

Statement on Corporate Governance

Axiata's ethos is simple: best practice in corporate governance is best practice in business. This has been the way Axiata Group (Group) operates to ensure that the Group meets its long-term objectives to enhance shareholders' value on a sustainable basis. In practice, the Board leads in setting the tone and direction for the Group's strategy and management, with an emphasis on the importance of governance and plays an active role in administering governance practices and reviewing the Group's governance framework to ensure its relevance and ability to meet future challenges.

- **2014 Overview**

There have been six notable developments in Board governance and administration for Axiata in FY14, details of which are outlined in the respective sections of this statement:-

- i) Search for a Board member representing Axiata's Indonesian footprint, leading to the appointment of Dr Muhamad Chatib Basri in February 2015;
- ii) Introducing Board succession planning as a specific agenda for the BNC thus allowing for a structured approach to be in place;
- iii) Conducted a comprehensive BEE facilitated by a leading global executive search and leadership consulting firm, adopting a 360 degree assessment approach and included benchmarking against selected Boards, international trends and/or best practices;
- iv) Amalgamation of SSC with BRC;
- v) Establishment of ADS Investment Board Committee (AIB) to review and approve M&A and/or equity investments in digital services exceeding the threshold specified in Axiata's LOA; and
- vi) Review of Axiata's NED remuneration structure and component with a leading global professional services company undertaking the review and benchmarking against peer group of companies.

Axiata's top 5 ranking in Malaysia in the Malaysia-ASEAN Corporate Governance Index 2014 administered by the MSWG is testament to its commitment on

corporate governance. Axiata also received an award for exemplary environment, social and governance (ESG) Practices for its ESG policies and activities related to sustainability. The biggest recognition by MSWG came in the form of 'Chief Executive Officer of the Year Award' for Dato' Sri Jamaludin Ibrahim, the President & GCEO who received the honour for having successfully led the Group's overseas ventures, advancing corporate governance practices beyond minimum requirements especially in the areas of diversity and ESG practices, as well as showcasing and encouraging good CG practices in the marketplace.

- **Corporate Governance Framework**

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

- i) Companies Act 1965 (CA1965);
- ii) Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities);
- iii) Malaysian Code on Corporate Governance 2012 (MCCG 2012);
- iv) Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government Linked Companies (GLCs)' High Performance (Green Book); and
- v) Corporate Governance Guide: Towards Boardroom Excellence 2nd Edition issued by Bursa Malaysia Securities Berhad.

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• Compliance with MCGG 2012

Axiata has complied in all respects with the eight principles and 26 recommendations of the MCGG 2012 throughout FY14. We have included throughout this governance review all of the main principles and recommendations of MCGG 2012 that apply to the Company. The table to facilitate understanding of Axiata's compliance with the MCGG 2012 in respect of FY14 is available at www.axiata.com//media/upload/corporate/MCGG2012-Checklist.pdf

This statement has been made in accordance with the resolution and authority of the Board dated 19 March 2015.

• Shareholders' Rights

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

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

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

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

- i) The Chairman of the meeting;
- ii) At least two members present in person or by proxy or duly authorised representative;
- iii) Any member or members present in person or by proxy or duly authorised representative representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or

- iv) Any member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares held by all members present in person or by proxy or duly authorised representative.

Memorandum and Articles of Association of the Company is available online at www.axiata.com//media/upload/corporate/memorandum_and_Articles_of_Association.pdf

BOARD OF DIRECTORS

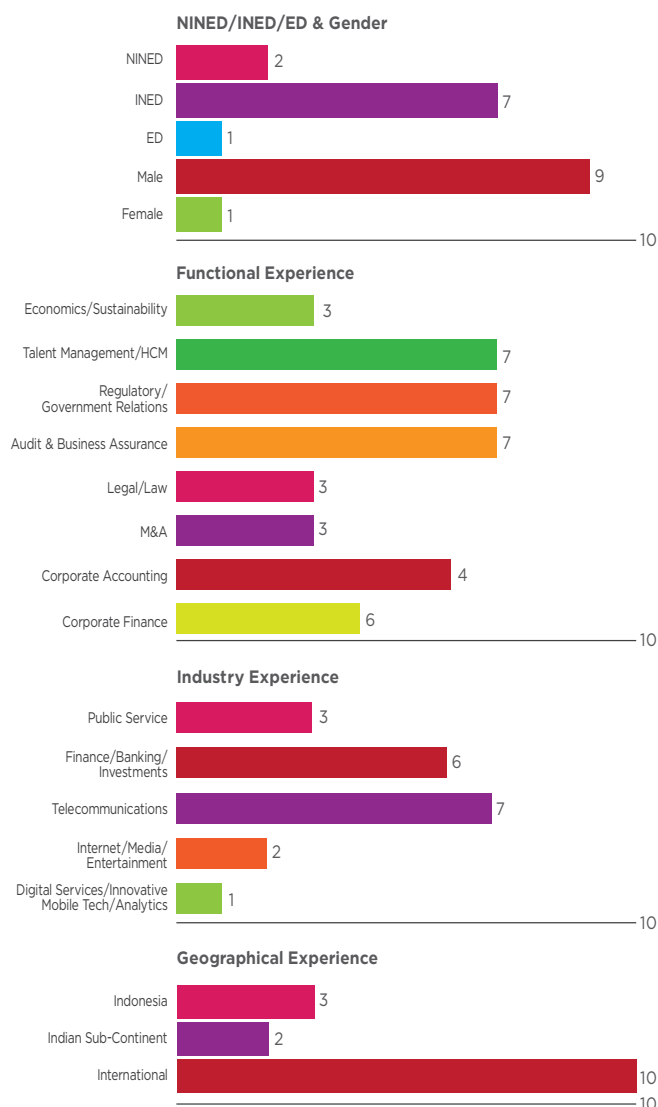
• Board Composition Framework

The Board Composition Framework formulated prior to Axiata's listing in 2008 continues to be the reference for the Board on Board composition and Directors' appointment. The framework which took into consideration amongst others the complexity and geographical spread of the Group's business, as well as best practices and recommendations in the Green Book, are as follows:-

- i) Maximum 10 Board members (up to two EDs);
- ii) Two NINEDs representing Khazanah as the major shareholder;
- iii) More than 50% of the Board to comprise INEDs with various mix of skills and experience and diversity, including in terms of nationality and gender. Although no specific target was set on gender diversity, Axiata will actively work towards the 30% target set by the Government by 2016; and
- iv) Up to three members with geographical experience matching Axiata's footprint (Indonesia/ Indian sub-continent/international).

Similar Board composition framework for major OpCos has been developed and refined over the years to ensure sufficient oversight and connectivity between the Board of Axiata, Corporate Centre and OpCos Board and Management. Consistent with the framework, the Board of a major OpCo, should comprise a maximum of eight members made-up of Axiata INED and Group Management representatives, OpCos' CEO, INED and joint venture partners with good mix of skill sets and diversity covering operations, marketing and finance.

