EXTENDING OUR REACH TO ENHANCE CONNECTIVITY

Our extensive network is poised to innovate, excel and deliver, seamlessly adapting to the needs of the markets we serve.



OUR STRATEGIC CONTEXT

THE CONTEXT OF OUR OPERATIONS

Macroeconomic Factors

Operating Environment

- Inflation and macroeconomic headwinds in key markets eroded purchasing power and increased cost pressures
- Political instability, armed conflicts, regulatory changes and natural disruptions continued to affect business conditions
- Emerging market currencies weakened against the USD due to political uncertainty, inflation and USD liquidity constraints
- 5G-related capex required as networks mature, bringing focus on monetisation

Strategic Implications and Our Response

- High market risk in frontier markets calls for disciplined strategic planning and investment
- Leveraging network sharing and zero-touch operations to reduce operating costs
- Addressing macroeconomic pressures in Sri Lanka and Bangladesh through cost efficiency, convergence and consolidation
- Managing USD liquidity risks by reducing dollar debt exposure and maintaining sufficient liquidity to safeguard dividend repatriation

Way Forward

- Enforce disciplined capital allocation under the Capital Management Framework
- Proactively monitor economic conditions, interest rates and exchange rates
- Strengthen liquidity planning through close coordination with OpCos and banks, exploring collaborative solutions
- Reduce USD exposure in frontier markets via debt reduction and hedging strategies
- Enhance efficiency through market consolidation, network-sharing and automation

Link to Risks and Strategy

Risks **Our Strategic Response** V2 V3 V4 SP1

Regulatory

Operating Environment

- High interest rates and weak local currencies continue to shape fiscal and economic responses
- Uncertain fiscal environment driving higher general and sector-specific taxes, such as Sri Lanka's Social Security Contribution Levy (SSCL)
- Changes in policymakers may significantly alter the business environment
- Upcoming general elections could trigger policy changes and heighten uncertainties

Strategic Implications and Our Response

- High interest rates, local currency devaluation and tax uncertainties continue to raise operating costs and impact profitability
- Stricter Quality of Service (QoS) and coverage mandates may drive up infrastructure capex
- Proactive engagement with regulators to influence policy, advocate investment in frontier markets, and manage compliance
- Secured timely, cost-effective spectrum releases for 4G/5G and identified future spectrum bands
- Regular advocacy at national and regional forums on key industry issues including spectrum, 5G licensing, taxation, digital competition, industry sustainability, open access, Network Fair Share and digital policy
- Secured direct engagement with the Malaysian Government to address strategic and investment priorities
- De-escalated QoS demands in key markets, preventing unnecessary capex commitments
- Advocated for measured and careful retail tariff hikes in several markets for market repair

Way Forward

- Deepen stakeholder engagement in Indonesia to support increased investments, strengthen franchise protection and leverage Malaysia-Indonesia bilateral ties
- Accelerate cross-market regulatory learnings via the Axiata Regulatory Expert Working Group
- Support Axiata Telco-TechCo strategy by shaping national regulatory landscapes, prioritise investment sustainability and promote regulatory fairness and digital policy readiness
- Strengthen relationships with ministries, regulators such as MCMC, National AI Office, MyDigital Corporation, MDEC, CyberSecurity Malaysia, Bank Negara Malaysia (Central Bank of Malaysia), rating agencies and key banks to ensure alignment and clear communications

Link to Risks and Strategy

Risks **Our Strategic Response** V2 V3 V4 SP1

Hyper-Competition

Operating Environment

- Competitive pressures in the mobile business remain high despite market repair and in-country consolidation, while fixed-line competition continues to intensify with the 5G roll out
- Smaller players face sustained profitability challenges due to competitive vulnerability
- Market consolidation is advancing, especially in Indonesia's telco and Internet Service Providers (ISP) sectors, although it does not necessarily reduce competition
- Hyperscalers and Over-The-Top (OTT) platforms are capturing a larger share of consumer spending and engagement, signalling a shift toward advanced internet-based services over traditional offerings

Strategic Implications and Our Response

- Drive market repair to grow ARPU by maintaining wallet share and lowering acquisition costs
- Leverage dual-brand strategy to stay agile in an evolving competitive landscape
- Pursue market consolidation to boost scale and profitability
- Build internal capabilities via ADL and platform solutions to regain control of systems and infrastructure, while deepening engagement with the developer ecosystem
- Strengthen AI capabilities through hands-on upskilling to support sustainable digital transformation and sharpen competitiveness
- Accelerate digital and IT transformation to improve time-to-market for new solutions

Way Forward

- Sustain focus on market repair and consolidation. Advance digitisation, analytics and automation internally and via external partnerships to boost revenue yield per customer
- Forge collaborations with hyperscalers, OTT players and digital developers to deliver innovative, customer-aligned solutions
- Invest in emerging technologies to enhance competitiveness and lower future cost per GB
- Selectively invest in 5G spectrum and infrastructure to optimise returns and capital efficiency
- Collaborate with industry players to build a strong developer ecosystem and monetise 5G, Edge computing, and Private Network solutions
- Accelerate digital initiatives by scaling AI and analytics implementation
- Execute network optimisation through zero-touch automation and network sharing strategies

Link to Risks and Strategy

Risks **Our Strategic Response** V2 V3 V4 SP1

Legend: Market Risk | Geopolitical Risk | Regulatory Risk | Governance & Compliance Risk | People Risk | Technology Risk | Cyber & Data Privacy Risk | Strategic & Investment Risk | Financial Risk | Operational Risk

THE CONTEXT OF OUR OPERATIONS

Climate Change

Operating Environment

- Climate change requirements and regulations are evolving into a permanent business agenda
- Net-zero commitments are accelerating across industries, including telcos, targeting decarbonisation by 2050
- Global energy markets remain volatile, with rising prices and more focus on energy security and climate goals
- Renewable energy adoption is accelerating, though regulatory and policy support varies across markets. Climate-related risks and opportunities are increasingly material to regulators, investors and financial institutions in decision-making
- Carbon credit markets face greater scrutiny to enhance integrity, transparency and enforcement in voluntary carbon markets (VCMs)

Strategic Implications and Our Response

- Inaction on climate change risks credibility loss and reputational damage
- Heightened risk of non-compliance with evolving environmental regulations across operating markets
- Future-proofing depends on understanding transition and physical climate risks while capitalising on related opportunities
- Growing demand for low-carbon solutions from B2B and B2C segments opens commercial and non-commercial opportunities to enable decarbonisation
- Decarbonising our network and value chain offers operational and cost efficiency
- Signed the SBTi Business Ambition for 1.5°C and secured validation of emission reduction targets
- Updated SBTi baseline from 2020 to 2022, covering Scope 1, 2, and 3 emissions for FY2022

Way Forward

- Continue operationalising the Axiata Net-Zero Carbon Roadmap to achieve net-zero by 2050
- Ensure OpCos localise decarbonisation plans in line with the Group roadmap
- Begin implementing IFRS S1 & S2 sustainability disclosure standards, addressing climate risks and opportunities
- Explore renewable energy adoption, including Power Purchase Agreements (PPAs) and/or Renewable Energy Certificates (RECs), as they become commercially viable
- Chief Technology Officer Council to embed energy efficiency across the regional network to cut costs and emissions
- Strengthen cross-market collaboration with regulators to promote public-private dialogue

