

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6888  
**COMPANY NAME** : AXIATA GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors is responsible for leading the Company and ensuring that the interest of shareholders and stakeholders are protected whilst enabling the Company to achieve long-term sustainability. The Board's commitment to long-term value creation through the Group Value Creation Model is disclosed on page 32 of the Integrated Annual Report 2019 ("IAR").</p> <p>In order to ensure the effective discharge of the Board's functions, Axiata has put in place the Governance Structure as illustrated on page 71 of the IAR. Four Board committees have been established as identified in the Corporate Governance Structure. The Board promotes a healthy corporate governance culture and ethical values through its transparent and objective conduct formalised via the adoption of the Board Code of Conduct and Ethics ("Code") (<a href="https://www.axiata.com/sites/default/files/docs/Board-Code-of-Conduct-and-Ethics.pdf">https://www.axiata.com/sites/default/files/docs/Board-Code-of-Conduct-and-Ethics.pdf</a>). The Group wide core values of Uncompromising Integrity Exceptional Performance ("UI.EP") are embodied in the Code and consistent with the Employees Code of Conduct.</p> <p>The Board has clearly demarcated the day-to-day operational functions of the Management and the overall responsibilities of the Board through the Axiata Board Charter, the Group Policies and Limits of Authority documents, Terms of References and other governance documents. The following paragraphs describe the Board's role in setting the strategy for the Company and in discharging its fiduciary duties:</p> <p>i) <b>Review and Approve Strategic and Annual Business Plan and Budget</b></p> <p>The Board plays a key and active role in the formulation and development of the Company's strategy. Based on the analysis of</p>

the Board's agenda, 10.07% of the Board's time in 2019 was spent on business performance and planning and providing strategic direction for the Company by guiding the senior leadership team in developing the corporate strategy to be employed by Axiata Group in pursuit of Axiata's vision to be a New Generation Digital Champion by 2022. Annually, two off-site or retreat sessions are held for discussions on key strategies and proposed business plan for the following year. In 2019, the mid-year Board Strategy Retreat was held in July 2019, where the Board was briefed on the current industry outlook, how it impacted Axiata and what Axiata can do to further improve its position in the market. Specifically, the Board was brought through Axiata's Triple Core Strategy as well as the LRP 2019 and the strategy and execution updates on new growth areas. Operational Excellence took centre stage with its corresponding impact on operational decisions and network KPIs.

At the year-end retreat in November 2019, a recap of Axiata's 3.0 strategy was presented and progressing into the Axiata 5.0 roadmap towards sustainable business growth aided and strengthened by the "collective brain" and verticalization initiatives. Apart from strategic matters, the Board also deliberated on the Annual Business Plan and Budget 2020 and provided feedback and direction before subsequently approving the same. The Board also made several key decisions on matters pertaining to Mergers & Acquisitions during the year, an area of strategic focus for the Board.

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 Key Performance Indicators ("KPIs") as approved by the Board. Operating Companies ("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 OpCos on their performance, key developments and/or issues and prospects.

iii) **Assessing the Company's performance**

In order to ensure that the Company's short, medium and long-term strategies are met, the Board approves a set of targets/aspirations of future performance aligned to the Group's strategies. The targets comprise both quantitative and qualitative matters. Consistent with its open and transparent conduct, Axiata announces its Headline KPIs each year and thereafter measures its achievements against these Headline KPIs.

iv) **Succession planning**

The Board through the Board Nomination and Remuneration Committee (“BNRC”) 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 the BNRC and Board at least twice yearly.

v) **Ensuring the implementation of internal controls and mitigation measures [Internal Audit to check]**

The Board Audit Committee (“BAC”) reviews, amongst others, the system of internal controls, the audit process, and the process for monitoring compliance with applicable laws and regulations as well as the Company’s Code of Conduct. In meeting these duties and striving for a preventive management of non-compliance from occurring, the BAC reviews the system of internal controls puts in place by the Board and implemented by the Management, to manage such key risk. It is to be noted however, that the system of internal controls strives to manage rather than eliminate risks and provides only reasonable assurance against non-compliances, non-adherence, misstatement or loss.

vi) **Identifying principal risks that applies to the Group**

With effect from 1 January 2018, Axiata has established a Board Risk Management Committee (“BRMC”) in line with the recommendation of the Malaysian Code on Corporate Governance 2017 to oversee the Company’s risk management framework and policies. The primary function of the BRMC is to provide oversight of Axiata Group’s enterprise risk covering risk management framework, evaluating the adequacy of risk management practices, implementation of appropriate controls to manage risks, strategies and business continuity management.

At its meeting on 20 February 2020, the Board resolved that the BRMC be renamed to the Board Risk and Compliance Committee (“BRCC”). This change was to better reflect the expansion to the scope of the committee to encompass not just matters of risk but

	<p>matters of compliance as well. The additional functions of Compliance and Ethics have been combined with the existing Enterprise Risk Management function, Cyber Security and Privacy to provide an integrated focus on all risk and compliance matters, directly and indirectly, and a single, consistent interface with all other functions in the organisation and in the Operating Companies.</p> <p>vii) <b>Overseeing development and implementation of shareholder communication policy</b></p> <p>Axiata believes in building investor confidence and trust through transparent communication and sound corporate reporting. Due care and attention are given not just on financial reporting but also to disclosures on corporate governance, sustainability and others.</p> <p>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 the KPIs. Report on movements of the share price of Axiata and Total Shareholder Returns against indices and peers are also included.</p> <p>Further details on communication with the stakeholders and investors are provided on pages 89 and 90 of the IAR.</p> <p>viii) <b>Reviewing adequacy and integrity of management information and internal control system</b></p> <p>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 26 to 35 of the Governance &amp; Audited Financial Statements 2019.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors of Axiata is helmed by Tan Sri Ghazzali Sheikh Abdul Khalid, a Non-Independent Non-Executive Director of Axiata who has been on the Board since 2008 and who was appointed as Chairman on 1 November 2018.</p> <p>Formally, Axiata 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 has a leading influence on board agenda and matters reserved for Axiata Board. As Chairman, he leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations under the Axiata Board Charter and as required under the relevant legislations. Some of the specific responsibilities of the Chairman include:-</p> <ul style="list-style-type: none"><li>i) Managing Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views;</li><li>ii) Working closely with the Managing Director/President &amp; Group Chief Executive Officer 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</li><li>iii) Ensuring meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions.</li></ul> <p>Outside the boardroom, the Chairman acts as spokesperson for the Board and whenever appropriate, the Chairman undertakes engagement with other stakeholders and the public in accordance with the communication policy.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in item 9.0 of the Axiata Board Charter, which is available online on Axiata's corporate governance page at <a href="https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf">https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf</a></p>