• Board Composition



With the newest addition of Dr Chatib on 25 February 2015, Axiata's Board currently comprises 10 Directors. Of the 10, seven are INEDs, two NINEDs, including the Chairman (representing the interests of Khazanah,) and one ED, namely the President & GCEO. Independent Directors make out more than 50% of the Board composition, exceeding MCGG 2012's recommendation and the minimum number required under the Main LR and the Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies High Performance (Green Book).

The high proportion of INEDs ensure effective check and balance of the Board's function with INEDs acting as caretakers for minority shareholders, providing unbiased perspectives in promoting constructive discussion of Management's proposals. The Board also ensures that it has the appropriate mix of diversity (including gender diversity), skills, experience and expertise to enhance the Board's decision making capabilities. This is fundamental given the size and geographical presence of the Group. The breadth of skillsets and experience of the Board is also instrumental in guiding Axiata through its journey and towards building a new generation telecommunications company and becoming a Regional Champion.

• Board Charter

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

The Axiata Board Charter was adopted by the Board in February 2013 and is reviewed from time to time.

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

• Roles and Responsibilities of the Board

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

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The LOA is subject to review from time to time and any revision is first tabled to the BAC for recommendation before seeking the Board's approval. In FY14, the Board approved the amendments and/or revisions to the LOA covering; inter-alia, areas on corporate development, review of business case and risk mitigation plan, business planning, procurement and Information Asset Management and introduction of new LOA for Digital Services and Customer Experience.

In accordance with the Axiata Board Charter, roles of the Board include to:-

- i) Provide strategic drive for the Company by guiding Senior Management in developing the broad corporate strategy, taking into account all appropriate considerations, challenging and approving the corporate strategy, performance objectives and parameters, monitoring developments and approving variations;
- ii) Oversee the conduct of the Company's business and evaluate whether the business is being properly managed;
- iii) Approve the Group Business Plan and changes thereon, creation of new businesses or activities or termination of existing businesses or activities which specifically change the nature of business of the Group;
- iv) Approve mergers, acquisitions and divestures (including strategic business alliances, acquisitions or disposal of investments and equity interests);
- v) Approve quarterly, annually unaudited and audited accounts or any audited accounts for special purposes;

- vi) Approve Group Policies, LOA and any revisions or amendments thereto;
- vii) Recommend matters that are specifically reserved for the approval of the Company's shareholders in general meetings;
- viii) Identify principal risks and ensure the implementation of appropriate systems to manage and mitigate these risks;
- ix) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including the systems' compliance with applicable laws, regulations, rules, directives and guidelines. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance; and
- x) Oversee the development and implementation of a corporate disclosure and shareholder communication policy.

- **Roles and Responsibilities of the Chairman and President & GCEO**

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

- i) Manage Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views;

- ii) Work closely with the President & GCEO to ensure provision of accurate, timely and clear information to facilitate the Board to perform effectively, able to make informed decisions and to monitor the effective implementation of the Board's decisions; and
- iii) Ensure meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions.

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

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

• **Independence**

Axiata measures the independence of its Directors based on the criteria prescribed under the Main LR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. A Director should also be willing to express his opinion at the Board free of concern about his position or the position of any third party. The Board believes that it is impractical to formulate a list of criteria which is appropriate to characterise, in all circumstances, whether an INED is independent and instead chooses to assess the INEDs based on fundamental independent values demonstrated by the INEDs.

Objective assessment of the independence of Directors based on the provisions of the Main LR is carried out before the appointment of Directors and re-affirmed annually. The review of Directors' independence also forms part of the annual Individual Director Peer and Self Review carried out by the BNC whereby INEDs are essentially assessed based on their spirit, intent, purpose and attitude as well as readiness to challenge and debate, to be considered as exhibiting independent judgement and ability to act in the best interests of Axiata.

During FY14, none of Axiata's INEDs disclosed any relationships that could materially interfere with, or be perceived to materially interfere with their independent judgement and ability to act in the best interests of Axiata. Based on the feedback from the BEE for FY13, the INEDs were rated highly on their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of all stakeholders' interests and ability to effectively delineate their role of providing oversight as Independent Directors.

Axiata has not established term limits for the INEDs as the Board believes that term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. Moreover, the term limit has the disadvantage of causing Axiata to lose the contributions of INEDs who have been able to develop over a period of time, providing invaluable insight into the Company's business, thereby increasing their contributions to Axiata.

As of to date, none of Axiata's INEDs has reached the nine years cumulative term as independent Directors.

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- **Directors' Commitment**

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees in which he/she is a member of. A NED of Axiata is expected to be able to commit 20-25 days of his/her time for directorship in Axiata.

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

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

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

- **Board Gender Diversity Policies and Targets**

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and/or Board Committees. Notwithstanding this, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities.

In respect to the target set out under the Corporate Governance Blueprint 2011 for women participation on Boards to reach 30% by year 2016, the Board has decided not to set specific targets for Axiata but through the BNC will actively be working towards achieving the said target. This objective is captured in the Board Charter. Its implementation is by ensuring that sufficient number of women candidates be included in the pool of candidates evaluated for new appointments to the Board.

In the search to fill the vacancy for an Indonesian representative on Axiata's Board which was concluded recently, specific mandate was given to the global executive search firm to include at least 50% female candidates in the pool. From there, the final selection was made in a fair and undiscriminating manner.

- **Board Appointments**

There is a transparent process for the selection, nomination and appointment of suitable candidates to the Board of Axiata.

The review of candidates for Board appointment has been delegated to the BNC and such responsibilities include a review of the existing composition of the Board to identify the gaps based on Axiata's Board composition framework and subsequently review and recommend to the Board a candidate with the relevant skill set, expertise and experience to fill the gaps.

In addition to the above, other criteria such as integrity, existing commitments, potential risks and/or conflict of interests are also considered in the BNC's review to assess suitability of candidates for appointment to the Board. The process for Board appointment also mandates the BNC/President & GCEO to engage external consultants.

