as Director, is subject to the same retirement by rotation provisions as the other Directors notwithstanding any contractual terms that may have been entered into with the Company.

At this forthcoming AGM, the two Directors who will be retiring by rotation under Article 93 are Dr Muhamad Chatib Basri and Kenneth Shen. Dato' Izzaddin and Dato Dr Nik Ramlah who were appointed after the 24th AGM will be seeking re-election under Article 99(ii). All being eligible, have offered themselves for re-election.

With the coming into force of the CA 2016 on 31 January 2017, which repealed Section 129 of the CA 1965, there is no age limit for directors. At the 24th AGM held on 25 May 2016, Tan Sri Ghazzali Sheikh Abdul Khalid and Datuk Azzat Kamaludin, both of whom are above the age of 70, were re-appointed pursuant to Section 129 of the CA 1965 to hold office until the conclusion of the next AGM. Their term of office, therefore will end at the conclusion of this AGM. In view of the above, their re-appointment will be sought at this forthcoming AGM for them to continue as Directors from the date of the AGM and they shall be thereafter subject to retirement by rotation.

Board Meetings and Attendance

The calendar for Board meetings providing scheduled dates for meetings of the Board (including Pre-Board and Board Retreat sessions), Board committees and AGM as well as the Board Annual Calendar providing major items on the agenda for each financial year are fixed in advance for the whole year so as to enable Management to plan ahead and ensure that the Board meetings are booked into their respective schedules.

Where any decisions are required expeditiously or urgently from the Board between scheduled meetings, special Board meetings are convened by the Group Company Secretary with sufficient notice after consultation with the Chairman.

In 2016, the Board met 13 times (including four special board meetings, the off-site Mid-Year Strategy Retreat and Year-End Retreat) spending a total of approximately 78 hours.

The overall calendar of meetings of the Board and Committees held in 2016 and attendance of the respective Directors are provided below:-

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
BOD	• Special •	•	•		•	• Special	• Special • Mid-Year Strategy Retreat	•	• Special		• • 2-day Business Planning	• Special
BAC	•	•	•		•			•			•	
BNC		•	•		•	• Special	• Special	•			•	
BRC	•	•	•									

Analysis of percentage of time spent by the Board of Axiata on agenda items deliberated at Board meetings in 2016 is provided below:-

Total Number of Meetings

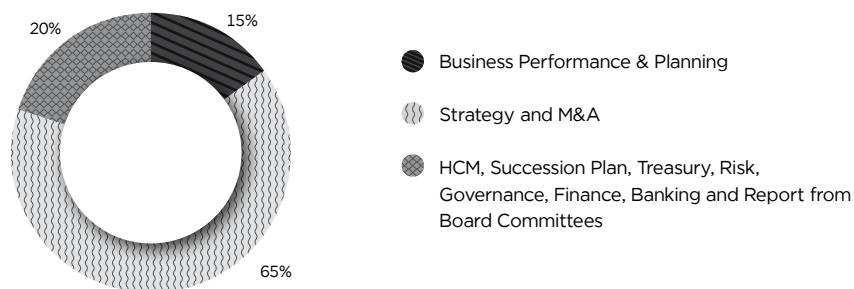
Board - 13, BAC - 6, BNC - 7, BRC - 3

Total Hours

78 hours (Including Board Retreats)

Strategy Retreat (June): 21 hours

BP Session (November): 22 hours



	Board (13)	BAC (6)	BNC (7)	BRC (3)
Tan Sri Dato' Azman Hj. Mokhtar	12/13 (92%)	n/a	n/a	n/a
Tan Sri Jamaludin Ibrahim	13/13(100%)	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	13/13(100%)	n/a	6/7(86%)	3/3(100%)
Datuk Azzat Kamaludin	11/13 (85%)	6/6 (100%)	7/7(100%)	3/3(100%)
Dato' Mohd Izzaddin Idris*	2/2 [∞] (100%)	n/a	n/a	n/a
David Lau Nai Pek	13/13(100%)	6/6 (100%)	n/a	n/a
Ann Almeida	7/13 (54%)	n/a	6/7 (86%)	2/3 (67%)
Dr Muhamad Chatib Basri	10/13 (77%)	n/a	n/a	n/a
Kenneth Shen	12/13 (92%)	6/6 (100%)	7/7(100%)	3/3(100%)

* Appointed on 24 November 2016

∞ Number of Board meetings held after his appointment

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Supply of Information

In line with the Green Book, the Board receives Board meeting agenda and meeting papers within at least 14 days and seven days respectively prior to Board meetings. In order for Board meetings to be more effective and to enable in-depth deliberations of matters, the meeting agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposals and/or whether there are items for approval, discussion or notation by the Board. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate presentation of the subject matter. The Board Paper guidelines prescribes a format which includes an Executive Summary outlining the salient key points of matters to be deliberated. Based on Board's feedback, the guidelines have recently been revised to reduce the number of pages of board papers to between 10 to 15 pages only for routine matters in order not to have important details buried in lengthy Board papers.

In early 2016, Axiata rolled-out a common platform across the Group to disseminate Board documents in a more efficient and secure manner digitally. Through the digital platform, Board and Board Committee meetings are more efficiently managed and Board documents, including updates, are distributed in a more timely manner, aiding them in making well-informed decisions.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings with clear actions to be taken by responsible parties are recorded in the minutes. Decisions of the Board are made unanimously or by way of majority after the issues are thoroughly deliberated by the Board members.

Board papers and presentations by Management at each Board meeting are rated by the Board. In 2016, the overall average Board rating on the quality of Management papers and presentations was 4.25 out of 5.0 points.

Whenever necessary, Management or external advisors are also invited to attend the Board and Board Committee meetings to explain matters within their competencies and provide clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

As the Group's quarterly results is one of the regular annual schedule of matters which are tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in Axiata's securities are also circulated to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information. This is to comply with the Main LR and the CMSA 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which have not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In 2016, none of the Directors dealt in Axiata's securities during the closed period.

Management of Conflicts of Interest

The Board aims to avoid conflict of interest with the Group as far as possible and formal procedures for managing compliance on conflicts of interest has been in place. Where the Board is considering a matter in which a Director

has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter and, where appropriate, excuses himself/herself from being present in the deliberations. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in Axiata on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions. This is recorded in the minutes of the meetings.

The following transactions undertaken in 2016 saw both the representatives of Khazanah declaring their interest and abstaining from any deliberations and/or voting when the matters were presented to the Board:-

- i) Infrastructure collaboration covering High Speed Broadband Services Agreement, Wholesale Internet Access Services, Fiber Backhaul Connectivity Services and Wholesale Bandwidth Services Agreement;
- ii) Domestic Roaming Services and Domestic Roaming Facilities Agreement between Celcom, TM and Packet One Networks (Malaysia) Sdn Bhd; and
- iii) Divestment by Axiata of edotco Shares to Khazanah for a cash consideration of USD200.0 million.

In these instances, the interested Directors sought clarification on their positions and advice from legal advisors and board members and acted accordingly.

Board Access to Management, Company Secretary and Independent Professional Advice

The Directors enjoy complete and unrestricted access, either collectively or in their individual capacities to the SLT and Group Company Secretary. Directors may seek briefing from the SLT on specific matters, in addition to regular presentations by the SLT to the Board and Board Committees. Directors may also interact directly with, or request further explanation, information or update on any aspects of the Company's operations from the SLT. Selected Board members were invited by SLT on several occasions to deliberate and/or provide their inputs on matters which SLT intends to propose to the Board for approval.