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



## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The separation of the positions of Chairman and Managing Director/President &amp; Group Chief Executive Officer (GCEO) ("President &amp; GCEO") is provided in item 8.0 of the Axiata Board Charter. The description of the positions of the Chairman of the Board and the President &amp; GCEO / Executive Directors are provided in item 9.0 and item 10.0 of the Axiata Board Charter respectively and is available online on Axiata's corporate governance page at <a href="https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf">https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf</a></p> <p>The positions of Chairman and President &amp; GCEO are held by 2 different individuals. The distinct and separate roles of these individuals with clear division of responsibilities ensures a balance of authority and promotes accountability and a greater capacity for independent decision making. It also ensures that the time commitment of these individuals is not impaired by combined roles which would hinder the effective discharge of their duties. The division of responsibilities is to be regularly reviewed taking into consideration the operational, financial and business development requirements of the Company so as to ensure that the Company's needs are consistently met.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group Company Secretary of Axiata, Suryani Binti Hussein is a qualified Advocate and Solicitor of the High Court of Malaya and licensed by the Registrar of Companies.</p> <p>The breadth of the role of the Group Company Secretary includes the following:</p> <ul style="list-style-type: none"><li>i) Managing Board and Board Committee meeting logistics, attending, recording and communicating relevant decisions;</li><li>ii) Corporate governance advisory such as on Board's roles and responsibilities, corporate governance developments and best practices, Board induction, training and development as well as ensuring adherence to policies and procedures;</li><li>iii) Compliance advisory particularly advising the Board on corporate disclosure and compliance with Company and securities regulations and listing requirements; and</li><li>iv) Serve as a focal point for stakeholder communication and engagement on corporate governance issues.</li></ul> <p>The Group Company Secretary of Axiata sits on the Senior Leadership Team ("SLT") and works closely with the Managing Director/President &amp; Group Chief Executive Officer and the SLT to ensure timely and appropriate information flow within the Board and Board Committees and between the Board and SLT. She has sufficient standing and authority to discharge her duties effectively. In order to ensure that the role of the Group Company Secretary is not diluted or compromised, the function is not combined with any other position.</p> <p>The appointment, remuneration and removal of the Group Company Secretary are matters for the Board to decide to ensure that a qualified and suitable individual is selected. Annual assessment of the Group Company Secretary is also done by the Board and the 2018 Board Effectiveness Evaluation findings indicate that there is effectiveness in the level of support given by the Group Company Secretary in the discharge of the Board's duties.</p> <p>In ensuring uniformity of Board conduct and effective boardroom practices, the Group Company Secretary has oversight on the overall corporate secretarial functions of Axiata Group, both in Malaysia and in</p>

	<p>the countries where the Group operates. The Group Company Secretary also serves as an adviser and support centre to other company secretaries in the Group on matters pertaining to governance and facilitates the flow and sharing of information.</p> <p>The Group Company Secretary constantly keeps abreast of the regulatory changes and developments in corporate governance through attendances at relevant conferences, training programmes and networking. Relevant updates are communicated to the Board and Management through in-house training programmes and briefings.</p> <p>The profile of the Group Company Secretary is provided on page 16 under the Profile of Group Senior Leadership Team of the Governance &amp; Audited Financial Statements 2019.</p> <p>The roles and responsibilities of the Company Secretary are specified under item 14.0 of the Axiata Board Charter, available online on the corporate governance page at <a href="https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf">https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf</a></p>
<p><b>Explanation for departure</b></p>	<p>:</p>
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<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The annual Board Meeting Schedule ("Schedule") is prepared and circulated in advance of each new year in order to facilitate the Directors' time planning. The Schedule provides Directors with all of the meeting dates of the Board and Board Committees, including pre-Board and Board Retreats and the Annual General Meeting for the upcoming year.</p> <p>In addition, the Group Company Secretary, in consultation with the Chairman and the Managing Director/President &amp; Group Chief Executive Officer (GCEO) ("President &amp; GCEO") also identifies that the annual Board Meeting Agenda ("Board Calendar") is synchronised with some key events in the annual management planning cycle. New agenda items will be added from time to time on the request of the Chairman, the Board or Management.</p> <p>Board and Management receives formal notification of Board and Board Committee meeting dates one month in advance and the draft Board Meeting agenda is circulated 14 days before the meeting seeking further input. Any issues or constraints that arise will be discussed between the Chairman, the President &amp; GCEO and Group Company Secretary. While the Axiata Board Charter stipulates that the meeting materials should be circulated to the Directors at least five business days prior to the Board meetings, in practice, Management sets a higher target of seven days prior to Board meetings.</p> <p>Board papers follow a prescribed format as follows:</p> <ul style="list-style-type: none"><li>i) Action required for Board (Approval/Discussion/Information);</li><li>ii) Parties responsible for preparing, reviewing and approving paper;</li><li>iii) Executive Summary – Summary of objective and context;</li><li>iv) Key issues and risks, with a clear response plan; and</li><li>v) Required actions with clear accountabilities and timelines.</li></ul> <p>The maximum number of pages is also prescribed based on input from the Board to ensure that the Board is not burdened with unnecessary detail and is able to focus on key issues.</p> <p>Axiata adopts a common digital platform across the Group to distribute Board documents in a more efficient, secure and timely manner. The</p>

	<p>digital solution is accessible via Ipad and laptops giving the Board easy access to Board documents.</p> <p>In order for Board meetings to be more effective and to enable in-depth deliberation of matters, the Board meeting agenda is sequenced in a manner that prioritises approval papers and complexity of the proposals. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.</p> <p>Key decisions are always made in a Board meeting with Circular Resolutions confined to administrative matters or to formalise matters that have already been debated at a Board meeting. Circular Resolutions are also accompanied by Board papers in the same prescribed format. All Circular Resolutions are tabled for confirmation at the next Board meeting. Where the Board requires independent professional advice to be sought on any matter, they are able to do so in consultation with the Chairman.</p> <p>The Group Company Secretary has the responsibility of ensuring that the minutes of meeting accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. Upon conclusion of the meeting, the minutes are circulated in a timely manner. Every Director has the opportunity to review and make corrections to the minutes. Board's decisions or action items are also communicated to the relevant members of Management and the Group Company Secretary follows up on the progress and updates which is thereafter reported back to the Board until closure of the matter.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Axiata Board Charter is an authoritative policy document that sets out the Board's strategic intent, authority and terms of reference. It serves as a primary reference for the Directors of their fiduciary duties as directors of Axiata. Axiata's Board Charter is sufficiently detailed and reviewed in timely intervals to ensure that the allocation of responsibilities within the Board facilitates adaptation to changing circumstances. The Board Charter was reviewed in February 2018 and incorporated changes to be in line with the Main Market Listing Requirements ("Main LR) of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2017 while a review conducted in February 2020 introduced a 9-year policy on the independence of directors.</p> <p>The Axiata Board Charter covers inter-alia, the role of the Board, duties and responsibilities, powers, roles of the Chairman, Managing Director/President &amp; Group Chief Executive Officer/Executive Directors, Non-Executive Directors and Company Secretary. It provides insight into the function of the Board and setting up of Board Committees and their Terms of References. 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 Axiata Board Charter.</p> <p>The Axiata Board Charter is available online on Axiata's Corporate Governance page at <a href="https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf">https://www.axiata.com/sites/default/files/docs/Board-Charter-2.pdf</a></p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In discharging its functions, the Board adheres strictly to the Board Code of Conduct and Ethics it has in place. Directors are expected to conduct themselves with the highest ethical standards and corporate governance. The current Board Code of Conduct and Ethics is newly adopted by the Board in February 2018. The periodic review ensures that the document remains current and relevant.</p> <p>The Board Code of Conduct and Ethics serves as a guideline for the Board to act in the best interest of the company and fulfil their fiduciary obligations to all its shareholders. It covers the areas of conflicts of interest, bribes and corruption, gifts and hospitality, competing against Axiata Group, insider trading, related parties of directors, data privacy, investors, media, analysts, money laundering, corporate opportunities, confidentiality, protection of assets and fair dealing.</p> <p>In 2015, the Board endorsed the Common Code of Conduct in which the values of Uncompromising Integrity, Exceptional Performance ("UI.EP") were institutionalised in a common code of rules that regulate the conduct of employees and the conduct of business. The common Code of Conduct is applicable to all employees across the Group and 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, conflicts of interest, gifts, entertainment, violation reporting and training and evaluation.</p> <p>The corporate culture of uncompromising integrity and exceptional performance is applicable across the Group. The Employees' 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.</p>