The process adopted by Axiata for Board appointments is as follows:-

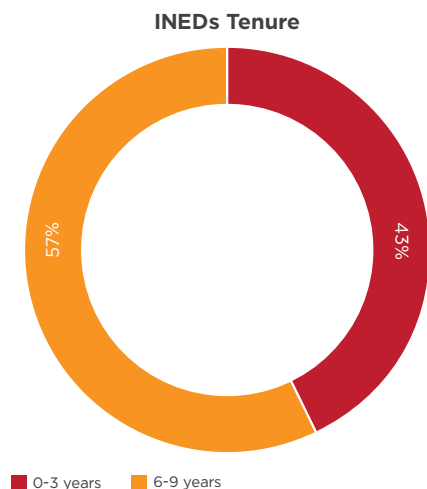


The appointment of Dr Muhamad Chatib Basri on 25 February 2015, the latest appointment to the Axiata Board, followed this process. The search for an Indonesian candidate for appointment on the Board of Axiata was initiated not long after Dr Chatib stepped down from the Axiata Board in June 2012 following his appointment as Chairman of Investment Coordinating Board, Indonesia. Candidates were sourced through internal recommendations as well as via the appointment of a global executive search firm. The BNC had several discussions on the progress and potential candidates in 2013 and 2014, and had taken the conscious decision to delay the process due to external factors. When the search resumed in December 2014, five candidates including two female candidates, in accordance with the BNC's specific mandate were shortlisted.

After a thorough review and referrals, Dr Chatib was identified as the most suitable candidate, meeting Axiata's requirements. The selection of Dr Chatib was made taking into consideration the following factors:-

- i) He is familiar with telecommunications industry and Axiata's business and footprint having served as Axiata's INED from November 2010 until June 2012;
- ii) His ministerial positions as Chairman of Investment Coordinating Board, Indonesia in June 2012 and the Minister of Finance of Indonesia from May 2013 to October 2014 coupled with his academic background and expertise in International Trade, Macroeconomic and Political Economy would make him an invaluable member of the Axiata Board; and
- iii) His ability to commit to his role as a Director despite his other commitments.

Following his appointment, a letter of appointment was issued outlining his duties and responsibilities and the disclosure required of him in compliance with the CA1965, Capital Market & Services Act 2007 and Main LR. The letter of appointment includes Axiata's governance documents such as Board Charter/Board Committees' ToRs and documents outlining NED's remuneration and benefits.



Some of the key considerations/decisions made by the BNC/Board in putting in place a sound succession plan include:-

- i) Succession planning for each Director to be put in place one year in advance;
- ii) With the above objective in mind, Directors are to give notice of their intended retirement well in advance and are invited to submit their plan to the Company along with names of potential successors;
- iii) Recommendations from the annual BEE:-
 - a) Maintaining an ongoing list of potential Board candidates in various profile 'buckets';
 - b) Refreshing one or two INEDs per year each in 2014, 2015 and 2016 to provide a smooth and phased transition;
 - c) More balanced Board tenure; and
 - d) Mitigate the potential risk of 'groupthink' often observed in cohesive teams that have been together for an extended period of time.

• **Succession Planning**

In 2014, Axiata Board passed the six year mark with six Board members having served the Board since its inception in 2008. Four Axiata INEDs; namely Tan Sri Ghazzali S.A. Khalid, Datuk Azzat Kamaludin, David Lau Nai Pek and Juan Villalonga Navarro will reach the nine year term limit under MCGG 2012 in 2017. Tan Sri Ghazzali and Datuk Azzat will also in 2017 reach 70 years of age. In view of these circumstances, the BNC and Board have taken a more proactive role in succession planning in 2014, with the same being introduced as a specific agenda.

• **Board Induction/Orientation Programme**

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

The programme generally covers the following topics:-

- i) Company vision, mission and objectives,
- ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and Investor Relations;
- iii) OpCos engagement process, background and major developments;
- iv) Risk Management, Talent Management and Leadership Development Programme;

- v) Technology updates and initiatives;
- vi) M&A updates;
- vii) Regulatory issues and recent developments; and
- viii) Corporate, Board and Governance structure.

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

Despite Dr Chatib having served on the Axiata Board previously, a similar programme is being organised for him.

- **Directors' Code of Ethics, Employees' Code of Conduct and Whistle-blowing Policy**

The Board had since 2012 adopted the Directors' Code of Ethics as prescribed by the Companies Commission of Malaysia and the same is adhered to at all times.

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

Axiata's employees may confidently and anonymously voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct in accordance with the Whistle-Blowing Policy administered by the GCIA and overseen by the BAC.

The Board emphasises good faith in reporting with assurance to employees that they will not be at risk of any form of victimisation, retribution or retaliation. Any attempt to retaliate, victimise or intimidate against anyone (whistle-blower) is a serious violation and shall be dealt with serious disciplinary action and procedures. Illegal or unethical practices may be reported directly to the statutory bodies such as the Malaysian Anti Corruption Commission, the Securities Commission, the police or other similar government agencies in other countries where the business is located, as provided under the Policy. The Policy was further enhanced with the Whistle-blower Protection Act 2010 where a whistle-blower must be given proper protection against an employer while a complaint is being investigated.

Dedicated Whistle-Blowing email address: wisel@axiata.com

Directors' Code of Ethics, Employees' Code of Conduct and Whistle-blowing Policy are available online at www.axiata.com/corporate/corporate-governance

- **Re-Appointment & Re-Election of Directors**

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

At this forthcoming AGM, the three Directors who will be retiring by rotation are the Chairman, Tan Sri Dato' Azman Hj Mokhtar, David Lau and Dato' Abdul Rahman Ahmad. Dr Chatib, who was appointed recently in 2015 will also retire at this AGM. All of them, being eligible, offer themselves for re-election.

- **Senior Independent Director**

For a few years now, Datuk Azzat Kamaludin has played his role as the Senior INED of Axiata. The roles of the Senior INED as defined in the Board Charter are as follows:-

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

During FY14, no shareholders had asked to meet with Datuk Azzat.

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

Tel : +6019 200 0878 or +603 7725 6050

Fax : +603 7725 6070

Email : azzat@axiata.com or azzat@azzatizzat.com

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

Contact details of the Senior Independent Director and his roles and responsibilities under the Axiata Board Charter are available online at www.axiata.com/corporate-governance/#divRoles

- **Board Meetings and Attendance**

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

In FY14, the Board met nine times (including off-site Mid-Year Strategy Retreat and Year-End Retreat) spending a total of approximately 84 hours. At least twice each year in June and November, the Board meets to set the tone for the Group's overall medium to long-term strategy and to discuss and challenge the Group's business strategy and plan and the following year's budget. The latter is also attended by representatives from the major OpCos. In FY14, these off-site meetings were held in July, in Jakarta and in November in Kuala Lumpur.