The Board has strong support from an experienced, competent and knowledgeable Group Company Secretary who works closely with the President & GCEO and the SLT to ensure timely and appropriate information flow within the Board and Board Committees and between the NEDs and SLT. The Group Company Secretary is also responsible to give clear and sound advice to the Board, through the Chairman, on all governance matters and assist the Board and Chairman on the implementation of an effective corporate governance system. The Group Company Secretary attends all meetings of the Board and relevant Board Committees and is responsible for the accuracy and adequacy of records of proceedings of the Board and Board Committees and resolutions. The appointment, remuneration and removal of the Group Company Secretary are also matters for the Board to decide to ensure a qualified and suitable individual is selected.

The profile of the Group Company Secretary is provided on page 64 under the Profile of Axiata's Management Team.

In ensuring uniformity of Board conduct and effective boardroom practices, the Group Company Secretary has oversight on the overall corporate secretarial functions of the Group, both in Malaysia and in the countries

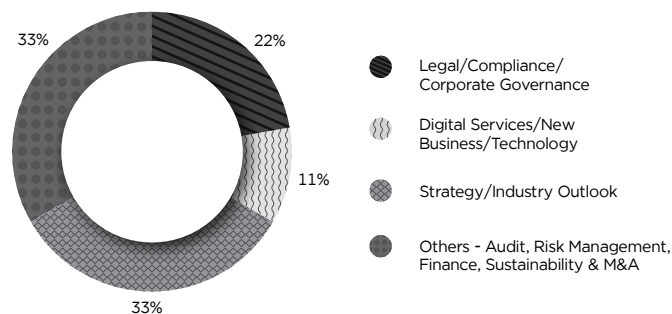
where the Group operates. The Group Company Secretary also serves as an adviser and support centre to the named secretaries in the countries where the Group operates on matters pertaining to governance and facilitates the flow and sharing of information.

The Board is also authorised, whether as a full Board or in their individual capacities, to seek independent professional advice, if necessary, at the Company’s expense from time to time to enable the Board to discharge its duties in relation to matters being deliberated. Similar access is also extended to all Board Committees on the same basis. Appropriate procedures are in place to allow access to such advice. No Board matters were referred to external legal counsels for advice during 2016.

Directors’ Training & Education

A dedicated training budget is allocated every year for Directors’ continuing education. ‘Guidelines for Axiata Board Training Program’ (BTP Guidelines) adopted by the Board provides a framework to effectively address the training needs of the Board including types of training applicable to Directors (newly appointed and existing Directors), budget provision, internal process and reporting on Directors’ Training.

2016 Directors’ Training Areas



Annually, the BNC through feedback provided by the Board during the BEE and annual review of Directors’ training needs, identifies training needs of Axiata Directors. The Group Company Secretary has the responsibility of ensuring the relevant training programmes are brought to the attention of the Board. Directors’ focus are no longer on topics related to regulatory and governance alone but also industry related and current issues. Directors’ training report covering training program disseminated to the Board and attended by directors are tabled to BNC bi-annually to enable the BNC to keep track of Directors’ training progress.

In line with the BNC’s recommendation for Board members to attend seminars and/or conferences focusing on digital services, technology and new business taking into consideration Axiata’s digital services and new business initiatives, in 2016, the GSMA Mobile World Congress held annually in Barcelona and Mobile World Congress in Shanghai were included as major training events. BNC recommended two to three Directors to attend annually under Axiata’s NEDs’ entitlements of Annual Overseas Business Development Trip (AOBDT).

Some of the training/conferences/seminars and/or workshops, internal and external, in which members of the Board have participated during 2016 are listed in **Appendix 1** of this Statement.

BOARD EFFECTIVENESS EVALUATION

Board evaluation for Axiata is an effective avenue to assess the Board’s collective performance as well as that of individual Directors. It is an integral part of the Board’s annual activities and is carried out under the supervision of the BNC which plays a key role in determining the methodology and approach, areas of assessment and selection of consultants to facilitate the exercise.

The same facilitator who was appointed to do a comprehensive 360 degrees review in 2013 and subsequent updates in 2014 and 2015 was appointed to facilitate the 2016BEE. A refresher approach based on similar set of criteria and questionnaires were used for the Board to provide their ratings as an update of the areas measured in the preceding BEE which covers both Board and self-peer evaluation as follows:-

Board	Self-Peer
<ul style="list-style-type: none"> Group Dynamics and Effectiveness Overall impressions of the Board - Effectiveness, Involvement and engagement, Structure and composition Board Organisation – Agendas, meeting frequency, quality, structure and timeliness of Board materials, discharge of duties, adequacies of time for deliberations, information & support materials, strategic oversight, balance, size, gender diversity, skillsets, independence elements Board Committees – Organisation, agendas, meeting frequency, performance of members, size, balance of topics discussed and adequacies of report to Board Succession Planning and Development Communications 	<ul style="list-style-type: none"> Knowledge and understanding on strategy, market, critical success factors, business risk, performance measures, financial discussions, awareness, risk management, skills and experience Analytical skills Preparation for Board meetings, time commitment and commitment to professional development Independence - Ability to speak openly, and ability to demonstrate independence exemplified by impartiality, objectivity and consideration of all stakeholders’ interest

Based on the findings of the 2016BEE tabled to the Board at its meeting in April 2017, the key themes highlighted in previous years’ report remained consistent. Axiata Board continues to be seen as a well-run, high quality Board that facilitates robust exchange of views during Board discussions. The Board is committed to the highest standards of good governance and marked improvements were reported in leveraging of technology to enhance efficiency and effectiveness of Board’s deliberations and support materials for Board committees.

On the suggested areas of improvement, Board and Management succession planning were already being actively addressed along with gender diversity and skillset. Other suggestions on administrative matters were noted by the Board and will be addressed as appropriate.

STATEMENT ON CORPORATE GOVERNANCE

Review of Directors Standing for Re-Election/Re-Appointment

In order to assist BNC in the discharge of its duties pertaining to the assessment of Directors retiring and seeking re-election at the forthcoming AGM, the report of the 2016BEE included feedback and ratings on these Directors. In its assessment, the BNC took into consideration the self-peer ratings on the areas evaluated in the BEE, feedback from other Directors in the evaluation and contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Company, BNC's recommendations are thereafter submitted to the Board and shareholders' for approval.

Kenneth Shen excellent ratings have been consistent and in the overall, remained one of the highest rated Director. He was perceived as having a strong understanding of Axiata's vision and markets and performance measures employed by Axiata. His experience in international business and contribution to Axiata's strategy development is viewed as a valuable asset to the Board.

Dr Muhamad Chatib Basri has been a consistent performer particularly on his understanding of Axiata's market; specifically, Indonesia. He was rated highly on principles and values associated with independence with his consistency to demonstrate them during Board discussions. His ability to listen to other Directors' ideas and to communicate openly and honestly also further evidenced his quality as an Independent Director.

Tan Sri Ghazzali Sheikh Abdul Khalid is rated highly on his knowledge and understanding of his role as a Board member and role of the Board in governing Axiata. Although collegial in nature, he strongly demonstrates his independence through his objective chairmanship of the Board committees and on discussions affecting management. He is also objective in providing inputs on many issues especially on human capital and geopolitical issues. The Board is of the view that he should remain as an INED and recommends his re-appointment.

Datuk Azzat Kamaludin rated highly on his understanding of the market and contribution to strategy development. His strong legal and compliance knowledge is valued by the Board as the Group continue to operate across its footprints. As an INED, he continues to demonstrate his independence by his forthright, critical assessment and evaluation of issues before the Board and viewed as uncompromising in upholding the integrity and good governance in the conduct of Board's responsibilities. Rated highest around his contributions and consistency to demonstrate values and principles associated with impartiality and objectivity during Board discussions, the Board recommends his re-appointment and for him to continue to serve as an INED.