	<p>An employee survey to assess the engagement index is conducted annually and amongst others, the awareness and the level of embrace of the values are measured.</p> <p>In January 2018, Axiata and its subsidiaries reaffirmed their pledge to be free from corruption in the presence of the Malaysian Anti-Corruption Commission. The pledge signified Axiata’s support towards greater levels of transparency, governance, integrity and ethical standards and its commitment to practice and uphold the highest levels of integrity and corporate governance across all its market.</p> <p>The Board Code of Conduct and Ethics and Employees’ Code of Conduct are available at :-</p> <p>1) <a href="https://www.axiata.com/sites/default/files/docs/Board-Code-of-Conduct-and-Ethics.pdf">https://www.axiata.com/sites/default/files/docs/Board-Code-of-Conduct-and-Ethics.pdf</a> ;and</p> <p>2) <a href="https://www.axiata.com/sites/default/files/docs/Employee-s-Code-of-Conduct.pdf">https://www.axiata.com/sites/default/files/docs/Employee-s-Code-of-Conduct.pdf</a> _respectively.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing. [ Internal Audit to review]

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Axiata has established a Whistle-Blowing Policy which encourages employees and other parties (such as suppliers, business partners and customers) to report, in confidence, genuine concerns about actual or suspected misconduct, illegal or unethical behaviour that they have witnessed at work or in dealings with Axiata or its operating companies/subsidiaries. Concerns reported in good faith will not be subjected to victimisation or retaliation.</p> <p>This Policy, which is accessible on Axiata’s website at <a href="http://axiata.com/sites/default/files/docs/Whistle_Blowing_Policy_0.pdf">http://axiata.com/sites/default/files/docs/Whistle_Blowing_Policy_0.pdf</a> is administered by the Group Chief Internal Auditor (“GCIA”) and overseen by the Board Audit Committee (“BAC”).</p> <p>Concerns received would be directed to the Investigations Unit (reporting into GCIA) for further action, according to a well-defined process, including a Governance Matrix for both management and employees within Axiata and Opcos.</p> <p>The Investigations Unit will also update the BAC on a quarterly basis of all concerns received as well as follow-up actions taken (including the due process of investigation), to ensure completeness and transparency.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<p>Axiata's Board Composition Framework adopted in 2008 and revised in 2020, is as follows:</p> <ul style="list-style-type: none"> <li>i) Maximum of 12 Board members (up to two Executive Directors ("EDs"));</li> <li>ii) Up to 3 Non-Independent Non-Executive Directors ("NINEDs") representing major shareholders;</li> <li>iii) More than 50% of the Board to comprise Independent Non-Executive Director ("INEDs") with various mix of skills, experience and diversity, including in terms of nationality and gender; and</li> <li>iv) Up to three members with international experience or geographical experience matching Axiata's footprint.</li> </ul> <p>The terms of the Framework as referred to above has led to Axiata constituting its Board to be made up of more than 50% INEDs exceeding the 1/3 requirement of the Main LR of Bursa Securities even before the same was introduced in the Malaysian Code on Corporate Governance 2017. The current Board composition is as follows: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Designation</th> <th style="text-align: center;">Number of Director</th> <th style="text-align: center;">Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td style="text-align: center;">2</td> <td style="text-align: center;">22.22</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td style="text-align: center;">2</td> <td style="text-align: center;">22.22</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td style="text-align: center;">5</td> <td style="text-align: center;">55.56</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>9</b></td> <td style="text-align: center;"><b>100</b></td> </tr> </tbody> </table> <p>Axiata measures the independence of its Directors based on the criteria prescribed under the Main LR of Bursa Securities 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 Board meetings free of concerns about his position or the position of any third party. Objective assessment of the independence of Directors based on the provisions of the Main LR of Bursa Securities is carried out before the appointment of Directors and re-affirmed annually. The review of Directors' independence also forms part of the annual Board Effectiveness</p>	Designation	Number of Director	Percentage (%)	Executive Director	2	22.22	Non-Independent Non-Executive Director	2	22.22	Independent Non-Executive Director	5	55.56	<b>Total</b>	<b>9</b>	<b>100</b>
Designation	Number of Director	Percentage (%)															
Executive Director	2	22.22															
Non-Independent Non-Executive Director	2	22.22															
Independent Non-Executive Director	5	55.56															
<b>Total</b>	<b>9</b>	<b>100</b>															

	<p>Evaluation (“BEE”) exercise carried out by the Board Nomination and Remuneration Committee.</p> <p>The assessment in respect of Directors’ independence in the 2018 BEE was carried out using the criteria prescribed under the Main LR of Bursa Securities. All Independent Directors assessed have declared adherence to all the relevant regulatory stipulations in accordance with paragraph 1.01 and Practice Note 13 of the Main LR of Bursa Securities. In the BEE 2019 which is conducted as a refresher to the 2018 BEE, all of the independent directors have assessed and declared continued independence</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board of Directors had at its meeting in February 2020 resolved to adopt and implement a policy to limit the independence of its directors to 9 years ("9-Year Policy").</p> <p>The 9-Year Policy has been implemented as follows: -</p> <ul style="list-style-type: none"><li>a) At the point of the adoption of the 9-Year Policy, there were two Independent Directors who had served for a duration of more than 9 years, being Tan Sri Ghazzali Sheikh Abdul Khalid and David Lau Nai Pek;</li><li>b) Tan Sri Ghazzali Sheikh Abdul Khalid had, on 24 March 2020 been re-designated as a Non-Independent Non-Executive Director;</li><li>c) David Lau Nai Pek has indicated that he will not seek re-election as a director at the upcoming Annual General Meeting of the Company.</li></ul> <p>With the re-designation of Tan Sri Ghazzali Sheikh Abdul Khalid to a non-independent, non-executive director and David Lau Nai Pek's impending retirement as a director, the Board of Directors will comprise of independent directors all of whom have served for less than 9 years.</p>

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p><b>Appointment of Directors</b></p> <p>There is a clear and transparent process for the selection, nomination and appointment of suitable candidates to the Board of Axiata and achieving board balance through diversity in skill set, experience, age, nationality, and gender is a key objective. This principle is encapsulated in the Axiata Board Composition Framework. Based on this framework, both merit and diversity are factors considered hand in hand when selecting board members.</p> <p>The formal process involves the Board Nomination and Remuneration Committee (“BNRC”) first identifying the gap in Board composition before sourcing for candidates. Subsequently, the BNRC evaluates and recommends to the Board suitable candidates who fulfil the requirements. 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 the BNRC’s review. The process for Board appointment also mandates the BNRC/Managing Director/President &amp; Group Chief Executive Officer to engage external consultants and this has been utilised on many occasions.</p> <p>The Board skill set matrix is disclosed on page 78 of the Integrated Annual Report 2019.</p> <p><b>Appointment of Key Senior Management</b></p> <p>For appointment of Key Senior Management, the BNRC will consider/review the candidates based on our leadership framework called People Quality Framework (PDF) that assesses leadership competencies, functional competencies, learning agility, culture fit and pivotal experience required of the role before making any recommendation to the Board for approval. The profiles of the Group Senior Leadership Team are provided on pages 12 to 17 of the Governance &amp; Audited Financial Statements 2019.</p>

As of 31 March 2020, the Diversity Composition Disclosures for Axiata are as follows: -