The overall calendar of meetings of the Board and Committees held in FY14 and attendance of the respective Directors are provided below:-

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
BOD	• Special	•	•	• Special	•	• Mid-Year Strategy Retreat		•			• 2-day Business Planning Session	
BAC		•			•			•			• Special	
BNC	•	•	•		•	•					•	
BRC	•	•	•		•			•			•	
SSC ¹		•	•									

Notes

¹ With effect from 9 April 2014, the SSC was amalgamated with the BRC

Analysis on percentage of time spent by the Board of Axiata on agenda items deliberated at Board meetings in FY14 is provided below:-

Total Number of Meetings

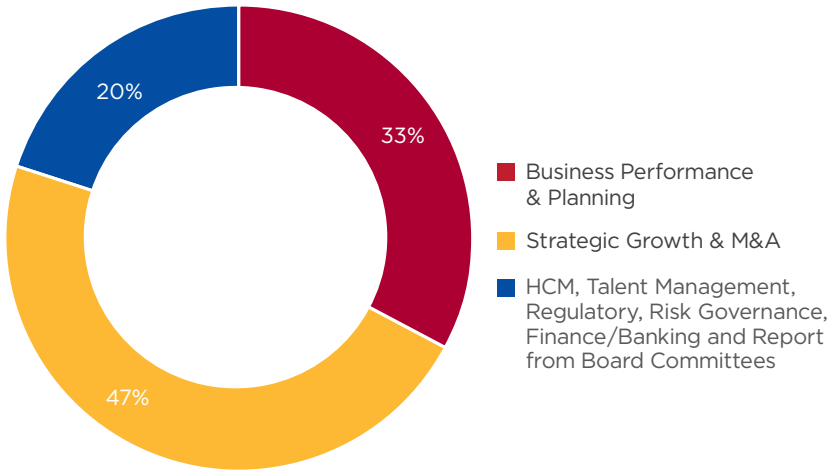
BOD - 9, BAC - 5, BNC - 6, BRC - 6, SSC - 2

Total Hours

84 hours (Including Board Retreats)

Strategy Retreat (June): 22 hours, 15 minutes

BP Session (November): 19 hours, 45 minutes



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Name of Director	No. of Meetings				
	BOD 9	BAC 5	BNC 6	BRC 6	SSC ¹ 2
Tan Sri Dato' Azman Hj. Mokhtar	9/9 (100%)	n/a	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	9/9 (100%)	n/a	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	9/9 (100%)	n/a	6/6 (100%)	6/6 (100%)	2/2 (100%)
Datuk Azzat Kamaludin	9/9 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	2/2 (100%)
Dato' Abdul Rahman Ahmad	9/9 (100%)	n/a	5/6 (83%)	n/a	n/a
David Lau Nai Pek	9/9 (100%)	5/5 (100%)	n/a	n/a	n/a
Juan Villalonga Navarro	7/9 (78%)	2/5 (40%)	n/a	n/a	n/a
Kenneth Shen	9/9 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	2/2 (100%)
Ann Almeida	7/9 (78%)	n/a	4/6 (67%)	4/6 (67%)	2/2 (100%)

Notes

n/a – Not Applicable

¹ With effect from 9 April 2014, the SSC was amalgamated with the BRC

Based on the attendance record, all Directors attended more than 75% of Board meetings.

• Supply of Information

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

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate presentation of the subject matter. The Board paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated. For accessibility and more effective administration of the board papers, it is made accessible electronically through secured means.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings with clear actions to be taken by responsible parties are recorded in the minutes.

Board papers and presentations by Management at each Board meeting are rated by the Board. During FY14, the overall average Board rating on the quality of Management papers and presentations was 4.35 out of 5.0 points.

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

As the Group's quarterly results is one of the regular annual schedule of matters which is tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in Axiata's securities are also circulated to Directors, key management personnel and principal officers who are deemed to be privy to any

sensitive information and knowledge in advance of whenever the closed period is applicable based on the targeted date of announcement of the Group's quarterly results. This is to comply with the Main LR and the Capital Markets & Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which has not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In 2014, none of the Directors dealt in Axiata's securities during the closed period.

- **Management of Conflicts of Interest**

The Board aims to avoid conflict of interest with the Group as far as possible and formal procedures for managing compliance on conflicts of interest are in place. Where the Board is considering a matter in which a Director has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter and, where appropriate, excuses himself/herself from being present in the deliberations. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in Axiata on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions. This is recorded in the minutes of the meetings.

- **Board Access to Management, Company Secretary and Independent Professional Advice**

The Directors enjoy complete and unrestricted access, either collectively or in their individual capacities to the SLT and Group Company Secretary. Directors may seek briefing from the SLT on specific matters, in addition to regular presentations by the SLT to the Board and Board Committees. Directors may also interact directly with, or request further explanation, information or update on any aspects of the Company's operations from the SLT. Selected Board

members were invited by the SLT on several occasions to deliberate and/or provide their inputs on matters in which the SLT intends to propose to the Board for approval.

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

The profile of the Group Company Secretary is provided in page 049 under Profile of Management Team.

In ensuring uniformity of Board conduct and effective boardroom practices, the Group Company Secretary has oversight on the overall corporate secretarial functions of the Group, both in Malaysia and in the countries where the Group operates. The Group Company Secretary also serves as an adviser and support centre to the named secretaries in the countries where the Group operates on matters pertaining to governance and facilitates the flow and sharing of information.

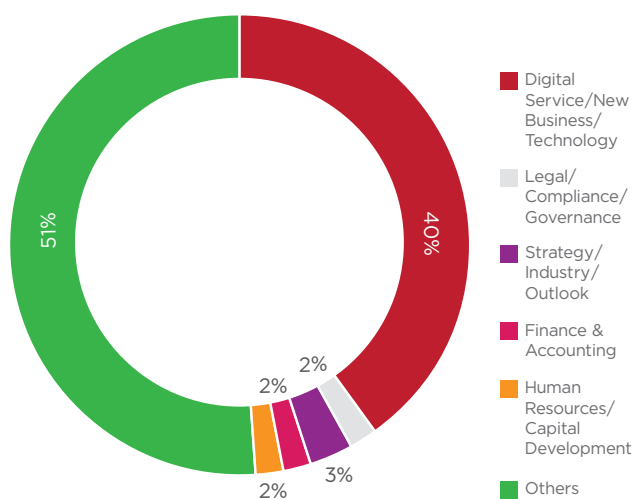
In addition, the Board is also authorised, whether as a full Board or in their individual capacities, to seek independent professional advice, if necessary, at the Company's expense from time to time to enable the Board to discharge its duties in relation to matters being deliberated. Similar access is also extended to

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all Board Committees on the same basis. Appropriate procedures are in place to allow access to such advice. No Board matters were referred to external legal counsels for advice during FY14.

• Directors' Training & Education

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



The BNC through feedback from the Board provided during the BEE, annually identifies the training needs of Axiata Directors and the Group Company Secretary has the responsibility of ensuring the relevant training programmes are brought to the attention of the Board. Directors' focus is no longer on topics related to regulatory and governance alone but also industry related and current issues. For more effective learning, Axiata also organises its own in-house education programme by inviting experts to speak on specific topics of interest either during Board meetings or in

separate sessions. Topics covered in such sessions during FY14 include Customer Behaviour and OTT, Technology Updates and Economic Outlook For The Asia-Pacific Region, all of which are directly relevant to Axiata.