Link to Risks and Strategy

Risks **Our Strategic Response** V2 V3 V4 SP1

Digital Acceleration

Operating Environment

- Geopolitical tensions and fast adoption of AI, quantum computing and other tech are driving more frequent and complex cyber threats
- 5G and Edge computing enabling innovation but heighten security, privacy and data risks
- Rapid tech evolution causes early obsolescence, straining working capital and liquidity
- AI is reshaping customer engagement, innovation and operational efficiency
- Shortage of specialised talent, especially in cyber security, affects cyber resilience and operational continuity

Strategic Implications and Our Response

- Strengthening third-party risk management to reduce cyber and data risks from external vendors
- Safeguarding operations, finances and reputation through robust cyber security and privacy measures
- Driving cross-vertical risk management via cross-divisional collaboration
- Mitigating human-related vulnerabilities through insider threat programmes and vendor assessments
- Enhancing cyber threat response with integrated threat-intelligence and controls
- Deploying AI and GenAI to boost efficiency, optimise costs, improve planning and customer experience
- Upskilled > 150 employees via Enterprise Academy to align with business and client needs
- Axiata Enterprise enabling digital acceleration for > 75 million businesses
- Rolled out GenAI Playbook to guide OpCo adoption in 2024

Way Forward

- Implement three-year #ASH 3.0 Data Privacy Roadmap addressing risks from emerging tech, geopolitical conflicts and evolving regulations
- Execute Digital Trust & Resilience Strategy, a three-year cyber security roadmap aligned with emerging risks and compliance needs
- Strengthen public-private partnerships to tackle regional cyber threats and leverage ACFC expertise
- Maintain active engagement with Board and Senior Leadership to elevate risk awareness and align security priorities
- Direct investments based on security risk assessments to maximise ROI and optimise resource use
- Drive AI-focused upskilling across the Group with practical, hands-on training

Link to Risks and Strategy

Risks **Our Strategic Response** V2 V3 V4 SP1

Legend: Market Risk; Geopolitical Risk; Regulatory Risk; Governance & Compliance Risk; People Risk; Technology Risk; Cyber & Data Privacy Risk; Strategic & Investment Risk; Financial Risk; Operational Risk

CONSIDERING WHAT MATTERS

Materiality Assessment

Axiata conducts an internal review of its material matters on an annual basis, which is endorsed by the Board, to ensure ongoing relevance to society, the environment, business growth and stakeholders. We aim to conduct a double materiality assessment in 2025 to assess the financial impact of climate risks on Axiata and our broader environmental and social impact. This will enhance alignment with IFRS S1 & S2 and other evolving standards.

These annual internal reviews are crucial to our business sustainability and allow us to identify opportunities and mitigate risks associated with each material matter. They also serve as a strategic compass to guide our Board, leadership and the entire organisation in understanding and addressing the issues that impact us and our stakeholders. By aligning our business goals and strategies with the material matters and stakeholder needs and expectations, the leadership team can make informed decisions that foster sustainable development.

Looking ahead to 2025, we are working towards integrating top material matters into the Key Performance Indicators (KPIs) of our OpCo CEOs, embedding these priorities across all levels to ensure that everyone is aligned with and accountable for our material matters.

The Board Sustainability Committee's (BSC) approval is premised on the basis that there were no major external factors that necessitated a material change to our identified material matters, nor were there any significant changes to our business model or operating context that warranted a change in the identified material matters, throughout the reporting year.

Materiality Matrix

The materiality matrix below integrates input from Axiata and its stakeholders. The categorised material matters, ranging from High to Medium-Low importance, represent prioritised issues in the Group.

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



CONSIDERING WHAT MATTERS

	Description	Why is this important to the Group	Stakeholder Groups	Why is this important to Stakeholder Groups	Bursa Malaysia's Common Sustainability Matters*
ADVANCING DIGITAL SOCIETIES					
Network Quality & Connectivity	Improve efficiency, availability and reliability to enhance network quality, coverage and connectivity.	Enhancing our network quality and connectivity through advancements in technology, e.g. 5G network and Internet of Things (IoT) will ensure customers' satisfaction and enable us to remain competitive in the market.		Our customers, business partners and communities expect us to provide them with the best network consisting of a wide area of coverage and a consistent and reliable mobile experience.	N/A
Customer Experience	Deliver a differentiated user experience by offering affordable products and services relative to our customer promise in the highly competitive markets we operate in.	Placing customer experience and satisfaction as a top priority by delivering personalised experiences and providing seamless products and services will retain their loyalty.		Understanding the ever-evolving needs of our customers will enable us to offer them products and services that go beyond meeting minimum expectations.	N/A
Digital Inclusion	Ensure everyone, including vulnerable members of the community, has access to affordable products and services to participate in the digital economy.	Empowering our customers and communities by providing affordable and innovative products and services will give them access to a digitally connected world.		In supporting the nation's aspirations to bridge the digital gap, continuous expansion and improvements to the network, products and services will ensure no one, including those in remote areas and vulnerable groups, is left behind.	N/A
Sustainable Business Growth	Promote direct and indirect value creation in our strategic investment decisions to ensure sustainable growth for our business, thereby enhancing shareholder returns.	Our investment and partnership strategies will guide us towards long-term business growth through excellence in operational performance and positive value creation.		Our focus on long-term business growth ensures that we create value and enhance shareholder returns, as well as the livelihood of our employees and value chain partners.	N/A
Digitisation & Innovation	Adopt technological innovation to enhance key internal business functions, improve process efficiency and effectiveness and promote innovation and business continuity.	Prioritising technological innovation to enhance the efficiency and effectiveness of our internal business processes will support our aspiration of becoming an Asian Connectivity Leader.		Digitisation and innovation are key components of a digital transformation, which will help businesses grow and achieve meaningful outcomes.	N/A

*Note: * All 11 Bursa Malaysia's Common Sustainability Matters have been mapped to Axiata's Material Matters*

Legend: Customers | Media | Industry Bodies | Suppliers & Business Partners | Shareholders, Investors & Analysts | Community & Civil Society Organisations | Regulators & Government | Employees, Management & Board

CONSIDERING WHAT MATTERS

	Description	Why is this important to the Group	Stakeholder Groups	Why is this important to Stakeholder Groups	Bursa Malaysia's Common Sustainability Matters*
ADVANCING GREEN ECONOMY					
Climate Change	Establish internal controls and monitoring mechanisms to meet our net-zero carbon emissions targets by no later than 2050,adopting the Task Force on TCFD recommendations as part of our 2024 reporting. Looking ahead, we will align with the IFRS Sustainability Disclosure Standards in 2025,as TCFD is fully integrated into IFRS S1 and S2.	Reducing our greenhouse gas emissions and closely monitoring and managing the impact of climate change on our business operations are important steps in our journey towards becoming carbon neutral.		In response to the global call for action on climate change, we endeavour to provide innovative digital solutions to enable and encourage our customers and communities to transition towards a low-carbon economy.	Energy Management, Emissions Management
Environmental Management	Manage environmental impacts through effective waste management, water consumption and biodiversity conservation as we aspire towards a circular economy within our operations.	Conducting our activities sustainably through the efficient use of material and water, effective waste management and biodiversity conservation to maintain our social licence to operate.		Operating responsibly by managing our consumption of natural resources to minimise any adverse impact on the environment, while working progressively with our partners across the value chain to uphold the same level of environmental management practices.	Waste Management, Water
ADVANCING OUR PEOPLE & COMMUNITIES					
Fair, Diverse & Inclusive Employment	Foster fair recruitment practices by embracing a diverse and inclusive culture in the workplace and offering employees fair compensation and benefits.	Establishing an inclusive working environment for all employees will promote a healthy and productive work culture, while boosting morale to enhance operational performance.		Promoting a fair and diverse working environment to create a winning culture that fosters safety and inclusion among our employees.	Diversity, Labour Practices and Standards
Talent Development & Attraction	Promote and uplift the development and competencies of our employees to respond to the rapidly changing and complex business environment.	Our specialised programmes enhance our employees' competitive edge in a rapidly changing and complex business environment, while also attracting new talent to our organisation.		Digitisation and innovation are key components of a digital transformation, which will help businesses grow and achieve meaningful outcomes.	Labour Practices and Standards
Community Development	Promote a digitally inclusive future to support, uplift and nurture the local community, the underprivileged and the underserved group through our financial and non-financial contributions.	Creating a positive impact through purposeful contributions to local communities in the markets where we operate, fostering long-term community development.		Meaningful engagements with the communities will help us understand their needs and requirements and uplift their living standards.	Community/Society