**Board of Directors**

No. of Directors	Race/Ethnicity				Nationality	
	Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner
	5	2	1	1	8	1

No. of Directors	Age Group				Gender	
	40-49	50-59	60-69	70 -79	Male	Female
	1	1	6	1	7	2

**Senior Management**

No. of C-Level Executives	Race/Ethnicity				Nationality	
	Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner
	8	1	0	7	9	7

**Explanation :**  
**for**  
**departure**

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

**Measure :**

**Timeframe :**



## Intended Outcome

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

## Practice 4.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>On 23 November 2018, Axiata announced the appointment of Khoo Gaik Bee as an Independent Non-Executive Director ("INED") effective 1 January 2019. Coupled with two other women INEDs already on the Board of Axiata, the Board composition of ten Directors during the course of 2019 had comprised three women directors, thus meeting the 30% target as set by the MCCG 2017. This is similarly stated in the Axiata Board Charter where it is specifically provided that the Board aims to appoint and maintain 30% women participation on its Board in line with the aspiration of the Government.</p> <p>As a regional company, Axiata Group champions diversity in its workforce. Whilst there is no specific policy on gender, Axiata's corporate culture across the Group embraces gender diversity, demonstrated inter alia, by the following during the course of 2019: -</p> <ul style="list-style-type: none"><li>i) Three out of ten Board members of Axiata are women, which gives a 30% representation of women on the Board ; and</li><li>ii) Two out of 14 SLTs of Axiata are women.</li></ul> <p>On 26 February 2020, Dr Lisa Lim Poh Lin resigned from the Board following her acceptance of a new opportunity outside of Axiata Group which will require her to dedicate substantial amount of time, attention and focus on. With the departure of Dr. Lisa, the Board comprises two women directors out of nine Board members which translates to women representation on the Board of 22.2%. The Board is focused on reverting to the threshold of 30% women representation as soon as possible with the selection and appointment of a candidate that meets not just the gender requirement but possesses the necessary skill and experience.</p> <p>In terms of board diversity policy, the Board promotes and embraces diversity and gender mix in its composition and believes that the presence of diverse ethnicities, nationalities and gender mix on the Board would widen the Board's perspectives in effectively discharging its duties and responsibilities. While promoting diversity, due recognition to the financial, technical experience and skill sets of the Directors concerned and business imperatives are also factors being considered hand in hand. The diversity policy is entrenched in Axiata's Board Composition Framework.</p>

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

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a formal and transparent procedure for the selection, nomination and appointment of suitable candidates to the Board of Axiata as described in the steps below:</p> <ul style="list-style-type: none"><li>i) Identify Gaps/Vacancy</li><li>ii) Identification of Candidates</li><li>iii) Evaluation of Suitability of Candidates</li><li>iv) Meeting Short-listed Candidates</li><li>v) Final Deliberation by the Board Nomination and Remuneration Committee (“BNRC”)</li><li>vi) Recommendation to the Board</li></ul> <p>The process for Board appointment also mandates the BNRC/Managing Director/President &amp; Group Chief Executive Officer to engage external consultants.</p> <p>The selection process is a robust and objective process where candidates are screened to ensure they possess the right character, experience, integrity, competence and time to effectively discharge their roles as Directors. For foreign candidates, culture fit is an important consideration. Independent referrals are obtained, and potential conflicts of interest are checked along with the candidates other Board memberships.</p> <p>The appointments of Dr. Lisa Lim Poh Lin and Khoo Gaik Bee as directors of Axiata and more recently the appointment of Thayaparan S Sangarapillai to the Board of Axiata were assisted by an external recruitment firm.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>With effect from 1 January 2018, the Board has merged the existing Board Nomination Committee and Board Remuneration Committee into a single committee known as Board Nomination and Remuneration Committee (“BNRC”). The BNRC is chaired by Dato Dr. Nik Ramlah Nik Mahmood, an Independent Non-Executive Director (“INED”) of Axiata.</p> <p>The other two members of the BNRC are as follows: -</p> <ul style="list-style-type: none"><li>i) Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz – NINED; and</li><li>ii) Khoo Gaik Bee – INED.</li></ul> <p>Details of Dato Dr. Nik Ramlah Nik Mahmood’s profile are found on page 5 of the Governance &amp; Audited Financial Statements 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 Board Nomination and Remuneration Committee ("BNRC") which plays a key role in determining the methodology and approach, areas of assessment and selection of independent consultants to facilitate the exercise.</p> <p>The Board Effectiveness Evaluation 2018 ("BEE 2018") was conducted by KPMG Management &amp; Risk Consulting Sdn Bhd ("KPMG") who was appointed as facilitator. The Board believes that an independent party will lend greater objectivity to the assessment process and has always engaged a third party to undertake its BEE annually.</p> <p>The Board Effectiveness Evaluation for 2019 ("BEE 2019") was also undertaken by KPMG as a refresher to the BEE 2018. During the BEE 2019 BEE, KPMG conducted analyses based on the responses received from all nine Directors and interview sessions with three selected Directors, being the Chairman, the Managing Director/President &amp; Group Chief Executive Officer, and the newest Independent Non-Executive Director.</p> <p>Some of the key findings of BEE 2019 are:-</p> <ol style="list-style-type: none"><li>1) Axiata Board's commitment and resilience remain a distinct "personality" within the market comparators whilst strategy planning remains a reverberating flagged theme for Axiata, akin to other comparators.</li><li>2) The efficacy of the Board Chairman and high concentration of Independent Directors have led to a continuity of "robust and full-throttled" deliberations amongst Board members.</li><li>3) The collaborative working relationship between the Board and the Managing Director/ President and Group Chief Executive Officer ("GCEO") continues to be a stand-out feature for Axiata, with the GCEO being an effective bridge between Management and Board.</li></ol>

	<p>4) The Board of Axiata remains a dedicated and collective unit with independent thought clearly shown through the Board’s devotion of long hours and proximate involvement in overseeing the proposed Axiata-Telenor merger.</p> <p>5) The Board’s clear succession model known as the Phased Retirement Plan is a novel market practice amongst peers, both locally and globally, allowing for the Board composition to be revitalised.</p> <p>6) The succession planning for the GCEO was crafted since 2014 through a methodical and well-thought-out succession plan which involved a series of well-crafted strategies including implanting shortlisted candidates to the Board itself and overseeing a smooth “change of guard” by enlisting the final contender as a Deputy President.</p> <p>The findings of BEE 2019 have also recommended areas for improvement, the salient points of which are as follows: -</p> <p>1) There is a need for focused education and development programmes on Company-specific issues with such training aligned to Axiata’s strategies.</p> <p>2) To consider qualitative audits on its Operating Companies in inspecting similar adoption of the Group’s ethical and compliance culture and transformational efforts.</p> <p>3) To consider conducting more comprehensive and detailed feasibility studies and country-risk analysis of its operations and businesses.</p> <p>The findings and results of the 2019 BEE were tabled to the Board at its meeting on 25 March 2020.</p> <p>The Board has taken note of the findings and results and would address them in the appropriate manner.</p> <p>More details of the findings of the BEE 2019 may be found in the Corporate Governance Overview at page 81 of the Integrated Annual Report 2019.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