Some of the training/conferences/seminars and/or workshops in which members of the Board have participated during FY14 are listed in **Appendix 1** of this Statement.

• Board Effectiveness Evaluation

From 2009, Axiata has undertaken a similar approach in conducting the BEE facilitated by the same external consultant. In 2014, the BEE was the BNC's prime focus where fresh proposals were invited to select a consultant to perform a full comprehensive Board assessment. This covered one-to-one interviews with Board members and selected SLT members and benchmarking of inter-alia, Axiata's Board composition, practices and governance against selected Boards of best-in-class companies or global brands (Europe/Asia based) with a balanced industry mix (Telecommunications/Others) as well as international trends and/or best practices. The exercise was deemed necessary to validate the findings of the past year's BEE which while consistently positive were no longer providing the Board with any new information. Axiata Board was determined not to treat the BEE as a mere 'box-ticking' exercise but to provide the Board and individual Directors a thorough and complete evaluation of all aspects of its governance practices and performance particularly where there are still gaps and weaknesses. The benchmarking against international trends and best practices would provide the Board with new learnings and insights into the practices of other global high performing Boards.

The selected global consulting firm adopted the questionnaire approach with a series of 'open' questions requiring narrative answers and enhancement hypothesis, which was tested with the Board members and SLT.

Areas of evaluation include both Board and self-peer evaluation as follows:-

Board	Self-Peer
<ul style="list-style-type: none"> Group dynamics and effectiveness 	<ul style="list-style-type: none"> Knowledge and understanding of strategy, market, critical success factors, business risk, performance measures, financial discussions, awareness, risk management, skills and experience
<ul style="list-style-type: none"> Overall impressions of the Board – Effectiveness, involvement and engagement, structure and composition 	<ul style="list-style-type: none"> Analytical skills
<ul style="list-style-type: none"> Board organisation – Composition, committee organisation, strategy 	<ul style="list-style-type: none"> Preparation for Board meetings, time commitment and commitment to professional development
<ul style="list-style-type: none"> Succession planning and development 	<ul style="list-style-type: none"> Independence – Ability to speak openly, and ability to demonstrate independence exemplified by impartiality, objectivity and consideration of all stakeholders’ interest
<ul style="list-style-type: none"> Communications 	

The results of the BEE were presented by the consultant and deliberated at both the BNC and Board meetings in May 2014 with individual reports of self-peer evaluation provided to each Board member. In summary, the findings of the BEE; inter-alia, concluded that Axiata Board is extremely well-run with good chemistry and bonding amongst Directors, composition of the Board is constructed with due consideration to international and gender diversity and the Board is appropriately involved in strategic issues. From a benchmarking perspective, Axiata compared favourably with world-class companies.

Areas of enhancements that arose from the BEE which had been actioned by the Board include commencement of discussion on Board succession planning as the Board has passed the six-year mark, amalgamation of SSC and BRC, nomination of the Chairman of the BNC to guide, coach and develop new Board members, and on-boarding. Other areas of enhancements recommended by the consultant are to assign new Board members to specific projects for more interaction with SLT members and on skillsets and Board composition, to create space for one or two more international Director(s) with social media/e-commerce/internet experience.

For 2014, the same facilitator has been appointed to conduct an update on the BEE and the previous findings. The exercise is ongoing and the report is expected to be tabled in May to the BNC and Axiata Board, exactly one year from the previous BEE.

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Board Committees

There are currently three main Board Committees namely:-

- BAC;
- BNC; and
- BRC.

The ToRs of the Board Committees are available online at www.axiata.com/corporate/corporate-governance

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

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

BAC

The members of BAC are as follows:-

- David Lau Nai Pek – Chairman, INED (Member of Malaysian Institute of Accountants and New Zealand Institute of Chartered Accountants)
- Datuk Azzat Kamaludin – Senior INED
- Juan Villalonga Navarro – INED
- Kenneth Shen – NINED

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

Further details on the summary of activities of the BAC during FY14 and the BAC ToR are set out separately in the BAC Report on pages ____ to ____ of this Annual Report.

The Group Chief Financial Officer (GCFO) and Group Financial Controller attend all meetings of the BAC except when meetings are held between the BAC and external

auditors without Management's presence. During FY14, the BAC met with the external auditors without Management's presence twice.

BNC and BRC

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

- Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED
- Datuk Azzat Kamaludin – Senior INED
- Dato' Abdul Rahman Ahmad – INED (BNC only)
- Ann Almeida – INED
- Kenneth Shen – NINED

BNC

The key responsibilities of the BNC are as follows:-

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

During FY14, the BNC met six times where key activities were as follows:-

- Deliberated on Axiata Board Framework/Board composition covering inter-alia, search for Indonesian candidate; INEDs' independence, tenure/succession plan, gender diversity, Board committees chairmanship, and redefine the BNC roles/involvement in interviewing candidates for key/Senior Management positions;
- Reviewed additional parameters for Board Composition Framework for OpCos' Board;

- iii) Deliberated on succession planning for INEDs nearing nine year independence tenure limit and next steps for each INEDs to provide his/her individual plan on tenure and retirement plan;
- iv) Deliberated on Indonesian candidates for appointment as Axiata Board member;
- v) Deliberated on Directors' training needs and 2015 Annual Training Calendar;
- vi) Reviewed and recommended extension of employment contracts for key personnel including the GCEO;
- vii) Recommended the appointment of a new INED, Dialog and Axiata nominees on the Board of Directors' of Dialog;
- viii) Reviewed and recommended the appointments of key personnel at CC;
- ix) Reviewed and recommended the renewal of employment contract for CEO of Celcom;
- x) Reviewed and deliberated succession planning for CEO positions at edotco Group and ADS business unit;
- xi) Reviewed and recommended the appointment of CEO, edotco Group and CEO, ADS and Robi's COO and CFO;
- xii) Reviewed and deliberated on 2013BEE findings and report;
- xiii) Deliberated on updates and follow-up items from 2013BEE; and
- xiv) Deliberated the approach for 2014BEE.

BRC

The key responsibilities of the BRC are as follows:-

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

During FY14, the BRC met six times where the key activities were as follows:-

- i) Reviewed and recommended the remuneration structure of Axiata's NEDs including benefits;
- ii) Reviewed and recommended Axiata Group Remuneration and Benefits Policy;
- iii) Reviewed the performance achievements and recommended the rewards for the President & GCEO and reviewed the performance of the Group Cosoc against pre-determined KPIs for FY14;
- iv) Reviewed and recommended the pool for CC's bonus and salary increments for FY14;
- v) Reviewed and recommend additional grant of Restricted Share Awards (RSA) to the President & GCEO; and
- vi) Reviewed and recommended the Long Term Incentive Plan for Axiata and edotco Group.