*Note: * All 11 Bursa Malaysia's Common Sustainability Matters have been mapped to Axiata's Material Matters*

Legend: Customers | Media | Industry Bodies | Suppliers & Business Partners | Shareholders, Investors & Analysts | Community & Civil Society Organisations | Regulators & Government | Employees, Management & Board

CONSIDERING WHAT MATTERS

	Description	Why is this important to the Group	Stakeholder Groups	Why is this important to Stakeholder Groups	Bursa Malaysia's Common Sustainability Matters*
ADVANCING OUR PEOPLE & COMMUNITIES (CONTINUED)					
Emergency & Disaster Response	Provide support during emergencies and disasters through our business operations and humanitarian contributions.	Maintaining a culture of preparedness with the right tools, infrastructure and resources to support access and provide a humanitarian response in times of calamities and disasters.		Society's dependence on connectivity imposes a high level of trust on our business resilience to ensure continued access to communication and information during times of crisis.	Community/Society
Employee Health, Safety & Wellbeing	Provide a healthy, safe and secure workplace for our employees in ways that address key challenges while bringing value to their livelihood at the same time.	Strict compliance to all applicable environmental, health and safety laws and regulations will ensure that we provide a conducive working environment that promotes physical and mental health and safety.		Our employees trust us to provide them with a safe, healthy and positive working environment in which rapid and appropriate actions will be taken when untoward incidents occur.	Health and Safety
DRIVING GOVERNANCE & RISK					
Digital Integrity	Strengthen data privacy and protect information and intellectual property against cyber security breaches to ensure the safety and security of our customers from online threats and exploitation.	Continuous strengthening of our cyber security practices to safeguard our customers' data from cyber security threats and breaches will retain their confidence and ensure the long-term viability of our businesses.		With rising data breaches, data privacy has become one of the topmost concerns of customers.	Data Privacy and Security
Business Ethics & Governance	Maintain strict business ethics and corporate governance through compliance with all applicable laws, regulatory requirements and policies across our markets of operation in regard to bribery and corruption, tax transparency, anti-competitive practices, human rights and freedom of expression.	Make strict business ethics a top priority at Axiata by establishing strong governance and ensuring that all business conduct adheres to the Code of Conduct that conforms to the T.R.U.S.T principles defined in the Malaysian Anti-Corruption Commission (MACC) Act.		With Axiata's strong ethical culture, we establish and nurture relationships with transparency, integrity and mutual trust and respect with our stakeholders.	Anti-corruption
Sustainable Supply Chain	Incorporate Economic, Environmental, Social and Governance (EESG) considerations across our supply chain management and processes, while ensuring supply chain continuity.	Holding our suppliers to high standards of business conduct, including sustainable practices, to meet the expectations of our customers for superior products and services.		Providing support and empowering our supply chain, where needed, to build their capabilities in managing the EESG factors within their business operations.	Supply Chain Management
Regulatory & Political Risk	Monitor and manage evolving changes in the regulatory and political landscapes.	Countries in Southeast and South Asia where Axiata has operations remain highly regulated and as such, require close and constant monitoring of regulatory and political changes to be able to respond rapidly to protect long-term business growth.		Adopting a strict regulatory compliance strategy, including maintaining close relationships with regulators and governments to ensure a high level of compliance with regulatory requirements.	N/A

*Note: * All 11 Bursa Malaysia's Common Sustainability Matters have been mapped to Axiata's Material Matters*

Legend: Customers | Media | Industry Bodies | Suppliers & Business Partners | Shareholders, Investors & Analysts | Community & Civil Society Organisations | Regulators & Government | Employees, Management & Board

STAKEHOLDERS ENGAGEMENT

● On-going ● As needed ● Quarterly ● Annually ● Monthly ● Throughout the year

	Engagement Mode	Matters of Concern	Response and Outcomes
Customers **Significance to Axiata** We serve individual and enterprise customers, providing them with the connectivity, solutions and services they need. We focus on performance and exceeding expectations to ensure a positive user experience.	We use surveys and competitor benchmarking to improve performance and exceed customer expectations across all our markets. ● Customer surveys ● Engagements and activities ● SME focus groups	• Improving network and ICT service quality and availability • Enhancing customer experience • Providing transparent pricing for all products and services • Establishing clear service differentiation	• Deliver maximum value at optimum cost • Exceed customer expectations through operational excellence • Develop digital lifestyle products and self-service customer care solutions • Provide valuable products, deals and services, including connectivity and Enterprise ICT solutions • Offer excellent customer support across all channels
Suppliers & Business Partners **Significance to Axiata** We rely on suppliers and partners for business-critical products and services that enable us to execute our strategy. We collaborate with them to optimise value and support mutual business growth.	We engage with key suppliers to identify solutions and services that enhance operational excellence. We collaborate with them to address improvement opportunities through any of these following channels. ● Direct engagements and meetings ● Tenders and bidding ● Axiata Corporate Centre Forums ● Establish strategic alliances with local, regional and global players to capture enterprise revenue growth and capability building aligned to market demand and technology trends	• Ensuring compliance with our Supplier Code of Conduct • Engaging suppliers and partners on long-term strategy and emerging corporate developments • Providing opportunities for supplier and partner development, including support and service continuity during emergencies (e.g. floods) • Integrating ESG considerations throughout the supply chain to foster environmental responsibility	• Prioritise sourcing from local suppliers • Support local direct and indirect employment through our supply chain • Engage in industry value chain discussions to improve operational efficiency • Leverage on Axiata's existing annual forums (e.g., ESG/ Risk & Compliance (R&C) forums) to address supplier awareness on process/ governance/ compliance/ ESG related issues and further strengthen engagement with stakeholders • Define value-based procurement strategies and metrics to prioritise quality, sustainability and ethical standards
Community & Civil Society Organisations (CSO) **Significance to Axiata** We prioritise active community participation and engagement as essential components of our social license to operate in this diverse and rapidly developing economic region.	We build relationships with the community by partnering with local non-governmental organisations (NGOs) to promote digital inclusion, implement corporate responsibility programmes and assess stakeholder needs. ● Continuous communication through email and multi-platform messaging applications ● Ad-hoc meetings ● Annual meetings	• Supporting the UN SDGs • Developing the capacity of future leaders • Contributing pre- and post-disaster assistance • Addressing local social needs • Enhancing digital connectivity and the broader digital ecosystem for society	• Implement digital and financial inclusion initiatives covering digital skills, connectivity and inclusivity • Launch disaster management and response initiatives • Develop national talent to raise future leaders • Establish Digital Innovation Funds to foster innovation and local entrepreneurship in four countries
Shareholders, Investors, Analysts **Significance to Axiata** As owners of Axiata, shareholders and investors provide us with the financial capital, while analysts can aid access to new investors and potentially new sources of funding, needed to sustain our growth. They are entitled to timely information about the Group and to receive a return on their investment.	We hold Annual General Meetings (AGM) to engage with our shareholders and to seek their approval on key matters. We regularly meet investors via roadshows and conferences and actively engage with analysts and prospective investors on matters relating to strategy, financials and corporate developments, including ESG-related matters. ● Quarterly financial results briefings ● Investor conferences ● Annual General Meetings ● Analyst and Investor Day ● Shareholder and investor engagements ● Analyst engagements ● ESG questionnaires	• Optimising our financial performance and debt reduction • Consolidation and monetisation of businesses • Future strategy of the Group • Sustainability plans for the Group	• Ensure transparency in corporate reporting and disclosures across multiple platforms, and making reports available via our website • Regular engagements with shareholders, investors and analysts on emerging topics in the industry and national landscape • Increase investor focus on ESG matters such as digital inclusion, climate-related risks, labour and human rights standards