David Lau was rated highly on his understanding of Axiata's market and the factors critical for the success of the Group. His contributions and objectivity in discussions on financials and performance measures and/or financial metrics as well as taking into consideration all stakeholders' concerns are impeccable. He is a high quality and credible Board member who is able to balance matters well between challenging and supporting which is evident in his approach to challenge management figures and/or statistics on capex and possible profitability indexes. David had close to the maximum rating among his peers in his consistency to demonstrate and uphold the values and principles associated with his independence status. The Board recommends him to continue as an INED for approval by the shareholders.

All the above INEDs have re-affirmed their independence based on the independence criteria under the provisions of the Main LR applied by the Company.

Board Committees

There are currently four main Board Committees namely:-

- BAC;
- BNC;
- Board Remuneration Committee (BRC); and
- Axiata Digital Services Investment Board Committee (AIB).

The ToRs of the Board Committees are available online at <https://axiata.com/corporate/corporate-governance/>

Board Committee meetings are normally held in conjunction with the Board meetings. All deliberations, recommendations and decisions of the Board Committees are recorded and minuted and subsequently confirmed by the Board Committees at the subsequent Board Committee meetings. During Board meetings, the Chairman of each respective Board Committee provides summary reports of the decisions and recommendations made by the Board Committee and highlights to the Board if any further deliberation is required at Board level. Verbal reports are provided if Board committees are held on the same day as the Board meetings.

A brief description of each Board Committee is provided below:-

BAC

The members of BAC are as follows:-

- i) David Lau Nai Pek – Chairman, INED (Member of Malaysian Institute of Accountants and New Zealand Institute of Chartered Accountants);
- ii) Datuk Azzat Kamaludin – Senior INED; and
- iii) Kenneth Shen – NINED

All BAC members are financially literate, well above the level needed for a BAC.

Further details on the summary of activities of the BAC during FY16 are set out separately in the BAC Report on pages 105 to 107 of this Annual Report.

The Group Chief Financial Officer (GCFO) and Group Financial Controller attend all meetings of the BAC except when meetings are held between the BAC and external auditors without Management's presence. During the year 2016, the BAC met with the external auditors without Management's presence on 16 February 2016 and 23 August 2016.

BNC and BRC

The BNC and BRC currently comprise of the same members as follows:-

- i) Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED;
- ii) Datuk Azzat Kamaludin – Senior INED;
- iii) Ann Almeida – INED; and
- iv) Kenneth Shen – NINED

BNC

The key responsibilities of the BNC are as follows:-

- i) To oversee the selection and assessment of Directors and to ensure that the Board composition meets the needs of the Group;
- ii) To facilitate and review Board induction and training programs;
- iii) To recommend or approve, as the case may be, based on the ToR, the appointment of key management of the Group;
- iv) To assess the effectiveness of the Board, Board Committees and individual Directors (including the President & GCEO); and
- v) To review, on an annual basis, the size of the Board and the required mix of skills, experience and responsibilities present on the Board in ensuring the continued effectiveness of the Board.

In 2016, the BNC considered and made recommendations to the Board on the following matters:-

- i) Directors independence term limit and succession planning for INEDs reaching the nine year cumulative term limit under MCGG 2012;
- ii) Appointment of Dato' Mohd Izzaddin as Axiata Board member;
- iii) Appointment of members of AIB;
- iv) Appointment of GCFO of Axiata;
- v) Directors' training needs and 2016 Annual Training Calendar;
- vi) Appointment and extension of employment contracts of key personnel of Axiata;
- vii) Nomination of Directors for major OpCos;
- viii) Succession planning for key positions including GCEO and CEOs of OpCos;
- ix) 2015BEE findings and follow-up actions; and
- x) Approach for 2016BEE.

BRC

The key responsibilities of the BRC are as follows:-

- i) To assist the Board in determining the policy and structure for the compensation of NEDs and remuneration of the ED and key management of the Group; and
- ii) To recommend to the Board the remuneration of the ED in all its forms and compensation of NEDs, drawing from outside advice as necessary.

In 2016, the BRC considered and made recommendations to the Board on the following matters:-

- i) Performance achievements and rewards for the President & GCEO;
- ii) Performance of the Group Company Secretary against pre-determined KPIs for 2016;
- iii) Bonus pool and salary increment for 2016;
- iv) Additional grant of Restricted Share Awards (RSA) to the President & GCEO; and
- v) Long Term Incentive Plan for Axiata and ADS.

AIB

The key responsibilities of the AIB is to review and approve Axiata Digital equity investments within the Group, of up to a maximum of USD20 million as specified in the Limits of Authority of Axiata applicable to digital services.

The members of AIB are as follows:-

- i) Dato' Mohd Izzaddin - Chairman, NINED;
- ii) David Lau Nai Pek - INED;
- iii) Kenneth Shen - NINED;
- iv) Tan Sri Jamaludin Ibrahim, President & GCEO, Axiata;
- v) Dr Hans Wijayasuriya, Regional CEO, South Asia; and
- vi) Mohd Khairil Abdullah, CEO, Axiata Digital

During FY16, the AIB met 2 times where investment decisions were made.

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION**Axiata****Non-Executive Directors**

As a regional company, the remuneration philosophy is to develop a remuneration structure that commensurates with the Directors responsibilities at both Board and Board Committee level and is sufficient to attract, incentivise and retain quality Directors. The review of the remuneration structure undertaken in 2014 was the first since the inception of Axiata as a listed company in 2008. The review brought about the introduction of monthly fixed fees for Board Committees which were absent from Axiata NEDs remuneration component, putting Axiata in the minority.

The introduction of the monthly fixed fees for Board Committees and payment of the same together with the Board monthly fixed fees was approved by the shareholders at the AGM. The following table outlines the remuneration and benefits components/structure for Axiata's NEDs:-

Remuneration	Monthly Fees ¹ (RM)		Meeting Allowances ² (RM)	
	NEC ³	NED	NEC ³	NED
Board of Directors	30,000.00	20,000.00	3,000.00	2,000.00
BAC	4,000.00	2,000.00	3,000.00	2,000.00
BNC	1,200.00	800.00	1,500.00	1,000.00
BRC	1,200.00	800.00	1,500.00	1,000.00
Other Board Committees	Nil	Nil	1,500.00	1,000.00

¹ In accordance with shareholders' approval, Axiata pays Board and Board committees' Directors' fees on a monthly basis

² Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days

³ NEC refers to Non-Executive Chairman

Benefits

Benefits such as annual overseas business development trips, leave passage, travel allowance, travel allowance for non-resident NEDs, equipment, telecommunication facilities, insurance and medical.

Frequency of Review

Targeted to occur every five years, the last review was undertaken in 2014. Director's remuneration is decided by the Board collectively after review by the BRC and the individual Director does not participate in decisions regarding his/her remuneration package.



OpCos

A remuneration and benefits policy was formulated for NEDs of the Group based on annual revenue per annum of the OpCos. The policy serves as a guidance and is applicable to active companies in Axiata Group. Its application is subject to compliance with local laws, joint venture and/or shareholders' agreement, listing rules and other internal requirements and is approved by the respective OpCo.