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

## Practice 6.1

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

<b>Application</b>	:	Applied																																
<b>Explanation on application of the practice</b>	:	<p><b>Non-Executive Directors ("NED")</b></p> <p>As a regional company, the remuneration philosophy is to develop a remuneration structure that commensurate with the Directors responsibilities at both Board and Board Committee level and is sufficient to attract, incentivise and retain quality Directors. The remuneration packages differentiate the Chairman and ordinary members of the Board and Board Committee to reflect the bigger role played by the Chairman. The last review of the remuneration structure was undertaken in 2014 with appropriate benchmarking by external consultants. The Board, with the assistance of the Board Nomination and Remuneration Committee continues to assess the remuneration structure of Board compensation.</p> <p>The following table outlines the remuneration structure for NEDs of the Group:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Remuneration</th> <th colspan="2">Monthly Fees<sup>1</sup> (RM)</th> <th colspan="2">Meeting Allowances<sup>2</sup> (RM)</th> </tr> <tr> <th>NEC<sup>3</sup></th> <th>NED</th> <th>NEC<sup>3</sup></th> <th>NED</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>30,000.00</td> <td>20,000.00</td> <td>3,000.00</td> <td>2,000.00</td> </tr> <tr> <td>Board Audit Committee</td> <td>4,000.00</td> <td>2,000.00</td> <td>3,000.00</td> <td>2,000.00</td> </tr> <tr> <td>Board Nomination and Remuneration Committee</td> <td>1,200.00</td> <td>800.00</td> <td>1,500.00</td> <td>1,000.00</td> </tr> <tr> <td>Other Board Committees</td> <td>Nil</td> <td>Nil</td> <td>1,500.00</td> <td>1,000.00</td> </tr> </tbody> </table>				Remuneration	Monthly Fees <sup>1</sup> (RM)		Meeting Allowances <sup>2</sup> (RM)		NEC <sup>3</sup>	NED	NEC <sup>3</sup>	NED	Board of Directors	30,000.00	20,000.00	3,000.00	2,000.00	Board Audit Committee	4,000.00	2,000.00	3,000.00	2,000.00	Board Nomination and Remuneration Committee	1,200.00	800.00	1,500.00	1,000.00	Other Board Committees	Nil	Nil	1,500.00	1,000.00
Remuneration	Monthly Fees <sup>1</sup> (RM)		Meeting Allowances <sup>2</sup> (RM)																															
	NEC <sup>3</sup>	NED	NEC <sup>3</sup>	NED																														
Board of Directors	30,000.00	20,000.00	3,000.00	2,000.00																														
Board Audit Committee	4,000.00	2,000.00	3,000.00	2,000.00																														
Board Nomination and Remuneration Committee	1,200.00	800.00	1,500.00	1,000.00																														
Other Board Committees	Nil	Nil	1,500.00	1,000.00																														



Notes:

<sup>1.</sup> *In accordance with shareholders' approval, Axiata pays Board and Board Committees' Directors' fees on a monthly basis*

<sup>2.</sup> *Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days*

<sup>3.</sup> *NEC refers to Non-Executive Chairman*

### **Benefits**

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

### **Executive Directors ("EDs")**

The Company's policy on remuneration for the EDs is formulated 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 remuneration is therefore structured to link various components of the package with corporate and individual performance as well as Total Shareholder Returns ("TSR"). It also 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 current remuneration policy of the EDs consists of basic salary, benefits-in-kind and EPF contributions as a guaranteed component. On top of this, the EDs are eligible for two types of performance-based incentives which are the Short-Term Incentive Plan ("STIP") linked to a particular financial year's targets and the Long-Term Incentive Plan ("LTIP") which is linked to a 3-year long-term target.

For the STIP, 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 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 in a given year, 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.

For the LTIP, the performance of the ED is measured on the achievement of a combination of TSR and ROIC within the vesting period, TSR targets being set in comparison with other high-performing companies on Bursa Securities.

Complete details of the remuneration of NEDs and ED for 2019 are provided on page 8 of the Governance & Audited Financial Statements 2019.

## **Senior Management**

### Philosophy

At Axiata, we are committed to providing competitive total compensation opportunities that attract, retain, motivate and reward our employees to deliver outstanding performance. Our compensation philosophy is an essential part of our offering to employees. We have a defined performance management process which supports our overall strategy and plan and it links individual pay with the Company and individual performance. This is delivered through an established compensation framework.

### Guiding Principles

- Promote a high-performance culture by differentiating total compensation based on the relative performance of Company and individual employees.
- Pay at market competitive rate for base salary and differentiating performance for total cash.
- Pay mix differentiated by employee categories i.e. Top/Senior Management and General Employees. Higher risk reward at more senior levels, with higher variable pay portion.
- The expected performance defined through a structured system of performance management and use this as the basis for compensation decisions.
- Employees provided with benefits based on local market practices.

### Total Compensation

The total compensation including base pay, short term incentives, benefits and performance-based long-term incentive plans allows us to attract, retain and engage our employees. Total compensation principles are influenced by individual performance as well as various factors such as competitive market practices, affordability, Company achievements and target opportunities are benchmarked to median against market while considering internal equity. We differentiate outstanding performers with higher performance-based bonus and long-term incentive.

### On-Target Earning (“OTE”)

For Senior Management, Axiata adopts the concept of OTE which is a compensation structure which is composed of base salary with an additional amount of on-target variable pay which is essentially “salary-at-risk”. The quantum takes into account both Company and individual performance. They are also eligible to receive an additional stretch target performance bonus subject to prevailing policy/guideline.

#### Base Salary

The Base salary is the foundation of total compensation. The other elements of total compensation are built on or linked to it. Overall, we position our base salary structures to manage salaries around the relevant market median. At an individual level, base salary is generally paid within a range of the appropriate market median. Key factors are the individual's overall experience and performance.

#### Competitive Positioning

Regular surveys are used as a benchmark to determine our competitive positioning in the market. Axiata is committed to a pay for performance culture which differentiates pay levels on an individual performance basis. Base salary is reviewed periodically and guided by individual performance as well as internal equity and external competitiveness.

#### Variable Pay

Axiata incentive plans are designed to provide a range of opportunities linked to levels of performance. Company and individual performance may result in payout over and above target for superior performance, and no payout for performance below expectations. Variable pay opportunities include both short-term and long-term incentives. For outstanding performers, their total remuneration is at the top quartile of comparable roles in the market.

#### Short-Term Incentive ("STI")

STI i.e. performance bonus scheme, is performance driven based on relevant factors which include the performance of the Company as well as individual performance achievements. Key performance measures are determined annually and focus on Company's priorities i.e. financial performance including measures such as Revenue, EBITDA, PATAMI and ROIC. It is delivered as a cash payout based on achievement of targets. There is no guarantee for payout of a minimum bonus.

#### Long-Term Incentive ("LTI")

Axiata emphasises on sustainable growth and performance, and the creation of value for the Company. By linking rewards to the success of Axiata, the Company not only strengthens long term performance, but also allows attracting and retaining the right employees. LTI Plans are designed and driven by Axiata Group. Senior Management participates in equity-based programmes (Restricted Share Plan) which provide incentives for reaching long term value objectives of the Group and/or respective Operating Company. The shares granted are typically vestable in 3 years and may vest at a multiple or not at all depending on the performance of the Company and the individual over the same period. The LTI Plans can be terminated, modified, changed or revised at any time, subject to approval of the Board.