STAKEHOLDERS ENGAGEMENT

● On-going ● As needed ● Quarterly ● Annually ● Monthly ● Throughout the year

	Engagement Mode	Matters of Concern	Response and Outcomes
Media **Significance to Axiata** The media is a vital platform for engaging with our stakeholders and the local communities in the markets we operate in. These engagements are a powerful channel to ensure our strategy and objectives are communicated clearly and understood by them.	We cultivate strong relationships with media outlets through proactive engagement, providing timely and accurate information on our activities, initiatives and perspectives. ● Media releases and press kits ● Media briefings and interviews ● Media engagements ● Media briefing sessions after AGM and release of financial results ● Media-hosted panel events ● Advertorial placements ● Media enquiries	• Timely updates on strategy and corporate developments • Timely sharing of financial results, market performance and industry trends and issues • Prompt response to media inquiries • Clarity and accuracy in all media communications • Access to senior leadership for exclusive or group interviews	• Share timely updates on performance and corporate activities • Provide insights into Axiata's investment strategy and growth initiatives to drive business forward • Facilitate direct and meaningful interaction with senior leadership, particularly on financial and operational performance • Place content in targeted publications to maximise reach and impact • Participate and host panel discussions to share emerging technologies, market trends and industry shifts • Distribute informative press kits to convey corporate messaging • Respond promptly to media queries
Regulators & Government **Significance to Axiata** Our operations are governed by national laws and regulations set by regulators in each market. These regulations determine our operating licenses and may have cost implications for the Group.	We participate in industry meetings, regulatory platforms and capacity-building workshops to foster collaborative relationships with regulators and government agencies to contribute to the development of a thriving digital ecosystem. ● National regulatory authority ● Top leadership, e.g., Prime Minister-level, President-level ● Heads of regulatory agencies ● Ministers responsible for ICT and digital sectors ● Ministers related to investments, trade, foreign affairs and finance	• Discussing spectrum management and allocations, licensing framework, cyber security and digital inclusion • Ensuring policies support industry sustainability to drive shareholder value • Promoting regulatory certainty and investment-friendly policies • Ensuring fair competition and a level playing field for all operators • Encouraging investments in digital infrastructure • Creating conducive environment for innovation and digital transformation	• Invest in local telecommunications infrastructure development • Contribute directly and indirectly to the development of the local and regional digital economy • Support digital innovation initiatives to enhance local and regional digital ecosystems • Deploy world-class cyber security and data privacy practices • Engage in proactive dialogue with regulators and government agencies to foster collaboration and address industry concerns, including ESG regulations and disclosure requirements
Industry Bodies **Significance to Axiata** As a regional Telco-TechCo player, we collaborate with industry bodies within and related to our sector, aligning on key areas of interest.	We participate in industry discussions and roundtables to drive continuous improvement and innovation within our sector. ● Meetings, discussions and roundtables with industry bodies	• Engage in discussions on 5G roll out strategies, AI governance, spectrum harmonisation, fair digital taxation and digital infrastructure resilience • Advocate for policies that support investment certainty, network sustainability and fair regulatory frameworks • Discuss partnerships to enhance Axiata's business growth, operational efficiencies and digital transformation goals • Discuss collaborations in digital services, fintech, enterprise solutions, next-gen connectivity, value creation and shareholder returns	• Participate in roundtables with UN Global Compact Network Malaysia & Brunei (UNGCMYB), GSMA and industry players on sustainability matters, including renewable energy • Engage with industry bodies to foster collaboration, address industry concerns and respond to ESG regulations and disclosure requirements • Contribute to industry proceedings and policies that benefit communities and society • Engage in telco industry proceedings and policies aimed at improving the industry and benefitting communities and society
Employees, Management & Board **Significance to Axiata** Our talented and diverse workforce is essential for delivering the best digital experience to our customers and executing our business strategy. We cultivate a high-performing, accountable culture to attract, develop and retain top talent.	We use various channels, including an annual survey, regular town halls and digital platforms to maintain open communication and engage with employees across the Group. ● Updates are broadcast on television screens ● Updates via Scoop (our intranet platform) ● Townhalls ● Employee engagement survey	• Sharing Axiata's long-term business strategy and performance with employees • Highlighting career and talent development opportunities to foster growth • Promoting work-life balance and employee wellbeing initiatives • Embedding diversity and inclusivity in the workplace culture	• Provide GenAI baseline courses to employees to progress towards becoming next-generation digital champions • Provide career and growth opportunities to talents • Foster a Diversity, Equity and Inclusion (DEI) work environment • Group and OpCo implement learning and development interventions respectively for talents

OUR STRATEGY

Axiata's strategy in 2024 is centred on solidifying its position as a Sustainable Dividend Company by 2026, ensuring long-term value creation through steady growth, financial resilience and consistent shareholder returns.

Axiata is evolving its strategic focus, prioritising mobile connectivity and convergence to meet the region's growing digital demands. This shift towards becoming a Converged Connectivity Group expands its focus beyond mobile services to drive digital transformation. By enhancing connectivity solutions, unlocking new growth opportunities and capitalising on market opportunities, Axiata is strengthening its position as an Asian Connectivity Leader.

Axiata as a Sustainable Dividend Company

5 Vectors of Value Creation

1. **Synergies Delivery in CelcomDigi**
2. **Structural Transformation in Indonesia**
3. **Business Resilience in Frontier Markets**
4. **Sustainable Value Creation for InfraCo**
5. **Value Illumination of Digital Businesses**

Five Strategic Priorities

- Operational Excellence
- Telco-TechCo Journey
- Portfolio Optimisation & Value Illumination
- New Engagement & Operating Model
- Winning Culture

Portfolio Roadmap for 2025

Long-term Pathway (Strategic Assets)

XL axiata, celcomdigi, Smart, robi, Dialog, AXIATA DIGITAL LABS

- Operational excellence
- Market repair
- Consolidation in markets and consequently, improved Return on Invested Capital (ROIC)
- Be either No. 1 or strong No. 2 with at least 25% of market share
- Effective results of consolidation. Control not necessary, but Joint-Control a must
- Pivot into primarily a yield play

Medium-term Pathway (Value Illumination and Monetisable Assets)

EDOTCO, linknet, Boost, ada

- Long-term sustainability of their businesses by inviting new capital
- Proceeds from monetisation to reduce HoldCo and fund new profitable growth opportunities