The following table outlines the remuneration structure for NEDs of the Group:-

Company	Designation	Monthly Fees (MYR unless indicated otherwise)	Meeting Attendance per Meeting (MYR unless indicated otherwise)				
			Board of Directors	BAC	BNC/BRC	Executive Committee	Other Board Committees
Celcom	NEC	12,000.00	2,000.00	2,000.00	1,000.00	-	750.00
	NED	8,000.00	1,500.00	1,500.00	750.00	-	500.00
XL	President	IDR100M	IDR5M	-	-	-	-
	BOC, Member	IDR70-100M	IDR5M	-	-	-	-
	BAC, Member	IDR60M	-	-	-	-	-
Dialog	NEC	USD975.00	USD975.00 (AGM: USD650.00)	USD975.00	USD490.00 (BNC & BRC)	USD490.00	USD390.00
	NED	USD750.00	USD750.00 (AGM: USD500.00)	USD750.00	USD375.00 (BNC & BRC)	USD375.00	USD300.00
Robi	NEC	USD2,500.00	USD300.00	USD300.00	USD150.00 (BRC Only)	-	-
	NED	USD2,000.00	USD200.00	USD200.00	USD100.00 (BRC Only)	-	-
Ncell	NEC	USD2,500.00	USD300.00	USD300.00	USD150.00 (BRC Only)	-	-
	NED	USD2,000.00	USD200.00	USD200.00	USD100.00 (BRC Only)	-	-
edotco	NED	8,000.00	1,000.00	1,000.00	750.00	-	350.00
	NEC	6,000.00	700.00	700.00	500.00	-	250.00
Smart	NEC	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-
	NED	USD1,200.00	USD300.00	USD300.00	USD150.00	-	-
Axiata Digital Advisory Board	NED	-	5,000.00	-	-	-	-

NED who is an employee of Axiata Group shall not be entitled to receive Fixed Fee and Meeting Allowance from all companies in which he/she is a Director.

Benefits

Overseas and in-country entitlements for travels, travel allowance for non-resident NEDs, mobile communication devices and telecommunication facilities.

NED shall be entitled to receive Fixed Fee and Meeting Allowance from all the companies within Axiata Group in which he/she is a Director but shall be entitled to receive the benefits from one company only within Axiata Group. NED who is an employee of Axiata Group shall be entitled to receive the benefits from one company only within Axiata Group.

STATEMENT ON CORPORATE GOVERNANCE

The number of Directors of the Company whose total remuneration including remuneration for services rendered by them to Axiata Group during the financial year falls within the required disclosure band is as follows:-

Breakdown of the aggregated remuneration of NEDs for FY16 into appropriate components is set out below:-

Name of Director	Axiata			Subsidiaries		Total (RM'000)
	Fees (RM'000)	Meeting Allowances ^a (RM'000)	Monetary Value of Benefits-in- Kind (RM'000)	Fees (RM'000)	Meeting Allowances (RM'000)	
Tan Sri Dato' Azman Hj. Mokhtar ^b	360	42	115	-	-	517
Tan Sri Ghazzali Sheikh Abdul Khalid ^c	269	48	44	214	15	590
Datuk Azzat Kamaludin ^d	283	57	25	144	48	557
Dato' Abdul Rahman Ahmad ^e	187	30	50	-	5	272
Dato' Mohd Izzaddin Idris ^f	25	4	-	-	-	29
David Lau Nai Pek ^g	276	70	65	228	39	678
Juan Villalonga Navarro ^h	110	6	8	-	-	124
Ann Almeida	259	31	17	-	-	307
Dr Muhamad Chatib Basri ⁱ	240	28	58	289	17	632
Kenneth Shen ^{b, j}	282	59	84	73	6	504
Total (RM'000)	2,291	375	466	948	130	4,210

a. Meeting Allowances cover BAC, BNC, BRC and other Board committees

b. Fees and Meeting Allowances paid directly to Khazanah

c. Fees and Meeting Allowances from subsidiaries-Robi and Ncell

d. Fees and Meeting Allowances from subsidiaries-Dialog and edotco

e. Meeting Allowances for Axiata Digital Advisory Board

f. Appointed on 24 November 2016. 50% of Fees and Meeting Allowances paid directly to UEM Group

g. Fees and Meeting Allowances from subsidiaries-Celcom, Smart and edotco

h. Retired on 26 May 2016

i. Fees and Meeting Allowances from subsidiary-XL

j. Fees and Meeting Allowances from subsidiary-edotco

Breakdown of the aggregated remuneration of Tan Sri Jamaludin Ibrahim for FY16 into appropriate components is set out below:-

	(RM'000)
a. Salaries, Allowances and Bonus	5,500
b. Benefits (Contribution to EPF, ESOS and RSA Expenses and Monetary Value of Benefits-in-Kind)	2,989

Executive Director

The Company's policy on remuneration for the ED is similar to previous years which is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate an ED of the highest calibre to competently manage the Company.

The component parts of the remuneration are therefore structured to link the remuneration package with corporate and individual performance as well as relative shareholders' returns and takes into account similar packages at comparable companies (of similar size and complexity to Axiata locally; and in the same industry in the region), based on information prepared by independent consultants and survey data.

The BRC reviews and recommends the remuneration package of the ED for the Board's approval and it is the responsibility of the Board as a whole to approve the total remuneration package of the ED, giving due considerations to law and corporate governance principles. The current remuneration policy of the ED consists of basic salary, performance-linked bonus, benefits-in-kind, EPF contributions and RSA respectively based on the recommendation of the BRC. The ED is not entitled to monthly fees nor is he is entitled to receive any meeting allowances for the Board and Board Committee meetings he attends both for Axiata and subsidiaries.

The performance of the ED is measured based on the achievements of his annual KPIs. These KPIs comprise not only quantitative targets, such as annual targeted revenue, EBITDA, PATAMI or Return on Invested Capital (ROIC) and relative performance of the OpCos, but also qualitative targets which include strategic milestones and initiatives that need to be achieved and implemented on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development. The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Group's aspirations.

The evaluation on the achievement of each of the KPIs against an agreed performance standard is reviewed by the BRC and the recommendations of the BRC are tabled for approval by the Board. The rewards accorded to the ED for his achievement of the respective KPIs comprise annual bonuses and long term incentive plan in the form of RSA or options over the shares of the Company. In the case of RSA, its vesting is further subject to performance conditions established by the Board and the final number of shares of RSA will depend on the level of achievement of these targets over the performance period.

Code of Ethics and Employees' Code of Conduct

In discharging its functions, the Board adheres strictly to the Directors' Code of Ethics it has in place. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.

The corporate culture of uncompromising integrity and exceptional performance is applicable across the Group and the Code of Conduct manual applicable to employees provides guidance on high ethical business standards and guidelines. The code serves as a guideline for employees' conduct in the workplace, business conduct when dealing with external parties, including key issues such as bribery, conflicts of interests, insider trading and data integrity and retention. The Code of Conduct is disseminated throughout to employees of Axiata through its intranet. As part of its enforcement, employees are required to submit their declaration to adhere to and observe its provisions.

In 2015, the Board endorsed the Common Code of Conduct in which the Uncompromising Integrity Exceptional Performance (UI.EP) values which were already made common across the Group were further laid down through documentation of common code of rules to regulate conduct of employees and business aligned to the two values. The common Code of Conduct lays down the baseline standards and guidelines grounded on UI.EP values covering; inter-alia, employees' responsibilities and accountabilities, working attitude, protection of the Group's assets, data integrity and retention, business conduct, dealings with customers, insiders' trading, conflict of interest, gifts, entertainment, reporting violations and training and evaluation applicable to all employees across the Group.

Whistleblowing Policy

Employees may raise their concerns of any unlawful or unethical situations or any suspected violation of the Code of Conduct in accordance with the Whistleblowing Policy administered by the Group Chief Internal Auditor and overseen by the BAC. The Board provides assurance that employees will not be at risk to any form of victimisation, retribution or retaliation and

emphasises good faith. Any attempt to retaliate, victimise or intimidate against the whistleblower is a serious violation and shall be dealt with by serious disciplinary action and procedures. As provided under the policy, employees may also report illegal and unethical practices directly to the statutory bodies such as the Malaysian Anti-Corruption Commission, the Securities Commission, the police or other similar agencies in other countries where the business is located.