Taking into consideration the recommendations from the BEE in 2014 and to benefit from synergies (membership and ToRs), the Board of Axiata had on 9 April 2014 resolved on the amalgamation of the BRC and SSC, and for the duties and responsibilities of administering the Axiata Share Scheme to be included under the purview of the BRC.

During FY14, the SSC met twice where the key activities were as follows:-

- i) Reviewed and recommended 2014 RSP grants and parameters and vesting of ESOS;
- ii) Reviewed and recommended the extension of the Axiata Share Scheme and New LTIP;
- iii) Reviewed and approved changes in the implementation of the RSP-Grant Cycles;
- iv) Reviewed and approved the RSP vesting conditions and treatment of the RSA;
- v) Reviewed and approved implementation details and timeline of the RSP;
- vi) Reviewed and approved refinements on implementation of the restricted share plan; and
- vii) Reviewed the LTIP for ADS.

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ADS Investment Board

In March 2014, the Board resolved on the establishment of AIB, a Board committee with the primary objective to review and approve ADS' equity investments/divestments within the Group based on the specified limits in the LOA of Axiata applicable to ADS. Under its ToR, the members shall, inter-alia, comprise:-

- i) President & GCEO;
- ii) Axiata Board Nominee(s) - Dato' Abdul Rahman Ahmad (Chairman), David Lau Nai Pek and Kenneth Shen;
- iii) GCFO, Axiata; and
- iv) Group Chief Digital Services Officer, Axiata/CEO, ADS.

During FY14, the AIB met three times where the key activities were as follows:-

- i) Review ADS governance matters including its ToR, roles and oversight functions,
- ii) ADS investment approach and investment thesis; and
- iii) ADS's investment proposals in Cambodia, Bangladesh, Sri Lanka and Singapore.

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

DIRECTORS' REMUNERATION

• Non-Executive Directors

In 2014, the Board with the input of external consultants, undertook a review and benchmarking of Axiata's NEDs remuneration. The level of remuneration after the review is based on a set of fees that reflects the experience, expertise and level of responsibilities undertaken by the NEDs concerned, including on Board committees. For the NEDs of Axiata, the remuneration structure was benchmarked against industry standards and set within the 75th percentile of large group of companies.

As a regional company, the remuneration philosophy is not only to develop a remuneration structure that commensurates with their responsibilities at both Board and Board committees but also one that is sufficient to attract, incentivise and retain quality Directors. The review of the remuneration structure was the first since the inception of Axiata as a listed company in 2008. The review brought about the introduction of monthly fixed fees for Board committees which was absent from Axiata's NEDs remuneration component, putting Axiata in the minority.

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

¹ Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days

² In accordance with shareholders' approval, Axiata pays Board and Board committees' Directors' fees on a monthly basis

Benefits

Common benefits-in-kind prevalent among large groups similar to Axiata such as Annual Overseas Business Development Trip, mobile communication devices and telecommunication facilities, medical benefits provided under Axiata Healthcare Programme and insurance benefits, including Directors' & Officers' Liability Insurance.

Frequency of Review

Every five years, the Director's remuneration is decided by the Board collectively after review by the BRC and individual Directors do not participate in decisions regarding his/her remuneration package.

The Directors' aggregate remuneration for FY14 distinguishing between the ED and NEDs with categorisation into appropriate components is set out in the Audited Financial Statements on page 224 of this Annual Report.

The number of Directors of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:-

Executive Director¹	No. of Director
RM8,200,000.00 – RM8,250,000.00	1
Non-Executive Directors^{2,3}	
RM250,00.00 – RM300,000.00	2
RM300,00.00 – RM350,000.00	3
RM350,00.00 – RM400,000.00	2
RM650,00.00 – RM700,000.00	1

¹ Includes ESOS expenses (non-monetary) of RM1.6 million.

² Fees and Meeting Allowances for representatives of Khazanah on the Board are paid directly to Khazanah

³ Fees and Meeting Allowances payable to Ann Almeida is accrued for donation to Axiata Foundation

• Executive Director

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

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

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

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

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

RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

• Communication with Shareholders and Investors

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

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

1. Annual Report

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations performance, challenges and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. The working committee comprising senior management and personnel from various divisions plays an important role to ensure accuracy of

information and full compliance with the relevant regulatory requirements. The contents of the Annual Report are continuously enhanced, taking into account developments, amongst others, in corporate governance. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, oversees the production of the Annual Report and reviews its contents before it is published.

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

2. Announcements to Bursa Securities

Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. The same is also made available on Axiata's corporate website. Prior to its release, announcements intended for Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or Board, to ensure that the announcement fulfills the disclosure requirements as well as meets what is intended by management. In a few instances, announcements are also reviewed by external advisors to ensure that its contents are not only accurate but relevant information is included, taking into consideration disclosure requirements and market perspectives.

Filings and announcements to Bursa Securities are available online at www.axiata.com/investor/bursa-announcement

3. Media Releases

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

Primary contact for Corporate Communications:-
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Postal Address : Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Media releases are available online at www.axiata.com/mroom

4. Quarterly Results and Analysts' Briefings

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

To date throughout FY14, the Group has enjoyed relatively extensive coverage and exposure to the investment community with a total of 31[35,FY13] equity research analysts covering the Company.

This equitable policy is not only prevalent to financial affairs but also extended to major transactions such as acquisition of Axis by XL. Audiocasts of the presentation of this transaction was also made available on Axiata's corporate website.

Presentation materials and audiocasts to analysts are available online at www.axiata.com/investor/financial-reports

5. Media Conference

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

6. Investor Relations

Axiata's investor relations efforts include scheduling regular engagement sessions with the investing community and is attended either by the President & GCEO and/or GCFO and Investor Relations unit. Such engagement includes conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders. The objective is to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss strategic matters and address issues that the investing community may have with respect to the business or operations of the Company.

Some of the investor conferences and non-deal roadshows attended by Axiata in FY14 are:-

• **Conferences**

- i) Asian Investment Conference (Credit Suisse), Hong Kong - March;
- ii) Invest Malaysia (Maybank and Bursa Securities), Kuala Lumpur - June;
- iii) Global Emerging Markets Centerence (Deutsche Bank), New York - September;
- iv) ASEAN Forum (JP Morgan), London - September;
- v) Investors' Forum (CLSA), Hong Kong - September;
- vi) Asia Pacific Summit Conference (Morgan Stanley), Singapore- November; and
- vii) Investment Forum (Nomura), Tokyo - December.

• **Non-Deal Roadshows**

- i) Macquarie, London and Edinburgh – February;
- ii) CIMB, Boston and New York – March;
- iii) Goldman Sachs, Singapore and Hong Kong – March;
- iv) Credit Suisse, Edinburgh – September; and
- v) Maybank, Kuala Lumpur – November.