Major Priorities

- Improve cashflow and yield
- Focus on connectivity and convergence as the primary business
- Investments in Malaysia and Emerging Markets
- Execute Market Consolidation in Indonesia

Financial Outcome

- **DPS 10 sen per annum (to progressively increase)**
- **High single digit total shareholder return per annum**
- **Net debt / EBITDA of 2.5x by end of 2026**

OUR RISKS LINKED TO STRATEGY

Risk Level: Low Medium High Significant Extreme

Financial Risk

Risk Areas: **Financial Risk**

Risk Movement: **Stable** | Risk Level:

Context

- Exposure to foreign exchange (forex) risk across footprint markets, especially the depreciation of local currencies against the USD in frontier markets, rising interest rates, inflationary pressures, changing regulations and risk of a global recession
- Limited balance sheet headroom may restrict the ability for additional borrowings to fund capex requirements and future strategic corporate exercises
- Volatile market conditions complicate financial budgeting

Impact

- USD liquidity crisis in frontier markets may impact availability of USD funds to meet USD-denominated obligations
- Inflated debt level at consolidated level arising from depreciation of Axiata's reporting currency (Ringgit) against USD
- Unhedged USD liability exposure lead to potential unrealised forex losses which depletes profit and retained earnings, impacting OpCos' capacity to upstream dividend

Mitigating Actions and Opportunities Arising

Risk Owner: Axiata Treasury Management Centre

- Proactive engagements with OpCos and financial institutions to monitor local market developments and pre-emptively address potential issues by implementing mitigating measures
- Proactive engagement with Bank Negara Malaysia and strategic banks in relation to the investments outside Malaysia and repatriation of funds back to Malaysia due to foreign currency related uncertainties in frontier markets, and with rating agencies to ensure investment-grade rating can be maintained
- Strict implementation and monitoring of the Group's capital structure guardrails such as gross and net debt/EBITDA ratio through better understanding of debt requirements, local and foreign currency debt mix and hedging of foreign currency debt, where available, and fixed and floating interest mix
- Continuously enhance Business Resilience programmes by incorporating comprehensive testing, scenario planning and a structured approach to continuous improvement

Key Risk Indicators

- Funding risk: Ability to tap the debt capital markets or obtain new funding facilities from financial institutions
- Liquidity risk: Ability to meet Axiata's financial obligations as a result of cashflow constraints
- Forex risk: Exposure to foreign currency volatilities across markets
- Interest rate risk: Adverse change in interest rate, which may impact the financials of Axiata

Changes in 2024

- Proactive and pre-emptive solutioning to avoid payment defaults due to in-country liquidity shortage
- Pare down USD-denominated debt or refinancing to local currency to minimise adverse forex impact
- Pare down debt to mitigate impact of increasing interest rate
- Hedge debt by removing dependence on USD
- Prepay loans when rates are favourable
- Disciplined capex spending

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP5

Link to Material Matters: 2 5 6 7 10

Market Risk

Risk Areas: **Market, Operational and Financial**

Risk Movement: **Decreased** | Risk Level:

Context

Market risk refers to the challenges faced by Axiata Group that may impact our OpCos' agility to compete in their respective markets. These include macroeconomic, competitive, and industry-related risks. Below are the key risks:

- OpCos are mostly operating in emerging markets, which are more susceptible to macroeconomic and geopolitical risks.
- Challenging emerging markets' macroeconomic and geopolitical landscape impact disposable income, inflation and exchange rate
- Exponential growth in data consumption, offset by rising price competition and consumer price sensitivity, resulting in pressure on margins with escalating costs and investment requirements
- Market repair via price hardening/optimisation would depend on market behaviour, which is unpredictable
- Increasing market consolidation as well as growth in home broadband
- Risk of potential inability to adapt swiftly, especially to technology changes, and build sufficient resilience in the infrastructure and digital telco markets
- Infrastructure business continues to see demand but requires high investment, faces increasing competition and consolidation among customers
- Opportunity to tap underserved and underbanked customers for deposits and loans
- Competition for customer, deposit acquisition as well as growing loan book from other digital banks, digital finance companies and traditional banks

Impact

- Macroeconomic challenges and currency fluctuation may cause inflationary pressure, which could lead to shrinking consumer affordability (top line impact) and cost escalation, including for USD-linked expenditures (bottom line impact), with potential implications to EBITDA in the short to medium-run
- Exponential data consumption growth and technological evolution intensifying, expected to translate into cyclical pressure on capex and product pricing in the long-run
- Failure to repair the market, coupled with sustained extreme competition and rising data traffic, may result in a decline in ARPU
- Infrastructure business continue to register growth through new orders though the fixed broadband business in Indonesia faces profit pressures from intense price competition.
- Strong growth in loan book and deposits though competition in digital banking based on customer acquisition strategies drives promotional interest rates up
- Rising interest rate environment, especially in developing markets resulted in escalation of net finance costs

Mitigating Actions and Opportunities Arising

Risk Owner: Group Business Operations

- Market repair and price hardening continues to be a key strategic focus where product mix and resource offerings across digital telcos are tactically reviewed and managed via regional strategies
- Continue to double down on brand advantage and strengths, customer experience and better market know-how
- Continue to counter aggressive behaviour by ISPs through converged products, offering more value to customers and also leveraging better go-to-market (GTM)
- Focus on market consolidation to improve market position, resilience and profitability
- Mitigate adverse impact from currency fluctuations by proactive reduction of unhedged USD exposure
- Proactive recalibration of working capital management to release trapped cash and improve capital structure to mitigate interest cost
- Continue working via Expert Working Groups in order to help OpCos better identify in advance, prepare for and react swiftly towards upcoming market disruptions, challenges as well as opportunities
- Explore securing advance payments in return for exclusivity to selected OpCos' sunsetting Application to Person (A2P) business to enable OpCos to pare down USD loans and reduce future Net Finance Cost (NFC), as well as potential forex exposure, with concentrated efforts made to increase ratio of local currency contracts
- Source external funding to support growth in infrastructure business
- Accelerate digital businesses' top line growth through strategic initiatives to tap new opportunities

Key Risk Indicators

- Macroeconomic outlook, such as: economic growth, exchange rates, key inflation rates and inflation rates
- Industry risk: industry growth and number of players
- Competition risk: market share, and product pricing
- ARPU and yield

Changes in 2024

- Drive market repair through price adjustment as well as focus on customer acquisition cost
- Improved operational efficiency and cost structure through tactical cost transformation initiatives, as well as ROI based capex planning
- Strategic move towards increased adoption of digitisation, analytics and automation across business functions
- Strategic Group oversight and heightened cross-entity collaborations for knowledge sharing and leveraging combined learnings to address OpCo-specific risks and/or opportunities
- Strengthened business through a delayered approach in Indonesia as well as consolidation in Sri Lanka. Announced merger in Indonesia between XL Axiata and Smartfren
- Close monitoring of macroeconomic changes and reducing USD exposure in frontier markets

Link to Strategy and Material Matters

Our Strategic Response: V1 V2 V3 V4 SP1 SP5

Link to Material Matters: 1 2 3 5 6 8 10

OUR RISKS LINKED TO STRATEGY

Risk Level: Low Medium High Significant Extreme

Operational Risk

Risk Areas: **Operational Risk**

Risk Movement: **Stable** | Risk Level:

Context
- Operational and supply chain disruption resulting from environmental, geopolitical and economic factors
- Lack of a diversified supply chain reduces the agility to adjust to market conditions
- Fraud and unauthorised activities
- Business resilience and business continuity risk associated with natural disasters and other major disruptions such as pandemics, power outages, terrorist attacks and political instability