Dedicated Whistleblowing email address: wisel@axiata.com

Directors' Code of Ethics, Employees' Code of Conduct and Whistleblowing Policy are available online at
https://axiata.com//media/upload/corporate/Directors_Code_of_Ethics.pdf,
https://axiata.com//media/upload/corporate/Employees_Code_of_Conduct.pdf and
https://axiata.com/media/upload/corporate/Whistle_Blowing_Policy.pdf respectively.

Senior Independent Director

The Board has appointed Datuk Azzat Kamaludin as the Senior INED of Axiata. The roles of the Senior INED as defined in the Board Charter are as follows:-

- i) Ensure all INEDs have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the INEDs to perform their duties effectively;
- ii) Consult the Chairman regarding Board meeting schedules to ensure the INEDs can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- iii) Serve as the principal conduit between the INEDs and the Chairman on sensitive issues, for example issues that arise from 'whistleblowing';
- iv) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or President & GCEO, or for which such contact is inappropriate; and
- v) Be available for confidential discussions with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole.

During FY16, no shareholders had asked to meet with Datuk Azzat.

Shareholders and other interested parties may contact Datuk Azzat to address any concerns in writing or via telephone, facsimile or electronic mail as follows:-

Tel: +6019 200 0878 or +603 7725 6050
 Fax: +603 7725 6070
 Email: azzat@axiata.com or azzat@azzatizzat.com
 Postal Address: Level 5, Corporate Headquarters, Axiata Tower,
 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral,
 50470 Kuala Lumpur, Malaysia

Contact details of the Senior Independent Director and his roles and responsibilities under the Axiata Board Charter are available online at <https://axiata.com/corporate/corporate-governance>

STATEMENT ON CORPORATE GOVERNANCE

RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

Communication with Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Group's performance and position as much as possible. The Company is fully committed in maintaining high standards in the dissemination of relevant and material information on the development of the Group in its commitment to maintain effective, comprehensive, timely and continuing disclosure. There has also been strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR but also include additional items through media releases and are done on a voluntary basis. Whilst efforts are made to provide as much relevant and material information as possible to the shareholders and stakeholders, the Board is cognisant of the legal and regulatory framework governing the release of materials and sensitive information so as not to mislead the shareholders. Therefore, information that is price-sensitive or may be regarded as undisclosed material information about the Group, is not disclosed to any party until it is already in the public domain through disclosure.

Axiata uses a number of formal channels to account to shareholders and stakeholders; particularly-

1. Annual Report

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations, performance, challenges and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. The working committee comprising SLT and personnel from various divisions plays a meaningful role to ensure accuracy of information and full compliance with relevant regulatory requirements. The contents of the Annual Report are continuously enhanced to take into account development, amongst others, corporate governance. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, oversees the production of the Annual Report and reviews its contents before it is published.

The Annual Report is also printed in summary form together with a digital version of the Annual Report in CD-ROM format. An online version of the Annual Report is also available on Axiata's own corporate website. Since 2014, Axiata has also made available a fully digitised version of its Annual Report and Sustainability and National Contribution Report, both of which can be downloaded for free at Apple App Store and Google Play on both iOS and Android.

The complete printed versions of the Annual Report is provided to shareholders upon request. Details on the request for printed copy are provided in the summary of the Annual Report. Our Share Registrar will ensure that the printed copies reach the shareholders within four days from receipt of written request. The shareholders may also submit their request online via the Share Registrar's website at www.myetricor.com.

2. Announcements to Bursa Securities

Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. The same is also made available on Axiata's own corporate website. Prior to its release, announcements intended for Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or the Board, to ensure that the announcement fulfills the disclosure requirements as well as meets what is intended by management. In a few instances, announcements are also reviewed by external advisors to ensure that its contents are accurate and complete taking into consideration disclosure requirements and market perspectives.

Filings and announcements to Bursa Securities are available online at <http://axiata.com/investor/bursa-announcement>

3. Media Releases

Media releases are provided to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Group's developments. Media releases are subject to approval by the President & GCEO and whenever necessary, released to Bursa Securities to increase the visibility of media releases.

Primary contact for Corporate Communications:-

Saffura Chinniah

Tel: +6032263 8881

Fax: +6032278 7755

E-Mail: info@axiata.com

Postal Address: Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur Malaysia

Media releases are available online at <https://axiata.com/mroom/news/>

4. Quarterly Results and Analyst Briefings

Axiata holds analyst results briefings chaired by the President & GCEO and GCFO immediately after each announcement of quarterly results to Bursa Securities. These briefings are normally conducted via conference calls and attended by senior management of major OpCos as an avenue to provide dialogue between fund managers and research analysts with the Group's Senior Management as well as provide a platform for analysts and fund managers to receive a balanced and complete view of the Group's performance. The holding of analyst calls immediately after the release of the results is aimed to facilitate timely publication and/or dissemination of analysts' reports to the investing community. Materials intended for analysts briefings are made available immediately after the release of the financial results.

This equitable policy is not only prevalent to financial affairs but also extended to major and/or strategic transactions such as the acquisition of Ncell Pvt Ltd, Robi-Airtel Bangladesh merger, collaboration with TM and acquisition by edotco Group of Digicel Myanmar Tower Company (renamed edotco Myanmar Limited). Audiocasts of the presentation of these transactions were also made available on Axiata's website.

Presentation materials and audiocasts to analysts are available online at <http://axiata.com/investor/ir-presentation>



5. Media Conference

Media conferences are held on a half-yearly basis upon release of half-year and full-year results. The media conferences are held separately from analyst briefings to address the different requirements of each group and to be more productive and efficient. Management ensures that all information is well disseminated and materials for both the analyst briefings and media conferences are made available on Axiata's website.

6. Investor Relations

In 2016, Axiata conducted 245 meetings with investors and analysts via face-to-face meetings and conference calls. On 8 December 2016, Axiata organised its annual 'Analyst & Investor Day' in Singapore. The event was well received with participation by 52 analysts and investors, both local and foreign based. Amongst the key topics covered include long-term strategies under Axiata 3.0, updates from key OpCos, corporate branding, regulatory development and cost optimisation.

Axiata organises an earnings call every quarter chaired by the President & GCEO and GCFO once the quarterly financial performance is announced on the Bursa Malaysia Securities webpage. Conducted via a conference call which involves participation from senior management of key OpCos, the earnings call represents an avenue to provide dialogue between fund managers and financial analysts with the Group's Senior Management while setting a platform for them to receive a balanced and complete view of the Group's performance and the challenges. The earnings calls are hosted immediately after the release of the results to facilitate timely publication and/or dissemination of analysts' reports to the members of the investing community. The Company's quarterly financial performance materials presented during the analyst briefing are available online on the investor relations page at www.axiata.com/investor/financial-reports/.

To date throughout FY16, the Group has enjoyed relatively extensive coverage and exposure to the members of the investment community with a total of 29 equity research analysts covering the Company.