Axiata conducted 289 meetings with investors and analysts via face-to-face meetings and conference calls in FY14.

In addition to the above, an Analysts' Day was also held on 8 October 2014 in Kuala Lumpur. The event was well received with participation by 64 analysts and investors, both local and foreign based. Long-term strategy, new technology trends, financial strategies, data revenue and profitability as well as highlights of the tower company business were amongst the key topics covered.

Primary contact for investor relations:-

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

7. Company Website

All information on share price, financial reports, stock exchange filings, presentations, financial calendar, ownership profile and media releases are posted on the Investor Relations section. 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.

For queries regarding shareholding, kindly contact:

Tricor Investor Services Sdn Bhd
Tel : +603-2264 3883
Fax : +603-2282 1886
Email : is.enquiry@mytricorglobal.com
Postal Address : Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia

Annual General Meeting

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

At the AGM in 2014, all Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company. Before the commencement of the proceedings, the Group Company Secretary highlighted administrative matters covering the voting procedures including the procedures for a demand to be made for a resolution to be voted by way of poll and timing of making such demand.

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

Further, the President & GCEO also shares with the meeting the responses to questions submitted in advance by the MSWG. The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers Malaysia, are in attendance to respond to questions raised and provide clarification as required by the shareholders. To ensure transparency, replies to queries made by organisations representing minority shareholders, namely MSWG are also made available and distributed at the AGM.

At the AGM, all valid proxy appointments are properly recorded, counted and reviewed by the external auditors. Since its listing in 2008, the Company has also appointed its external auditors to act as independent scrutineers for its general meetings. The appointment comes under a separate engagement letter where the scope of work includes verifying number of shares represented by shareholders and proxy holders present and voting at general meetings as shown in proxy forms and polling slips against Register of Members/Record of Depositors determined for general meetings, administering poll, counting of votes by show of hands and tabulating the results.

While members of the media are not invited into the AGM meeting hall, a media conference is held immediately after the AGM where the Chairman, President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of all resolutions are presented to the audience and outcome of the AGM is announced on the same day via Bursa LINK.

Key Performance Indicators

On 25 February 2015, the Company announced the Headline KPIs set and agreed by the Board and Management of the Group as follows:-

FY15 Headline KPIs

FY15 Headline KPIs	(%)
Revenue Growth	4.0
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Growth	4.0
Return on Invested Capital (ROIC)	8.7
Return on Capital Equity (ROCE)	7.7

The Headline KPIs shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matters as they are merely a set of targets/aspirations of future performance aligned to the Group's strategy and which have been derived on the assumption that the Group shall operate under the current business environment under which they had been determined.

In establishing the FY15 Headline KPIs, the Management of Axiata has taken into consideration the following challenges:-

- No material increase in competition in the mobile market space of the Group's major OpCos;
- No material regulatory changes impacting the OpCos;
- No material change in currency volatility, liquidity, shortages and interest rates in the Asia-Pacific region in general; and in Southeast Asia in particular;
- No material change in Capex budget spending in all OpCos; and
- Excludes divestment and M&A impact.

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Moving forward, the Group will continue to transform and expand its core business as well as to increase the focus on data leadership and profitability given its exponential growth opportunity. The Group will remain aggressive but targeted in its investments, towards achieving a diversified and balanced portfolio. The Group is committed to optimise its financial performance through disciplined Opex and Capex spend, executed via diligent cost management initiatives and measures.

Axiata is expected to regain momentum in FY15, as Celcom has completed its IT transformation, enabling it to expedite the launch of new products; and XL is currently well placed to benefit from Axis' integration. Smart, Robi and Dialog are expected to continuously deliver steady growth for the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 165 of this Annual Report. The details of the Company's and Group's financial statements for FY14 can be found on page 166 to 321 of the Annual Report.

Related Party Transactions

The Company has an internal compliance framework to ensure it meets its obligations under the Main LR including obligations relating to related party transactions. Processes and procedures are in place, to ensure that Recurrent Related Party Transactions (RRPTs) are entered

into on terms not more favourable to related parties than to the public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practice, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RRPTs entered into or to be entered into under the shareholders' mandate procured at the AGM, to ensure that all the relevant approvals for RRPTs have been obtained.

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

Axiata had at its 22nd AGM, obtained a general mandate for the Group to enter into RRPT with Telekom Malaysia Berhad Group (TM Group) for transactions predominantly related to telecommunications and/or related services. The procurement of mandate for the Group to enter into RRPT with TM Group was obtained as these transactions in aggregate may result with the Company having to obtain shareholders' approval prior to the Group entering into the transactions. As these transactions may be constrained by time-sensitive nature and confidentiality, it would be impractical for the Company to seek shareholders' approval on a case-by-case basis. The procurement of the mandate will also substantially reduce the expenses associated with convening of general meetings and improve administrative efficiency.

Based on the actual amount utilised from the date of the above AGM until March 2015, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY14, pursuant to RRPT mandate, is disclosed in pages 119 to 120.

Internal Control and Risk Management

The Board has overall responsibility and accountability for the Group's internal control systems and continues to maintain and review its internal control systems to ensure, as far as possible, the protection of the Group's assets and the Company's shareholders investments. A quarterly updated risk profile of the Group and each of the OpCos is presented to the BAC and the Board. The BAC reviews in detail the major risks that the Group faces in its business and operations and management controls and processes that are in place to manage those risks. Such systems are designed to manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

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

The Company has also established an enterprise wide risk management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting risk ownership and continuous monitoring of key risks identified.

Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to the BAC and the Board. Axiata has established a Group Risk Management Committee (RMC) comprising the SLT and chaired by the Chairman of the BAC. The RMC is mainly responsible for managing the overall ERM process and recommends quarterly ERM reports to the BAC for its onward submission to the Board. The RMC ensures continuous review of the key risks of the Group, and monitors the implementation of the mitigation plans on a quarterly basis.

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

An overview of the state of internal control within the Group, which includes the risk and internal control framework and key internal control structures, are set out in the Statement on Internal Controls in pages 097 to 109 of this Annual Report.

Relationship with Auditors

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of the external auditors annually. Further information on the role of the BAC in relation to both, internal auditors and external auditors are stated in the BAC Report in pages 111 to 116 of this Annual Report. A summary of the activities of the BAC during the year are set out in page 110 of the Annual Report.