Impact
- Dependency on a few suppliers could limit Axiata's efforts in building a resilient and sustainable supply chain capability
- Geopolitical or economic shifts may cause delays, increase expenses and affect product quality and consumer demand
- High-impact disruptions in the markets where we operate could severely impact operations if business resilience measures are not adequate

Mitigating Actions and Opportunities Arising
Risk Owners: Group Strategic Sourcing, Group Risk and Compliance
- Partner with incumbent supplier(s) to leverage their competitiveness and capabilities in delivering cutting-edge technology/future proofing, while ensuring competitive commercial terms in the region
- Leverage supply chain deliveries from multiple locations within Asia, which are more stable and less affected by geopolitical risks
- Continue to explore market opportunities across the portfolios of existing major/key suppliers, while streamlining key suppliers as strategic partners
- Zero tolerance policy for fraud
- Continuously enhance Business Resilience programmes by incorporating comprehensive testing, scenario planning and a structured approach to continuous improvement

Key Risk Indicators
- Operation and supply chain disruption
- Cost of essential services
- Mean time to recover
- Business Continuity Management maturity levels

Changes in 2024
- Partnered with incumbent supplier(s) to leverage existing scale while working with the best in the region
- Increased reliance on supply chain deliveries from multiple locations across Asia given their greater stability and lower exposure to geopolitical risks
- Assessed if major/key suppliers can be streamlined as strategic partners, which can further solidify supplier reliability
- Adopted the Axiata A3 Network Architecture blueprint, aligning the evolving network architecture of Digital Telco OpCo towards a decoupled, open-stack mode
- OpCos are required to report their Business Resilience capability to Board Risk and Compliance Committee (BRCC) as part of their KPIs

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP5

Link to Material Matters: 1 3 4 5 6 7 8 9 11 12 14 15 16

People Risk

Risk Areas: **Operational and People Risks**

Risk Movement: **Stable** | Risk Level:

Context
- Increasing demand for digital, AI-savvy and agile talent
- Talent attraction and retention capabilities are still a challenge
- Forecasts indicate increased talent competition in the near term and a high attrition rate for in-demand roles
- Ensure establishment of an ideal structure that fosters market agility and adaptability to optimise organisational size

Impact
- Increased competition and challenges in attracting and securing talents
- Potential loss of key talents and resource limitations could hamper Axiata's business aspirations

Mitigating Actions and Opportunities Arising
Risk Owner: Group People Division
- Dynamic talent acquisition approach, robust talent development programmes, attractive performance-based rewards and safe work environment
- Advocate employee empowerment to respond to changing customer demands and work processes
- Employee engagement to motivate and maintain morale, and reduce attrition
- Periodic updates on policies and personal declaration documents, such as Code of Conduct and Conflict of Interest, which outline rules and guidelines on expected business and personal conduct
- Drive Axiata Winning Culture programmes to enhance awareness, understanding and adoption of the refreshed core values and key behaviours at all levels
- Implemented enhanced Employee Assistance Programmes and workshops themed around managing change, increasing awareness and understanding mental health and wellbeing
- Implement Role Modelling and Culture Champions initiatives aimed at cultivating the Axiata Winning Culture
- Accelerate hiring by tapping into alternative talent sources beyond traditional talent pools
- Roll out revamped onboarding experience, including pre-, during and post-onboarding periods
- Implement improvements in data capture and analytics at the exit interview stage to identify root causes and possible trends
- Engagement activities with top leadership to increase touchpoints across all divisions

Key Risk Indicators
- Loss of key personnel
- Leadership competency gap
- Employee safety and health risk assessment
- Capacity and capability shortage

Changes in 2024
- Reviewed collaborations with external organisations to focus on opportunities more aligned with the talent development priorities vis-à-vis the new Axiata Operating Model
- Emphasis on strategically mobilising senior-level talent for CXO roles across the Group through a bespoke, targeted approach
- Shift of a more strategic and advisory role by Group to OpCos on Talent & Succession, in line with the greater empowerment to OpCos to drive talent development programmes for their talents

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP2 SP5

Link to Material Matters: 1 3 6 7 8 11 12 13 14

OUR RISKS LINKED TO STRATEGY

Risk Level: Low Medium High Significant Extreme

Regulatory Risk

Risk Areas: **Compliance Risk**

Risk Movement: **Stable** | Risk Level:

Context

Regulatory risk refers to the risk Axiata faces due to changes in regulations or laws exposing the risk of doing business, affecting its operations or financial performance and this include broad range of telco regulations, depending on market maturity.

Current regulatory risks which may affect Axiata in the various markets include - amongst others:

- Spectrum allocation, refarming, onerous spectrum and license renewal conditions
- Regulatory over-reach by policy makers and regulatory authorities creating operational restrictions
- Compliance with digital bank and Fintech regulations
- General elections across several footprint markets, amplifying challenges and uncertainties with changes in policy makers that may impact business operating environments
- Unpredictability and potential increase in sector-specific tax and levies, increasing cost of doing business

Impact

- Axiata generally operates in regulated environments and subject to various sector-specific laws, regulations and licencing regimes. Changes in policies, regulations and uncertainties could disrupt business operations, impair business resilience, returns and affect long-term growth prospects
- Inherent changes and general unpredictability of compliance requirements may increase compliance costs

Mitigating Actions and Opportunities Arising

Risk Owner: Group Regulatory Affairs

- Proactively shape the landscape (external environment) at each OpCo market, thus enabling proper and effective management of regulatory issues confronting the respective OpCos whilst ensuring fair and transparent practices of policies
- Uphold corporate governance through Axiata Regulatory Compliance Framework
- Develop Group-wide positions on key issues and joint on-ground engagements with Opcos to drive strategic regulatory positions
- Drive thought leadership and active participation in consultations and industry association events, to foster collaboration and knowledge sharing for best industry policies and practices, including with relevant partners such as the International Telecommunication Union (ITU) and GSMA, etc
- Establish and operationalise Regulatory Expert Working Group for systematic sharing of best practices among Axiata's OpCos
- Oversight of major developments and identification of key challenges; strategise and improve OpCos' agility to respond and adapt to regulatory changes

Key Risk Indicators

- Regulatory non-compliance scorecard
- Emerging external regulatory conditions that may impact business

Changes in 2024

- Overall improvement of regulatory compliance level and insights monitoring with operationalisation of the enhanced Axiata Regulatory Compliance Framework across OpCos
- Easing regulatory pressure due to more agile responses in anticipating and adapting to adverse regulatory changes
- Gradual shift in operating model to empower OpCos to drive local regulatory priorities, while Group adopts a strategic and advisory role

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 V5 SP1 SP3 SP4 SP5

Link to Material Matters: 1 2 3 10

Cyber Security & Data Privacy Risk

Risk Areas: **Regulatory and Operational Risk**

Risk Movement: **Stable** | Risk Level:

Context

- Safeguarding the confidentiality, integrity, and availability of information is essential for customers, employees, and business partners amid emerging technologies like AI and quantum computing, which pose security challenges
- New regulatory frameworks, such as Cyber Security and Data Protection Acts, aim to enhance security and transparency
- Building customer trust in digital security offers a competitive advantage
- Given the Cyber talent shortage, insourcing cyber security capabilities and fostering in-house innovation can help navigate challenges and maintain our focus on cyber security and data privacy