Conferences, non-deal roadshows, large group meetings and equity research coverage

Conferences

6 Jan 2016	6 – 8 Apr 2016	13 Apr 2016	20 – 21 Sept 2016
8th Annual Malaysia Corporate Day CIMB Kuala Lumpur	19th Annual Asian Investment Conference Credit Suisse Hong Kong	Invest Malaysia 2016 Maybank & Bursa Malaysia Kuala Lumpur	Investors' Forum 2016 CLSA Hong Kong

Non-deal roadshows and large group meetings

14 Jan 2016	25 – 26 Feb 2016	4 – 5 Apr 2016	3 – 5 May 2016	20 July 2016	23 Sept 2016	30 Nov – 1 Dec 2016	13 Dec 2016
Singapore BofA - Merrill Lynch	London CIMB	Tokyo JPMorgan	Europe (Zurich, Paris, Edinburgh) Credit Suisse	Kuala Lumpur RHB Research	Kuala Lumpur TA Securities	London BofA - Merrill Lynch	Kuala Lumpur AllianceDBS

Equity Research Coverage

<ul style="list-style-type: none"> Affin Hwang AllianceDBS Research AmlInvestment BIMB Securities BNP Paribas BofA - Merrill Lynch CIMB 	<ul style="list-style-type: none"> Citi CLSA Credit Suisse Deutsche Bank Goldman Sachs Hong Leong Investment Bank HSBC 	<ul style="list-style-type: none"> JF Apex Securities JPMorgan KAF Seagroatt & Campbell Kenanga Investment Bank Macquarie Maybank Kim Eng MIDF 	<ul style="list-style-type: none"> M&A securities New Street Research Nomura Public Investment Bank RHB Research TA Securities UBS UOB Kay Hian
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Primary contact for investor relations as disclosed on the Company's website:-

Clare Chin Kit Ching, Head, Investor Relations

Tel: +603 2263 8706

E-Mail: ir@axiata.com

Postal Address: Corporate Headquarters, Axiata Towers, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur Malaysia

STATEMENT ON CORPORATE GOVERNANCE

7. Company Website

All information on share price, financial reports, downloadable annual reports, stock exchange filings, presentations, financial calendar and ownership profile are posted on the Investor Relations section while media has its own dedicated section for media releases. In addition, audio casts on briefings of quarterly results to analysts are also available for streaming or download from the Company's corporate website at www.axiata.com.

The Corporate Governance section is also on the website where information such as Board Charter, Directors' Code of Conduct, Employees' Code of Conduct, Terms of Reference for BAC, BNC and BRC and Memorandum & Articles of Association are available to the shareholders and public. In addition, Notice of AGM/EGM and Minutes of the AGM/EGM are available in the Annual General Meeting section. Axiata will continually add new interactive capabilities to its website.

For queries regarding shareholding, kindly contact:

Tricor Investor & Issuing House Services Sdn Bhd
 Tel: +603 2783 9299
 Fax: +603 2783 9222
 Email: is.enquiry@mytricorglobal.com
 Postal Address: Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Shareholders' Rights

The shareholders are the ultimate authority on decision making. The shareholders exercise their decision-making power at general meetings either by way of attending meetings in person or through proxy or authorised representative. Each share entitles the holder to one vote.

Matters reserved for shareholders' approval at AGM include the following:-

- i) Adoption of Audited Financial Statements;
- ii) Final dividends, if any;
- iii) Election and re-election of Directors;
- iv) Payment of fees to Directors; and
- v) Appointment/reappointment of external auditors.

Unless polling is requested, in accordance with the Articles, voting at general meetings will be carried out by way of show of hands. A poll could be demanded on a resolution (before or on the declaration of the result of the show of hands) by the following persons:-

- i) The Chairman of the meeting;
- ii) At least two members personally present in person or by proxy or by attorney or in the case of a corporation, by its duly authorised representative;
- iii) Members personally present in person or by proxy or by attorney or in the case of a corporation, by its duly authorised representative and representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or
- iv) Members holding shares in the Company in which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares held by all members present in person

or by proxy or by attorney or in the case of a corporation, by its duly authorised representative.

Memorandum and Articles of Association of the Company is available online at https://axiata.com/media/upload/corporate/Memorandum_and_Articles_of_Association.pdf

Annual General Meeting

The AGM is undoubtedly the primary engagement platform between the Board and shareholders of the Company and has historically been well attended and the turnout saw an increasing trend year-on-year indicating a high level of engagement with shareholders.

In 2016, in line with international best practices, a 28-days' notice was issued for the convening of Axiata's 24th AGM which was held on 25 May 2016 at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia. 2,330 persons representing 7,440,050,276 Axiata shares (equivalent to 84.30% of the issued and paid-up share capital of Axiata) attended the AGM.

At the AGM in 2016, with the exception of Juan Villalonga Navarro who retired at the said AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company. Before the commencement of the proceedings, the Group Company Secretary highlighted administrative matters covering the voting procedures including the procedures for a demand to be made for a resolution to be voted by way of poll and the timing of making such demand.

The proceedings of the AGM normally commences with a concise but complete presentation by the President & GCEO on the financial performance of the Company for the preceding financial year, preceding quarter and the Company's vision and initiatives. The presentation is supported by visual illustrations of key points and key financial figures to facilitate shareholders' understanding. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company unlike Extraordinary General Meetings where questions raised are on the proposed resolution being tabled. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM as long as there is sufficient time and they are not repetitive. Questions posed, where possible, are answered in detail either at the AGM itself or thereafter where the shareholders will be contacted and provided with the answers.

Further, the President & GCEO also shared with the meeting the responses to questions submitted in advance by the MSWG. The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers ("PwC") are in attendance to respond to questions raised and provide clarification as required by the shareholders.

At the AGMs, all valid proxy appointments are properly recorded, counted and reviewed by external auditors. Axiata chartered new milestone in 2016 by adopting poll voting at its general meetings. The first was during its EGM in February 2016 followed by the 24th AGM in May. At the 24th AGM, Axiata was among the first to pioneer electronic poll voting using tablets. Deloitte was appointed to act as independent scrutineers to verify the poll results. The scrutineers later announced the outcome of the poll result at the AGM and the same was announced to Bursa Securities immediately after.

While members of the media are not invited into the AGM meeting hall, a media conference is usually held immediately after the AGM where the Chairman, President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media.

Dividend Policy

Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated PATAMI and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and surplus, growth/expansion strategy, considerations for non-recurring items and other factors considered relevant by the Board.

As the Company is a holding company, its income and therefore its ability to pay dividends, is dependent upon the dividends received from its subsidiaries, which in turn would depend on the subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors that the respective subsidiary Board deems relevant.

Whilst the dividend policy reflects the Board's current views on the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. It is the policy of the Board, in recommending dividends, to allow shareholders to participate in the Company's profits, as well as to retain adequate reserves for future growth.

On 22 February 2017, the Board recommended a conservative Final Dividend of 3 sen, implying a total dividend payout ratio of 50% (based on FY16 normalised PATAMI of RM1,418.3 million (including the interim dividend of 5 sen per Axiata Share paid last year on 7 November 2016). The total dividend of 8 sen for the FY16 would tantamount to a total payout of approximately RM715.5 million with a dividend yield of 1.7% (based on a 3-month VWAP). The Final Dividend is subject to the approval of the shareholders at this Annual General Meeting.

The Board's decision on 50% dividend payout ratio was two-fold;

- i) Cautionary, prudent measure to ensure resilience against unpredictable forex and market volatility, and
- ii) Further spectrum costs in the next two years and investment for strategic long term benefits:-
 - a) Increased capex investment where Axiata intends to be a clear number one player in 4G and data leadership in selected areas in all markets; and
 - b) Market consolidation and edotco expansion.

With the view to retain cash for future use, Axiata had in 2016 continued with the implementation of Dividend Reinvestment Scheme in which shareholders were given an option to elect to reinvest the whole or part of the dividend declared by the Company for FY15 final dividends and FY16 interim dividends, with electable portion at 100%, 46.93% and 48.79% of the final and interim dividend respectively were reinvested into shares.