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

Statement on Corporate Governance

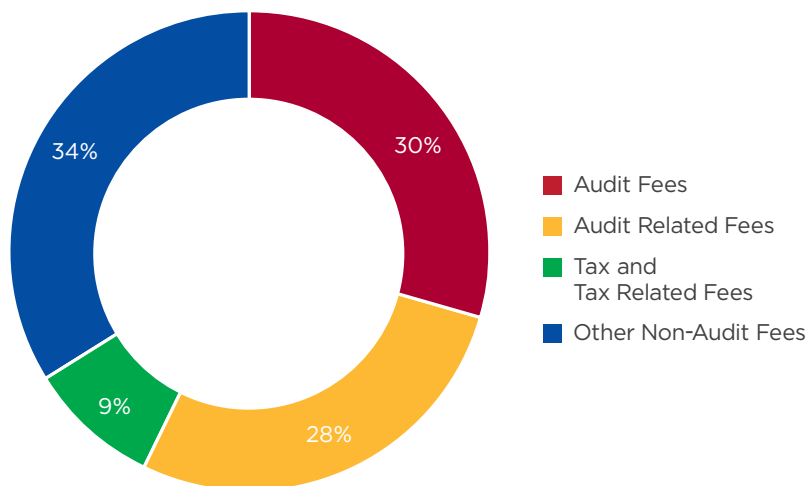
Details of statutory audit, audit-related and non-audit fees paid/payable in FY14 to the external auditors are set out below:-

Fees paid/payable to PwC	RM'000
Audit Fees	
• PwC Malaysia (PwCM)	2,834
• Member firm of PwC International Limited (PwCI)	3,154
• Others	36
Audit Related Fees ¹	
• PwCM and member firm of PwCI	5,648
	11,672
Other fees paid to PwCM and member firm of PwCI	
Tax and tax related services ²	1,880
Other non-audit services ³	6,835
	20,387

¹ Fees incurred in connection with performance of quarterly reviews, agreed-upon procedures and regulatory compliance

² Fees incurred for assisting the Group in connection with tax compliance and advisory services

³ Fees incurred primarily in relation to due diligence on potential acquisitions, project management and other advisory services



APPENDIX 1 – Directors’ Training List 2014

Director	List of Training/Conference/Seminar/Workshop Attended/Participated
Tan Sri Dato’ Azman Hj Mokhtar	<ul style="list-style-type: none"> • Symposium on Innovation and Growth, World Bank and Growth Dialogue, Kuala Lumpur – 17 January • CEO’s Series: ‘Organisational Agility and Learning in a Complex World’ (Panelist), World Economic Forum, Davos – 23 January • 2014 Spring Forum, Asia Business Council, India – 20-22 February • Global System for Mobile communications (GSM) Association : Mobile World Congress, Barcelona – 23-26 February • Malaysia’s Economy in 2014, Investment Conference 2014, Hong Kong - 23-26 March • ASEAN Leadership in a Leaderless World, LSE Asia Forum 2014: ‘Building Asian Futures : Integration, Welfare and Growth’ (Panelist), Kuala Lumpur – 3 April • Nurture Talent Uni-Industry (Speaker), UiTM Forum, Faculty of Business and Management, UiTM, Kuala Lumpur – 29 April • Sovereign Investor Forum, London – 8 May • Invest Malaysia, Bursa Malaysia Securities Berhad, Kuala Lumpur - 9-10 June • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Global Economic Symposium, Kuala Lumpur – 8 September • ABC Forum, Planery Session: ‘Leadership and Transformation in ASEAN’ (Speaker), CIMB ASEAN Research Institute, Singapore - 9 September • 2014 Autumn Forum, Asia Business Council, Bali – 11-13 September • UN Private Sector Forum – Climate Summit 2014, United Nations, New York – 23 September • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur - 29-30 September • 9th World Islamic Forum (WIEF) – Managing Risks in Business (Panelist), Dubai – 29 October • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur - 6 November • Wacana Fikrah Ummah (Speaker), Dewan Bahasa dan Pustaka, Kuala Lumpur – 27 November • Global Lectures, Khazanah Nasional Berhad – 1 December
Dato’ Sri Jamaludin Ibrahim	<ul style="list-style-type: none"> • Global System for Mobile communications (GSM) Association: Mobile World Congress, Barcelona – 23-26 February • Convergence Workshop, McKinsey, Kuala Lumpur - 18 April • Ericsson Technology Roadshow, Kuala Lumpur – 22 May • Changing Customer Behavior and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Updates/Pricing Strategy Workshop, Boston Consulting Group, Kuala Lumpur – 4 August • KL Converge, Malaysian Communications and Multimedia Commission, Kuala Lumpur - 17-18 September • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur - 29-30 September • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur - 6 November
Tan Sri Ghazzali Sheikh Abdul Khalid	<ul style="list-style-type: none"> • Technology Updates, Group Technology, Axiata, Kuala Lumpur – 24 April • Corporate Directors’ Advanced Programme : Human Capital, MINDA, Kuala Lumpur – 6-7 May • 28th Asia-Pacific Roundtable, Institute of Strategic & International Studies, Kuala Lumpur – 2-4 June • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November • Corporate Directors’ Advanced Programme 2014: Innovation, MINDA, Kuala Lumpur – 12-13 November

Statement on Corporate Governance

Director	List of Training/Conference/Seminar/Workshop Attended/Participated
Datuk Azzat Kamaludin	<ul style="list-style-type: none"> • Corporate Directors' Advanced Programme: Strategy and Risks, MINDA, Kuala Lumpur – 12-13 March • Technology Updates, Group Technology, Axiata, Kuala Lumpur – 24 April • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Audit Committee Workshop Series, Malaysian Institute of Accountants, Kuala Lumpur – 17 July • Audit Committee Workshop Series, Malaysian Institute of Accountants, Kuala Lumpur – 7 August • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November
Dato' Abdul Rahman Ahmad	<ul style="list-style-type: none"> • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November
David Lau Nai Pek	<ul style="list-style-type: none"> • Breakfast Talk with Dato' John Zinkin, Managing Director, Zinkin Ettinger Sdn Bhd, "Reconciling Leadership with Governance: Sustainable Value Creation Requires both Dynamic Leadership and Good Corporate Governance", MINDA, Kuala Lumpur – 18 March • Technology Updates, Group Technology, Axiata, Kuala Lumpur – 24 April • Governance Seminar, Employees Provident Fund Board, Kuala Lumpur – 29-30 May • PricewaterhouseCoopers Telecom Conference, Paris – 1-7 June • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Chief Financial Officers' Forum, UEM Group, Kuala Lumpur – 15 August • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November
Juan Villalonga Navarro	<ul style="list-style-type: none"> • Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November
Kenneth Shen	<ul style="list-style-type: none"> • Carcosa Day on "3 Diagonals", Cyberjaya – 17 February • Venture Capital Investing Conference, San Francisco – 11-12 June • Venture Capital Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June • Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September • Leadership in the 21st Century Talk, Khazanah Nasional Berhad, Kuala Lumpur – 13 October • International Forum of Sovereign Wealth Funds (IFSWF), Doha – 19-20 November • 6th Iskandar Malaysia CEO's Forum, Iskandar – 1 December
Ann Almeida	<ul style="list-style-type: none"> • Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June