#### Employee Benefits

We provide employee benefits which are designed by reference to local market practice. The overall benefits offering is based on the relevant market median. The benefit programmes include pension/retirement

	scheme, insurance benefits for medical, disability & life, to provide protection against illness, accident, death and disability; other perquisites or fringe benefits for certain employee category such as company car and driver, car and driver allowances, leave passage, etc. in line with local competitive practices.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Board Nomination and Remuneration Committee ("BNRC") which comprises a majority of Independent Non-Executive Directors. The role of the BNRC in respect of remuneration is to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary, to assist the Board in determining the policy and structure for the remuneration of Directors and key management of Axiata Group.</p> <p>The duties and responsibilities of the BNRC in relation to remuneration of Board and senior management are stated in its Terms of Reference ("ToR"). The ToR of the BNRC is available online at <a href="https://www.axiata.com/sites/default/files/docs/Terms-of-Reference-Board-Nomination-and-Remuneration-Committee.pdf">https://www.axiata.com/sites/default/files/docs/Terms-of-Reference-Board-Nomination-and-Remuneration-Committee.pdf</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Detailed disclosure on named basis for the remuneration of individual directors which include their fees, salary, bonus, benefits in-kind and other emoluments are provided on page 8 of the Governance & Audited Financial Statements 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>		On balance the Board is of the view that disclosing the information will be disadvantageous to Axiata when we are still competing for top talents globally; and it is therefore not in the best interest of the company now.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Axiata has a robust internal process where we continuously benchmark the compensation of our senior management against other regional telecommunications companies and similar large companies in Malaysia to ensure that we compensate in accordance with our pay philosophy which we believe to be fair and competitive and driven by performance.  Additionally, Axiata has disclosed total key management compensation in Note 47 to the Audited Financial Statements as set out in the GAFS 2019.
<b>Timeframe</b>	:	The Board will closely monitor developments in the market and review the appropriateness of such disclosure in future.

### **Intended Outcome**

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

### **Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not Applicable



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Audit Committee (“BAC”) comprises three members who are Independent Non-Executive Directors (“INEDs”)</p> <p>The BAC is chaired by David Lau Nai Pek, an INED who has more than 30 years’ experience with the Royal Dutch Shell Group, leading financial organisations in various countries. David is also a member of the Malaysian Institute of Accountants and a member of the New Zealand Institute of Chartered Accountants.</p> <p>The Chairman of the BAC is not the Chairman of the Board, so as not to impair the objectivity of the Board’s view of the BAC’s findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All Board Audit Committee (“BAC”) members are Independent Non-Executive Directors and none are, over a period of less than two prior years, former key audit partners and employees of External Auditors of the Group. The Terms of Reference of the BAC has been recently amended to include a requirement for a former key audit partner to observe a cooling-off period of two years before being appointed as a BAC member. This is to ensure that the objectivity, independence and effectiveness of the External Auditors are maintained.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 view of this, the Board through the Board Audit Committee ("BAC") oversees the process and the integrity and quality of the financial reporting, annually and quarterly. The BAC, assists the Board by reviewing the financial statements, key accounting matters, 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.</p> <p>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.</p> <p>The BAC had on 19 February 2020, reviewed the re-appointment of Messrs PricewaterhouseCoopers (now known as PricewaterhouseCoopers PLT) ("PwC") based on the following criteria before making their recommendation: -</p> <ul style="list-style-type: none"><li>i) Level of knowledge, capabilities, experience and quality of work;</li><li>ii) Level of engagement with the BAC Chairman;</li><li>iii) Ability to provide constructive feedback, implications and recommendations in areas requiring improvements;</li><li>iv) Adequacy of audit coverage, effectiveness of planning and conduct of audit;</li><li>v) Ability to perform audit work within agreed timeframe;</li><li>vi) Non-audit services rendered by the External Auditors does not impede independence;</li><li>vii) Succession planning of partner-in-charge and rotation of audit partner; and</li></ul>

	<p>viii) Comprehensive audit plan addressing company/industry specific objectives, geographical coverage, level of resources and audit tests with specialist input on tax and regulations.</p> <p>In safeguarding and supporting the external auditor’s independence and objectivity, Axiata has a guideline 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 this guideline, 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 review of non-audit fees paid to the external auditors is undertaken by the BAC. These procedures are in place to ensure that the independence and objectivity of external auditors are not compromised, and steps are taken to ensure that this does not impede the external auditors audit work.</p> <p>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 2018 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.</p> <p>Having considered the outcome of the annual assessment of PwC, the Board had approved BAC’s recommendation for the shareholders’ approval to be sought at the forthcoming 28th AGM on the re-appointment of PwC as External Auditors of the Company for financial year 2020.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board Audit Committee ("BAC") currently comprises solely of Independent Non-Executive Directors ("INED"). The members of BAC are as follows:-</p> <ul style="list-style-type: none"><li>i) David Lau Nai Pek – INED;</li><li>ii) Dr David Robert Dean – INED; and</li><li>iii) Thayaparan S Sangarapillai– INED.</li></ul> <p>The Chairman of the BAC is not the Chairman of the Board, so as not to impair the objectivity of the Board's view of the BAC's findings and recommendations.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Existing members of the Board Audit Committee ("BAC") namely David Lau Nai Pek, Dr David Robert Dean and Thayaparan S Sangarapillai have vast experience and skills in accounting and finance as well as other fields of expertise and are highly-qualified to review the accuracy of the Group's financial reporting prior to recommending the same to the Board for approval.</p> <p>The BAC is chaired by David Lau Nai Pek, Senior Independent Non-Executive Director who has more than 30 years' experience with the Royal Dutch Shell Group, leading financial organisations in various countries. David is also a member of the Malaysian Institute of Accountants and a member of the New Zealand Institute of Chartered Accountants.</p> <p>Dr David Robert Dean who was appointed on 11 December 2017 has extensive experience in serving leading telecommunication, Internet and technology companies, in particular on strategic, corporate development and other top management issues.</p> <p>Thayaparan S Sangarapillai was appointed as a member of the BAC on 18 March 2020 and brings with him wide ranging and extensive experience of over 30 years in the areas of audit and business advisory services for a wide range of industries which includes major public listed companies in the power, telecommunications, automotive, property development, plantation and manufacturing sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.</p> <p>Dato' Mohd Izzaddin Idris, formerly a member of the BAC and an Independent Non-Executive Director had resigned from the BAC on 24 January 2020 following his re-designation to Executive Director and Deputy Group Chief Executive Officer of Axiata Group Berhad.</p>

	Training attended by the BAC members during FY 2019 are provided on page 9 to 11 of the Governance & Audited Financial Statements 2019.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible and accountable for maintaining sound processes of risk management and internal control practices to safeguard shareholders' investments and the Group's assets. Such processes cover not only financial control but also operational and compliance controls. The risk management and internal control processes and procedures put in place seek to manage/mitigate risks within tolerable levels, rather than eliminate the risk of failure to achieve the Group's business objectives.</p> <p>In undertaking this responsibility, the Board is assisted by the Board Audit Committee ("BAC") and the Board Risk Management Committee ("BRMC") which is now renamed to the Board Risk and Compliance Committee ("BRCC").</p> <p>The BAC reviews, amongst others, the system of internal controls, the audit process, and the process for monitoring compliance with applicable laws and regulations as well as the Company's Code of Conduct. In meeting these duties and striving for a preventive management of non-compliance from occurring, the BAC reviews the system of internal controls put in place by the Board and implemented by the Management, to manage such key risk.</p> <p>The BRMC, established with effect from 1 January 2018, oversees the Company's risk management framework and policies. The primary function of the BRMC is to provide oversight of Axiata Group's enterprise risk covering risk management framework, evaluating the adequacy of risk management practices, implementation of appropriate controls to manage risks, strategies and business continuity management.</p> <p>At its meeting on 20 February 2020, the Board resolved to change the name of the BRMC to the Board Risk and Compliance Committee ("BRCC"). This change was to better reflect the expansion to the scope of the committee to encompass not just matters of risk but matters of compliance as well. The additional functions of Compliance and Ethics have been combined with the existing Enterprise Risk Management function, Cyber Security and Privacy to provide an integrated focus on all risk and compliance matters, directly and indirectly, and a single,</p>



	consistent interface with all other functions in the organisation and in the Operating Companies.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has disclosed the key features of its risk management and internal control system in detail in the Statement on Risk Management and Internal Control on pages 26 to 35 of Governance & Audited Financial Statements 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