FY15 Final Dividend

Total Cash Dividend Paid : RM562.0 million
 Dividend Reinvested : RM497.0 million
 Payment Date : 8 July 2016

FY16 Interim Dividend

Total Cash Dividend Paid : RM228.0 million
 Dividend Reinvested : RM218.0 million
 Payment Date : 7 November 2016

Key Performance Indicators

On 23 February 2017, the Company announced the Headline KPIs for FY17 as follows:-

Headline KPIs

	Headline KPIs @ Bloomberg Rate	Headline KPIs @ constant currency
Revenue Growth (%)	9 - 11	8 - 10
Earnings before interest, Tax, Depreciation and Amortisation (EBITDA) Growth (%)	7 - 9	6 - 8
Return on Invested Capital (ROIC) (%)	4.5 - 5.0	4.5 - 5.0
Return on Capital Equity (ROCE) (%)	4.0 - 4.5	4.0 - 4.5

Note: Bloomberg rate assumes 1 USD = RM4.55, constant currency assumes 1 USD = RM4.14. Assumed no material fluctuations of regional currencies against Ringgit Malaysia

In establishing the FY17 Headline KPIs, the Management of Axiata has taken into consideration; inter-alia, short term dilutive impact from the merger with Robi, potential investment/losses at digital ventures and purchase price allocation charges in relation to Ncell acquisition.

For 2017, heightened competition, tax and regulatory challenges remain for the Group across most of OpCos particularly in Malaysia, Singapore and India, with rising capex weighing in on overall performance and profitability. The Group hope to see currency volatility and global macroeconomic factors to stabilise in 2017.

With major business and organisational changes made recently, the Group expects to see better performance especially at Celcom and XL. Barring regulatory changes, Axiata expect that the OpCos in South Asia will continue its momentum of excellent performance; particularly at Robi post-merger and Ncell. The Group is working towards group-wide cost management to improve Group profitability; RM800 million Opex and Capex savings are built in Axiata's 2017 plan, as well as aiming for RM1.5 billion additional savings in 2018 and 2019.

STATEMENT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Group's financial performance and prospects through the audited financial statements and quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of the financial reporting, annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval.

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out on page 115 of this Annual Report. The details of the Company's and Group's financial statements for FY16 can be found on page 116 to 256 of the Annual Report.

Related Party Transactions

The Company has an internal compliance framework to ensure it meets its obligations under the Main LR including obligations relating to related party transactions. Processes and procedures are in place, to ensure that Recurrent Related Party Transactions (RRPT) are undertaken on an arms' length basis, are on terms not more favourable to related parties than to the public and not to the detriment of minority shareholders. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RRPTs entered into or to be entered into under the shareholders' mandate procured at the AGM, to ensure that all the relevant approvals for RRPTs have been obtained.

RRPT transactions are recorded and the same presented to the BAC on a quarterly basis. This includes the utilisation of the RRPT mandate and/ or where applicable, new RRPT transactions for the BAC's review and endorsement.

At its 24th AGM, Axiata obtained a general mandate for the Group to enter into RRPT with Telekom Malaysia Berhad Group (TM Group) for transactions predominantly related to telecommunications and/or related services. The procurement of mandate for the Group to enter into RRPT with TM Group was obtained as these transactions in aggregate may result with the Company having to obtain shareholders' approval prior to the Group entering into the transactions. As these transactions may be constrained by time-sensitivity and confidentiality, it would be impractical for the Company to seek shareholders' approval on a case-by-case basis. The procurement of the mandate will also substantially reduce the expenses associated with convening of general meetings and improve administrative efficiency.

Based on the actual amount utilized from the date of the above AGM until March 2017, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY16, pursuant to RRPT mandate, is disclosed on page 110.

Internal Control and Risk Management

As highlighted earlier, the Board has the overall responsibility and accountability for the Group's internal control system and in maintaining and reviewing internal control system. The BAC assists the Board in evaluating the adequacy of risk management and internal control framework and through the Axiata Group Risk Management Committee (RMC) comprising SLT and chaired by the Chairman of the BAC, has put in place a systematic risk management framework and process to identify, evaluate and monitor principal risks and implement appropriate internal control processes to manage these risks across the Group. The RMC is mainly responsible for managing the overall Axiata Enterprise Risk Management (ERM) process and recommends quarterly ERM reports to the BAC for its onward submission to the Board. The RMC ensures continuous review of the key risks of the Group, and monitors the implementation of the mitigation plans on a quarterly basis.

A high-level risks register is maintained which is reviewed and updated annually. This comprises risks specific to the divisional activities of the business, as well as more Group-wide risks such as long-term business strategy, regulatory, substitution risks and technology. Focus areas of these risks are deliberated by the Board as they are raised by the Chairman of the BAC at Board meetings.

The Group has established the ERM Framework as a standardised approach to rigorously identify, assess, report and monitor risks facing the Group. The framework, benchmarked against ISO31000:2009 is adopted across the Group. Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to the BAC and the Board.

Although many risks remain outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Risk Management and Internal Control. A significant number of risks faced relate to wider operational and commercial affairs of the Company and the Group including those in relation to competition and regulatory developments.

An overview of the state of internal control within the Group, which includes the risk and internal control framework and key internal control structures, are set out in the Statement on Risk Management and Internal Control on page 96 to 104 of this Annual Report.

Relationship with Auditors

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the reappointment, remuneration and terms of engagement of the external auditors annually. The review procedures covers the independence and service level of the External Auditors, which amongst others, include reviewing the External Auditors' performance and quality of work, ability to meet deadlines, timeliness of service deliverables, non-audit services provided and the Engagement Partner's and the Partner's rotation.

The BAC had on 16 January 2016, reviewed the re-appointment of PwC based on the following criteria before making their recommendation:-

- i) Level of knowledge, capabilities, experience and quality of work;
- ii) Level of engagement with the Chairman, BAC;
- iii) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
- iv) Adequacy in audit coverage, effectiveness in planning and conduct of audit;
- v) Ability to perform audit work within agreed timeframe;
- vi) Non-audit services rendered by the External Auditor does not impede independence;
- vii) Succession plan of partner-in-charge and rotation of audit partner is evident; and
- viii) Comprehensive audit plan addressing company/industry specific objectives, geographical coverage, and level of resources and audit tests with specialist input on tax and regulations.

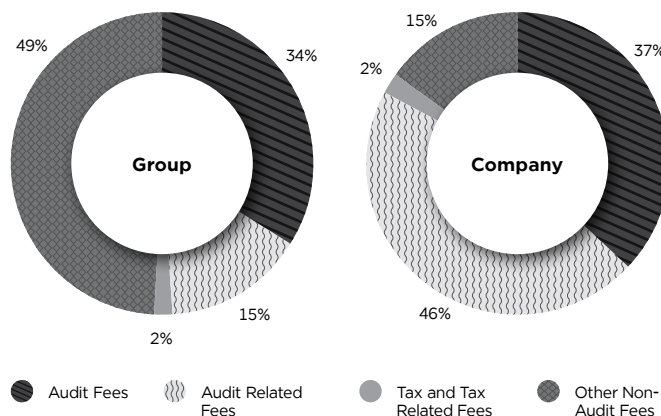
In safeguarding and supporting the external auditor’s independence and objectivity, Axiata has determined policies to restrict the type of non-audit services that can be provided by external auditors of the Group and the approval process related to them. Under these policies and guidelines, non-audit services can be offered by external auditors of the Group if there are clear efficiencies and value-added benefits to the Group and a detailed review of non-audit fees paid to the external auditors is undertaken by the BAC on a quarterly basis. These procedures are in place to ensure that neither their independence nor their objectivity is put at risk, and steps are taken to ensure that this does not impede the external auditors audit works.

The BAC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reasons of the non-audit services provided to the Group. The auditors of the Company, PwC, annually confirms to the BAC their independence to the Group within the meaning of the provisions of the Bye- Laws on Professional Independence of the Malaysian Institute of Accountants and PwC’s firm’s requirements. PwC, having reviewed the non-audit services provided to the Group during the financial year 2015 in accordance with the independence requirements and, to the best of their knowledge, are not aware of any non-audit services that had compromised their independence as external auditors of the Group.