Impact

- Cyber attacks leading to data breaches, financial losses and reputational damage, while undermining customer trust
- Intellectual property theft can erode competitive advantage, hinder innovation capabilities and compromise market position
- Unavailability of critical systems and applications resulting in revenue and reputation loss, erosion of customer confidence and legal and regulatory penalties

Mitigating Actions and Opportunities Arising

Risk Owner: Group Risk and Compliance

- Proactive public-private partnership between ACFC and government agencies to protect Critical infrastructure against regional cyber threats through knowledge sharing with industry, regulatory bodies, and academia, addressing the talent shortage in cyber security
- Implementing cyber security strategy, Digital Trust and Resilience 2026 and Data Privacy Strategy, #ASH 3.0 to enhance maturity and resilience, measuring against industry best practices such as National Institute of Standards and Technology (NIST)/ ISO/ Zero-Trust Frameworks and regional cyber security and data privacy regulations
- Improving detection, response, and offensive security capabilities through in-house innovation (Project HELIOS), critical business partnerships and enhancing third party security posture through automated risk assessments
- Migrating to a cloud-based Security Information and Event Management (SIEM) platform to enhance incident response, addressing telecom infrastructure risks through independent assessments, and increasing internal cyber security capabilities and conducting breach drills
- Integrating advanced analytics and threat intelligence for proactive defense
- Enhancing data privacy controls and researching emerging technologies like AI and quantum computing to manage associated risks while driving innovation

Key Risk Indicators

- Maturity of cyber security and data privacy programmes based on NIST Cyber Security Framework and inhouse developed Integrated Data Privacy maturity framework which encompasses regulatory guidelines and technical best practices
- Mean Time To Detect (MTTD) and Mean Time To Respond (MTTR) for critical and high priority security incidents and data privacy breaches
- Remediation of high, critical and exploitable vulnerabilities exposed to external environment and internal environment
- 100% completion of mandatory Information Security and Data Privacy training modules by all employees and critical third parties
- Compliance with cyber security and data privacy laws and regulations in markets where the Group has operations

Changes in 2024

- Refreshed Group cyber security strategy, with greater focus on risks posed by emerging technologies, geopolitical conflicts and increasing adoption of digital technologies
- Adoption of cyber security framework, NIST 2.0, MITRE ATT&CK Framework, Zero Trust Framework for vertical enhancement of capabilities such as Detection, Incident Response and Threat Hunting
- Implementation of Axiata's 5G Zero Trust security architecture
- Risk quantification framework to effectively identify, classify, prioritise and manage cyber risks, development of home grown platform, HELIOS, to enhance Threat Attribution through AI
- Crown Jewel recalibration exercise which helped to refresh the Crown Jewel asset schema of the Group to focus on implementation of differentiated controls across the board
- Enhanced collaboration between IT, Telecommunications, Data Privacy and AI governance teams in rolling out futuristic plans to enhance security

Link to Strategy and Material Matters

Our Strategic Response: SP1 SP4

Link to Material Matters: 1 2 5 11 12

OUR RISKS LINKED TO STRATEGY

Risk Level: Low Medium High Significant Extreme

Technology Risk

Risk Areas: **Operational, Technology, People and Market Risk**

Risk Movement: **Increased** | Risk Level:

Context

- In an ever-evolving technological landscape, we are cognisant of the potential risks posed by broader economic headwinds and the need for continuous investments in emerging technologies. The rapid pace of technological advancements demands a proactive approach to maintain our competitive edge and ensure long-term sustainability

Impact

- Short-term: Pressure on working capital and liquidity could impact our ability to maintain and improve technology assets, potentially leading to cash flow challenges and heightened competition
- Medium-term: Failure to keep pace with technological changes versus our peers and secure adequate funding for major initiatives or adopting the wrong technologies could limit our ability to remain competitive and achieve future growth objectives
- Long-term: Inadequate investment in new technologies and innovations could result in premature obsolescence, reducing our long-term value proposition and hindering our ability to maintain a competitive advantage

Mitigating Actions and Opportunities Arising

Risk Owner: Group Technology

- **Continuous Technological Evaluation:** We constantly review and update our technological capabilities to remain relevant while maintaining financial prudence. Our Techno-commercial procurement processes prioritise future-proofing, ensuring that selected network equipment aligns with long-term technological trends
- **Strategic Technological Partnerships:** We actively foster strategic partnerships and collaborations with industry leaders, leveraging synergies to drive innovation and technological advancements. This approach enables us to stay ahead of the curve and capitalise on emerging opportunities
- **Diversification and Cost Optimisation:** To mitigate risks, we are diversifying our revenue streams across geographies, markets and business lines. Additionally, we emphasise cost optimisation through operational efficiency improvements and effective supply chain management
- **Digital Transformation and Resilience:** We have adopted open and standards-based technologies, operationalising TM Forum's Open Digital Infrastructure (ODA) with an API-first approach to mitigate digital transformation risks. Our cloud-native software development approach, leveraging containerisation and abstracted APIs, mitigates obsolescence and technical debt risks while ensuring portability across cloud platforms
- **Embracing GenAI:** Following our 2023 development of a comprehensive strategy and architecture for enterprise application of AI and GenAI, we have successfully begun implementation across our OpCos in 2024, with measurable improvements in operational efficiency and customer experience

Key Risk Indicators

- Cost per GB
- Capex efficiency
- Network Customer Experience
- AI/GenAI Implementation success metrics

Changes in 2024

- Enhanced technology planning and procurement practices with improved ROI metrics
- Implemented comprehensive customer experience measurement framework
- Established new strategic technology partnerships focusing on emerging technologies
- Strengthened risk management framework with specific focus on AI and data security
- Improved cyber security posture in response to evolving threats
- Successfully operationalised GenAI applications across multiple OpCos following our GenAI playbook
- Accelerated digital transformation initiatives with measurable business outcomes
- Adopted the Axiata A3 Network Architecture blueprint which aligns evolving the Digital Telco OpCo's network architecture towards decoupled, open stacks, enabling hyper automation towards an Autonomous Network Level 3.5+ operation

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP2 SP5

Link to Material Matters: 1 2 3 4 6 7

Governance Risk

Risk Areas: **Compliance and Regulatory Risk**

Risk Movement: **Stable** | Risk Level:

Context

- Non-compliance with internal and external Anti-Bribery Anti-Corruption (ABAC) laws in countries we operate in due to unethical conduct and absence of good corporate governance, which impedes shareholders' protection, exposure to fines, penalties and loss of reputation
- Lack of adequate procedures being implemented within the organisation which increases risks of corporate liability (pursuant to Section 17A of the MACC Act) and poses potential risks of fines, penalties and loss of reputation

Impact

- Loss of investors' confidence
- Potential material penalties in the event of breach/ non-compliance with the MACC Act related to ABAC

Mitigating Actions and Opportunities Arising

Risk Owner: Group Risk and Compliance

- Maintaining and developing strong ethical platform and corporate governance standards to support business integrity and performance
- A structured compliance monitoring and evaluation plan approved by Group BRCC comprising various monitoring activities conducted throughout the year and reported to the Risk and Compliance Management Committee (RCMC) and BRCC across the Group
- Established automated compliance monitoring and measurement and corruption risk assessment reporting systems to ensure accuracy and consistency of information reported to Group Risk & Compliance
- Conducted Dawn Raid trainings to ensure readiness of relevant personnel in the event of an investigation/raid by the regulators
- Mandatory training and awareness programmes for all employees
- Perform annual integrity surveys to gauge employee awareness/understanding and also process gaps so as to then develop improvement plans to address the issues
- To ensure Axiata Key Suppliers are well-versed with Axiata's zero tolerance to bribery & corruption and other key areas of Risk & Compliance via our annual Supplier Engagement Forum hosted physically in Kuala Lumpur