## Practice 9.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>With effect from 1 January 2018, Axiata has established a Board Risk Management Committee ("BRMC") in line with the recommendation of the Malaysian Code on Corporate Governance 2017 to oversee the Company's risk management framework and policies. The primary function of the BRMC is to provide oversight of Axiata Group's enterprise risk covering risk management framework, evaluating the adequacy of risk management practices, implementation of appropriate controls to manage risks, strategies and business continuity management.</p> <p>At its meeting on 20 February 2020, the Board resolved to change the name of the BRMC to the Board Risk and Compliance Committee ("BRCC"). This change was to better reflect the expansion to the scope of the committee to encompass not just matters of risk but matters of compliance as well. The additional functions of Compliance and Ethics have been combined with the existing Enterprise Risk Management function, Cyber Security and Privacy to provide an integrated focus on all risk and compliance matters, directly and indirectly, and a single, consistent interface with all other functions in the organisation and in the Operating Companies.</p> <p>The majority of the members of BRCC are Independent Non-Executive Directors ("INEDs"). The members are as follows:-</p> <ul style="list-style-type: none"><li>i) Dr David Robert Dean - Chairman, INED;</li><li>ii) Tan Sri Jamaludin Ibrahim – Member; Managing Director / President &amp; Group Chief Executive Officer;</li><li>iii) Dato Dr Nik Ramlah Nik Mahmood – Member, INED;</li><li>iv) David Lau Nai Pek – Member, INED;</li><li>v) Dato' Mohd Izzaddin Idris – Member, Executive Director/Deputy GCEO</li></ul> <p>The views of shareholders and the Minority Shareholder Watch Group as shared during the 27<sup>th</sup> Annual General Meeting of Axiata Group Berhad on 29 May 2019 have been considered, where it was stated that the chair of the Board Audit Committee and the chair of the BRMC</p>

	<p>should not be occupied by the same person. This is pursuant to the best practices of corporate governance.</p> <p>Taking the views into consideration, Dato Dr. Nik Ramlah had assumed the position of Chairman of the BRMC with effect from 1 July 2019 taking over from Mr. David Lau Nai Pek.</p> <p>Following the renaming of the BRMC to the BRCC, Dr. David Robert Dean had, on 20 February 2020 taken over the chair of the BRCC from Dato Dr. Nik Ramlah.</p>
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## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is under the purview of Axiata Group Internal Audit (“AGIA”) and headed by the Group Chief Internal Auditor (“GCIA”), who is independent and reports directly to the Board Audit Committee (“BAC”).</p> <p>The internal audit reporting structure within the Group has been organised whereby the audit departments of the Operating Companies (“OpCos”) report directly to the BAC of the respective OpCo with a dotted reporting line to the GCIA. AGIA has direct control and supervision over internal audit activities in OpCos that do not have an audit function. The GCIA also acts as the secretary to the BAC and, prior to its dissolution date and its roles undertaken by BRMC / BRCC), the Axiata Cyber Security Steering Committee.</p> <p>AGIA provides independent, objective assurance on areas of operations, reviews, and makes recommendations that will improve and add value to the Group. AGIA identifies, coordinates and conducts global audits that are carried out throughout the Group and also provides standards, policies, guidelines and advice to the OpCos’ audit function to standardise the internal audit activities within the Group.</p> <p>AGIA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of risk management, financial, operational, compliance and governance processes. Structured risk-based and strategic based approaches are adopted in identifying internal audit activities that are aligned with the Group’s strategic plans to ensure that the risks facing the Group are adequately reviewed.</p> <p>In addition, international standards and best practices are adopted to further enhance the relevancy and effectiveness of the internal audit activities. The areas of coverage include finance, sales, marketing, information and technology, billing, network, corporate governance, risk management, human resources, customer service and procurement. The audit reports of these assignments provide independent and objective assessment of the following:</p> <p>i) The adequacy, effectiveness and efficiency of the internal control systems to manage operations and safeguard the Group’s assets and shareholders’ value; and</p>

	<p>ii) The adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.</p> <p>The internal audit reports are issued to Management for their comments and to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports are tabled at each OpCo's BAC and the summary of the key findings are presented to the BAC for due deliberation to ensure that management undertakes to carry out the agreed remedial actions. Members of Management are invited to the BAC meetings from time to time, especially when major control weaknesses are highlighted by Internal Audit.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## Intended Outcome

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

## Practice 10.2

The board should disclose–

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Hadi Helmi Zaini Sooria is the Group Chief Internal Auditor (“GCI A”) of Axiata. He is a Chartered Management Accountant by profession and a member of CIMA UK and the Association of International Certified Professional Accountants (AICPA). He also holds an MBA. He has more than 20 years of operations experience in Axiata subsidiaries. GCI A is a member of the SLT of Axiata and has sufficient standing and authority to discharge his functions effectively. His profile is on page 16 of Governance &amp; Audited Financial Statements 2019 (“GAFS”).</p> <p>There is a total of 77 internal auditors across the Group whilst Axiata Group Internal Auditors (“AGI A”) at Corporate Centre has six approved headcount and operates on a resource sharing basis with other Operating Companies’ Internal Audit Divisions. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGI A at the end of 2019 is as follows:</p> <ol style="list-style-type: none"> <li>1) Expertise Category (Percentage of total auditors) <ul style="list-style-type: none"> <li>Finance (28%), IT/MIS (22%), Network/Engineering (20%), Marketing (13%) and General/ Others (17%)</li> </ul> </li> <li>2) Professional Category (Percentage of total auditors) <ol style="list-style-type: none"> <li>i) Professional Certification <ul style="list-style-type: none"> <li>• CPA, ACCA, CA, CIMA (25%)</li> <li>• Certified IS Auditor (15%)</li> <li>• Others (35%)</li> </ul> </li> <li>ii) Post Graduate <ul style="list-style-type: none"> <li>• MBA and Masters (32%)</li> </ul> </li> </ol> </li> </ol> <p>GCI A reports directly to the Board Audit Committee (“BAC”) to preserve its independence and objectivity. The reporting structure ensures that audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>The BAC approves the Internal Audit (“I A”) charter which defines the internal auditors’ purpose, authority and responsibility in their work as the assurance provider to the BAC and the Board. In this regard, the I A</p>

	<p>charter defines the organisation, responsibility, authorisation, audit standard and ethics, adjudication, relationship with external parties which the Axiata IA function will operate to ensure positive contribution to the Group.</p> <p>The internal audit works are carried out in accordance with the International Professional Practices Framework (“IPPF”) and the assessment of existing controls utilises the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Framework.</p> <p>The Statement on Risk Management and Internal Control and the BAC Report are provided on pages 26 to 35 and pages 36 to 37 of the Governance &amp; Audited Financial Statements 2018, respectively.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	