Details of statutory audit, audit-related and non-audit fees paid/payable in 2016 to the external auditors are set out below:-

	Group RM'000	Company RM'000
Audit fees:		
- PricewaterhouseCoopers Malaysia (PwCM)	3,742	2,113
- Member firm of PwC International Limited (PwCI)*	4,667	-
- Others	147	-
Audit related fees¹		
- PwCM and PwCI	3,914	2,651
	12,470	4,764
Other fees paid to PwCM and PwCI:		
- Tax and tax related services ²	581	101
- Other non-audit services ³	12,354	884
	25,405	5,749

* Separate and independent legal entity from PwCM
¹ Fees incurred in connection with performance of quarterly reviews, review of purchase price allocation, agreed-upon procedures and regulatory compliance
² Fees incurred for assisting the Group in connection with tax compliance and advisory services
³ Fees incurred primarily in relation to due diligence on potential acquisitions, project management and other advisory services mainly incurred by a foreign entity



STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' TRAINING LIST 2016

Director	List of Training/Conference/Seminar/Workshop Attended/Participated in 2016
Tan Sri Dato' Azman Hj Mokhtar	<ul style="list-style-type: none"> • World Economic Forum, Davos, Switzerland – 20 to 23 January 2016 • Co- Lecture @Tsing Hua University, Beijing - 14 January 2016 • Peneraju Professional CFA Annual CFA Summit, Park Royal KL – 26 March 016 • CEO Faculty Series - Collective Action, Complementary Advantage and Collaboration, University Malaysia Kelantan – 8 May 2016 • WEF on Asean, Shangrila Hotel KL – 1 & 2 June 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016 • UTP : CEO@Faculty Program, Performance, Focus, Transformation, and Execution/ KL Convex - 15 August 2016 • 2016 ABC Autumn Forum, Abu Dhabi – 22 to 24 September 2016 • CEO Faculty (Uitm), Dewan Berlian, Kampus Puncak Alam – 7 October 2016 • CEO Faculty Lecture Series “Real, Sensible and Islamic Finance”, UIA – 10 November 2016
Tan Sri Jamaludin Ibrahim	<ul style="list-style-type: none"> • MSWG – Institutional Investor Council Governance Week 2016, Kuala Lumpur – 30 to 31 March 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016
Tan Sri Ghazzali Sheikh Abdul Khalid	<ul style="list-style-type: none"> • Directors Duties, Business Ethics & Governance Seminar by Malaysian Institute of Corporate Governance, Kuala Lumpur – 28 April 2016 • Impact of Trans-Pacific Partnership Agreement to Government Linked Companies, Axiata Pre-BOD Meeting – 24 May 2016 • Cyber Security Risk, Axiata Pre-BOD Meeting – 24 May 2016 • 30th Asia Pacific Roundtable, ISIS Malaysia – 30 May to 1 June 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016 • BIGIT Technology Malaysia 2016 by Olygen Sdn Bhd – 19 to 20 September 2016 • Bangladesh Trade & Investment Summit 2016 by BMCCI, Kuala Lumpur – 5 December 2016
Datuk Azzat Kamaludin	<ul style="list-style-type: none"> • Corporate Directors Advance Programme – Cyber Risk Management for the Boardroom and C-Suite by MINDA – 24 March 2016 • Impact of Trans-Pacific Partnership Agreement to Government Linked Companies, Axiata Pre-BOD Meeting – 24 May 2016 • Cyber Security Risk, Axiata Pre-BOD Meeting – 24 May 2016 • Shanghai Mobile World Congress by GSMA, Shanghai – 28 to 30 June 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016 • How to Leverage on AGMs for Better Engagement with Shareholders by MAICSA, Kuala Lumpur – 21 November 2016 • CG Breakfast Series with Directors: The Cybersecurity Threat and How Board Should Mitigate the Risks by MINDA, Kuala Lumpur – 18 November 2016
Dato' Abdul Rahman Ahmad	<ul style="list-style-type: none"> • Wharton Executive Training - Emerging Issues & Challenges In Board Leadership by Wharton Business of School, Philadelphia – 15 to 16 February 2016 • Impact of Trans-Pacific Partnership Agreement to Government Linked Companies, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • Cyber Security Risk, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • Study on Potential Economic Impact of TPPA on the Malaysian Economy and Oil & Gas Sector by Price Waterhouse Coopers, Kuala Lumpur – 26 May 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016

Director	List of Training/Conference/Seminar/Workshop Attended/Participated in 2016
Dato' Izzaddin Idris	<ul style="list-style-type: none"> • World Economic Forum, Davos Switzerland – 20 to 23 January 2016 • 8th Iskandar Malaysia CEO Forum by Khazanah Nasional Berhad, Kuala Lumpur – 23 March 2016 • UEM Group Lecture Series by Dato' Sri Nazir Razak, Kuala Lumpur – 1 April 2016 • Corporate Visit by INTAN to UEM Group, "Strategic Leadership", Kuala Lumpur – 13 April 2016 • Transformational Leadership (Speaker), Universiti Teknologi Petronas, Malaysia – 26 May 2016 • WEF on Asean, Shangrila Hotel KL – 1 & 2 June 2016 • UEM Group Lecture Series by Dato' Sri Shazalli, Kuala Lumpur – 4 August 2016 • INTAN-RSOG Leadership Summit 2016, Kuala Lumpur – 27 September 2016 • UEM Group's The Exchange 2016, Kuala Lumpur – 11 October 2016 • UEM Group Lecture Series by Datuk Haji Mohamed Faroz Mohamed, Kuala Lumpur – 18 October 2016 • Bloomberg Nation Builders Asia (Speaker), Singapore – 2 November 2016 • Best Practices Conference : Co-Hosted by IRDA and REAM, Jakarta – 28 November 2016
David Lau Nai Pek	<ul style="list-style-type: none"> • Integrated Reporting Presentation by PricewaterhouseCoopers, Kuala Lumpur – 15 January 2016 • 2016 BAC Chairmen Forum by Axiata Internal Audit Division, Kuala Lumpur – 11 April 2016 • Impact of Trans-Pacific Partnership Agreement to Government Linked Companies, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • Cyber Security Risk, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • Shanghai Mobile World Congress by GSMA, Shanghai – 28 to 30 June 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016 • Dynamic Board Stewardship Programme by MINDA, Sri Lanka – 31 October to 3 November 2016
Kenneth Shen	<ul style="list-style-type: none"> • 8th Iskandar Malaysia CEO Forum by Khazanah Nasional Berhad, Kuala Lumpur – 23 March 2016 • Invest Malaysia 2016 by Khazanah Nasional Berhad, Kuala Lumpur – 12 to 13 April 2016 • Models of Divestment (Pos Malaysia & TIME dotCom) Case Study Show by Khazanah Nasional Berhad – 15 April 2016 • Khazanah Europe Investment Ltd, Euro Mixer by Khazanah Europe Investment – 16 to 20 May 2016 • Investments Mid-Year Retreat 2016 by Khazanah Investment Division – 24 May 2016 • Impact of Trans-Pacific Partnership Agreement to Government Linked Companies, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • Cyber Security Risk, Axiata Pre-BOD Meeting, Kuala Lumpur – 24 May 2016 • 2016 SPG Mid-Year Retreat by Khazanah Nasional Berhad, Kuala Lumpur – 26 to 28 May 2016 • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016
Dr. Muhamad Chatib Basri	<ul style="list-style-type: none"> • A Global CRM, Care and Marketing Platform by Facebook, Axiata Mid-Year Strategy Retreat, Bandung – 29 July 2016 • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Disruptive Technologies, High Throughput Satellites by Thaicom, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016 • Creating Value in a Low Growth World by KRIS, Axiata Mid-Year Strategy Retreat, Bandung – 31 July 2016
Ann Almeida	<ul style="list-style-type: none"> • Race to (Re-)Convergence by Redshift, Axiata Mid-Year Strategy Retreat, Bandung – 30 July 2016