Key Risk Indicators

- Non-compliance/ breach/ deviation from Group's governance policy instruments
- Bribery and corruption charges that may lead to corporate liability charges
- Regulatory fines and loss of reputation

Changes in 2024

- Strengthened compliance culture through mandatory and targeted training for high-risk departments to mitigate bribery and corruption risks
- Biannual reporting to MACC on Axiata's Integrity and Governance Unit (IGU) activities
- Group-wide implementation of the ABAC Plan, Corruption Risk Assessment, and Compliance Monitoring & Evaluation Reporting Systems
- Updates to the VITAL System
- Conducted a Groupwide Integrity Survey on Conflict of Interest (COI) with ~70% participation
- Revised ABAC and Gifts, Donations & Sponsorships (GDS) Policies and Procedures
- Organised the Axiata Key Supplier Engagement Forum 2024 in collaboration with Group Sustainability
- Organised several Dawn Raid sessions for relevant personnel across the Group who may be involved in a raid/investigation by the regulators
- Roundtable Compliance Forum with key telco organisations in Malaysia in collaboration with CelcomDigi Berhad
- Corporate Membership with The Malaysian Society for Transparency and Integrity (TI Malaysia) as part of supporting the national agenda in curbing corruption in the country
- Continuous engagement sessions with organisations such as Petronas, Khazanah, Shell and SD Guthrie in collaboration with Business Integrity Alliance on various compliance topics

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP5

Link to Material Matters: 1 3 5 10

OUR RISKS LINKED TO STRATEGY

Risk Level: Low Medium High Significant Extreme

Strategic And Investment Risk

Risk Areas: **Strategic & Financial Risk**

Risk Movement: **Stable** | Risk Level:

Context
- Frontier market risk including exposure to adverse macroeconomics and emerging and frontier markets situation (e.g., political instability, inadequate regulations, large currency fluctuations, etc.)
- Exposure to industry restructuring and rationalisation, including market convergence and consolidation
- Exposure to Group profitability and retained earnings

Impact
- Influence of macroeconomics and emerging markets volatility may reduce the capability of frontier market OpCos resulting in a slow trajectory and no new growth areas
- External factors such as regulatory approvals and counterparty risks can hinder mergers and acquisitions (M&A) progress and industry restructuring
- Risk to achieving target dividend payout from OpCos due to depreciation of reporting currency which could lead to lower dividend income received, potential USD liquidity shortage, or delay in regulatory approval for repatriation
- Risk of Impairment – Potential for goodwill impairment as Weighted Average Cost of Capital (WACC) rises in frontier markets

Mitigating Actions and Opportunities Arising
Risk Owners: Group Strategy, Group Corporate Development and Group Finance
- Strengthen governance through Board Subcommittee formation and better representation on the Board of subsidiaries and Associates. Closely monitor the competitive landscape, explore and invest in upgrading technology and platform as necessary
- Continuously manage capital structure at Group and OpCos and use hedging instruments, where possible, to mitigate macroeconomic risk including associated inflation and interest rate risk
- Manage capital as per Capital Allocation Framework to mitigate exposure in frontier markets
- Strategic pare down of USD liabilities to reduce adverse impact from forex exposure of local currency and improve profitability

Key Risk Indicators
- Market volatility
- Economic landscape
- Market potential

Changes in 2024
- Increased engagement with regulators, counterparties and other stakeholders
- Formation of Axiata Board Investment Committee and OpCo Board Investment Committees (OBIC) respectively. Conducted quarterly OBIC meetings to deliberate and decide on OpCos' investments
- Sweat existing assets and further strengthened operational excellence to yield sustainable cashflow from OpCos
- Completed delayering in Indonesia, establishing Link Net as a FibreCo and XL as ServeCo

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP4 SP5

Link to Material Matters: 2 5 6 7 12 14

Geopolitical Risk

Risk Areas: **Strategic, Geopolitics, Regulatory & Compliance Risk**

Risk Movement: **Stable** | Risk Level:

Context
- Axiata operates in markets exposed to potential geopolitical risks, which may impact business prospects and resilience
- Political instability (e.g. Bangladesh), civil unrest and other social tensions
- Elections, change of governments and other developments may result in adverse regulatory changes and uncertainty in policy making (political, regulatory, sanctions)

Impact
- Unstable and volatile political landscape may lead to uncertainties over the long term, which may negatively affect investment confidence. This includes potential new regulations and stricter compliance enforcement, which could impact business operations
- With the introduction and uncertainty of tariff policy, trade tensions will likely accelerate the geopolitical shift to a more multi-polar world

Mitigating Actions and Opportunities Arising
Risk Owners: Group Regulatory Affairs and Group Business Operation
- Closely monitoring key market geopolitical developments for any adverse changes to the laws, rules, regulations, or government policies relevant to the industry
- Where necessary, review corresponding strategies and stakeholders' engagement plan to respond to such changes
- Strategise and support OpCos, leveraging their local expertise, knowledge of the changing political situation on-ground to ensure timely and effective responses
- Leverage and capitalise on opportunity to advocate for favourable policy and regulatory reforms to improve operating conditions
- Close coordination with the Government of Malaysia and its missions/embassies abroad to stay informed of on-ground local developments and ensure Axiata's interests are consistently protected

Key Risk Indicators
- Global Trade and tariff policies changes, international relations
- Geopolitical risk due to change of government
- Country risk rating, political and economic stability and AML/CFT risk level

Changes in 2024
- Established Capital Management Framework

Link to Strategy and Material Matters

Our Strategic Response: V3 V4 SP1 SP5

Link to Material Matters: 3 5 10 11 12 13 15

ESG Risk

Risk Areas: **ESG Risk**

Risk Movement: **Stable** | Risk Level:

Context
- Heightened investors' focus on ESG matters and disclosures, including net-zero commitment and labour standards
- New developments on sustainability disclosures in local market and globally, which includes convergence of reporting frameworks and climate-related disclosures such as TCFD (converging into IFRS S1 and S2 in FY2025)

Impact
- Enhanced sustainability disclosure requirements may disrupt operations, lead to penalties, fines or impact investor confidence
- Intentional or unintentional 'greenwashing' can damage stakeholder trust and brand value
- Inability to meet rising ESG mandates and expectations by investors and key stakeholders, and failure to achieve ESG targets may impact reputation, investor confidence and compliance with ESG-related regulations
- Impact of climate change requires strategic and proactive measures to mitigate its effects on our operations and financials

Mitigating Actions and Opportunities Arising
Risk Owner: Group Sustainability
- Continue to enhance overall strategy and framework to drive sustainability initiatives and programmes across the Group in a structured and cohesive way
- Implement climate risk and opportunity management plans
- Provide advisory support and capacity building/training for the sustainability teams in all OpCos
- Focus on review of carbon emission baseline, establishing decarbonisation pathway, for SBTi targets validation

Key Risk Indicators
- Metrics to measure progress of ESG targets including SBTi-validated targets

Changes in 2024
- Further strengthened Group-wide sustainability governance in alignment with the new operating model, while leveraging OpCo BRCCs
- Focused on reviewing the carbon emissions baseline, establishing a decarbonisation pathway, and obtaining SBTi validation for targets

Link to Strategy and Material Matters

Our Strategic Response: V2 V3 V4 SP1 SP5

Link to Material Matters: 9 16