## Intended Outcome

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

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

## Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of effective communication channels 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 Group 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 continuous 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 of Bursa Securities but also include additional items through media releases and are done on a voluntary basis.</p> <p>This equitable policy is not only prevalent to financial affairs but also extends to major and/or strategic transactions. Audiocasts of analyst calls on quarterly results and major and/or strategic transactions are also made available on Axiata's website.</p> <p>Axiata uses a number of formal channels to account to shareholders and stakeholders, particularly: -</p> <p>1) <b>Annual Report</b></p> <p>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. In 2018, Axiata published its inaugural Integrated Annual Report 2017.</p> <p>This year, Axiata's 2019 Annual Report Suite is made up of the following:-</p> <ul style="list-style-type: none"><li>i) Integrated Annual Report 2019.</li><li>ii) Governance &amp; Audited Financial Statements 2019.</li></ul>

	<p>iii) Sustainability &amp; National Contribution Report 2019.</p> <p>2) <b>Announcements to Bursa Securities</b>  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.</p> <p>Filings and announcements to Bursa Securities are available online at <a href="https://www.axiata.com/investors/bursa-announcements/">https://www.axiata.com/investors/bursa-announcements/</a></p> <p>3) <b>Media Releases</b>  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.</p> <p>Media information, including media releases are available online at <a href="https://www.axiata.com/media-overview">https://www.axiata.com/media-overview</a></p> <p>4) <b>Quarterly Results and Analyst Briefings</b>  Axiata holds analyst results briefings chaired by the Managing Director/President &amp; Group Chief Executive Officer (GCEO) ("President &amp; GCEO") and Group Chief Financial Officer ("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 Operating Companies ("OpCos") as an avenue to provide dialogue between fund managers and research analysts with the Group's Senior Management as well as 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.</p> <p>Presentation materials and audiocasts to analysts are available online at <a href="https://www.axiata.com/investors/ir-presentations/">https://www.axiata.com/investors/ir-presentations/</a> and <a href="https://www.axiata.com/investors/quarterly-results/">https://www.axiata.com/investors/quarterly-results/</a>.</p> <p>5) <b>Media Conference</b>  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.</p> <p>6) <b>Investor Relations</b></p>
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In 2019, Axiata conducted 134 meetings with investors and analysts via face-to-face meetings and conference calls. On 2 December 2019, Axiata organised its annual 'Analyst & Investor Day' in Kuala Lumpur. The event was well received with strong participation by analysts and investors, both local and foreign based. Amongst the key topics covered include delivering sustainable profit and cash growth through Operational Excellence, Delivering the Lowest Cost per GB, Operational Excellence in Action, Keeping Our Customer Promise and Digitisation & Analytics as Our 'Enablers'.

Axiata organises an analyst 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 analyst 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 analyst 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 <https://www.axiata.com/investors/quarterly-results/>.

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](http://www.axiata.com).

8) **Engagement with shareholders through Annual General Meeting ("AGM")** where for the AGM held on 29 May 2019:

- i) The President & GCEO delivered Management's presentation on the year in review of Axiata Group.
- ii) Chairman provided ample time to the shareholders to raise their questions and concerns where the Chairman, President & GCEO and other Directors answered and clarified on the same accordingly.
- iii) Served as a primary engagement platform between the Board and the shareholders of the Company.
- iv) 28-days' notice was given.
- v) Accessible venue at Connexion@Nexus, Bangsar South City.
- vi) Attended by all Board members.
- vii) Electronic poll voting on all resolutions and immediate announcement of results.

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

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order to provide a holistic view of Axiata's Group business and how value is created, the Board had decided on the adoption and application of the globally recognized and best practice reporting framework of the International Integrated Council's ("IRC") Integrated Report.</p> <p>In 2018, Axiata published its inaugural Integrated Annual Report 2017 made up of the following: -</p> <ul style="list-style-type: none"> <li>i) Integrated Annual Report 2017.</li> <li>ii) Governance &amp; Audited Financial Statements 2017.</li> <li>iii) Sustainability &amp; National Contribution Report 2017.</li> </ul> <p>Axiata continues with the practice of adopting the reporting framework under IRC by publishing its Integrated Annual Report for 2018 and now continuing into 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Axiata dispatches the notice of its Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and Main LR of Bursa Securities. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>Axiata provides Administrative Notes when giving notice of the AGM, which provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy or representative and information as to who may be counted as a proxy.</p> <p>The notes to the Notice of the 27<sup>th</sup> AGM dated 30 April 2019 had provided detailed explanations for each resolution proposed, e.g. final tax-exempt dividend, re-election/retirement/re-appointment of Directors, Directors’ remuneration comprising the Directors’ fees and benefits, appointment of auditors, etc, to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>Following the Malaysian Government’s announcement and imposition of the Movement Control Order (MCO), Axiata continue to closely monitor the situation closely in order to determine the appropriate time to schedule the 28<sup>th</sup> Annual General Meeting.</p> <p>Both the Integrated Annual Report 2019, and the Corporate Governance Report 2019 have been issued, prior to the notice to convene the 28<sup>th</sup> Annual General Meeting. The notice of meeting will be issued when the appropriate time to schedule the Annual General Meeting has been determined. Axiata will continue to issue its notice of meeting of the Annual General Meeting at least 28 days before the date of the meeting.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the 27<sup>th</sup> Annual General Meeting (“AGM”) of Axiata held on 29 May 2019, all Directors, including members of Board Audit Committee, Board Nomination and Remuneration Committee and Board Risk Management Committee attended and participated at the said AGM.</p> <p>The presence of all directors provided opportunities for the shareholders/proxies to engage with each director and also allowed the shareholders/proxies to raise questions and concerns directly to those responsible.</p> <p>The AGM was also attended by external auditors, legal counsels, Minority Shareholder Watch Group (“MSWG”) representatives and Senior Management of the Company. Presentation by the Managing Director/President &amp; Group Chief Executive Officer at the AGM covered queries raised earlier by MSWG.</p> <p>During the AGM, the Chairman invited members to raise any questions and seek clarifications on the proposals tabled. The proceedings of the AGM are recorded in minutes of the meeting and disclosed on the Company’s website within reasonable time.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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



### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Axiata has yet to facilitate voting in absentia and remote shareholders' participation at general meetings.</p> <p>The Annual General Meeting ("AGM") of Axiata is always held within the vicinity of Kuala Lumpur at a venue familiar to shareholders of the Company in order to encourage the shareholders to participate at its AGM. Shareholders, who are unable to attend general meetings may in accordance with the relevant provisions of the Memorandum and Articles of Association, appoint their respective proxies to vote on their behalf at all general meetings of the Company.</p> <p>Axiata was among the first to pioneer electronic poll voting using tablets at its 24th AGM held on 25 May 2016. Subsequently, at the 25th AGM of Axiata held on 26 May 2017, Axiata had extended the e-voting process through e-Vote mobile application. Free wifi was provided to the shareholders and proxyholders to encourage them to download the e-Vote application onto their own mobile device. A passcode was issued during registration and shareholders have to scan the passcode to get access to the e-Vote mobile application and cast their votes using their mobile devices. These advancements had been carried through and offered at Axiata's 27<sup>th</sup> AGM held on 29 May 2019.</p> <p>The electronic polling process was conducted by Tricor Investor and Issuing House Services Sdn Bhd, the Poll Administrator and results of the poll had been verified by Scrutineers, Deloitte Risk Advisory Sdn Bhd.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Axiata plans to make available the required services to facilitate voting in absentia and remote participation by shareholders at its 28 <sup>th</sup> Annual General Meeting.
<b>Timeframe</b>	:	By the 28 <sup>th</sup> Annual General Meeting

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

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

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