Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors of listed issuers is required to include in their annual report, a 'statement about the state of risk management and internal controls of the listed issuer as a group'. Accordingly, the Board is pleased to provide the following statement that was prepared in accordance with the 'Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' as endorsed by Bursa Securities, which outlines the nature and scope of risk management and internal control of the Group during the financial year under review.

Board's Responsibility

The Board is responsible and accountable for maintaining a sound process of risk management and internal control practices to safeguard shareholders' investments and the Group's assets. Such process covers not only financial control but also operational and compliance controls. In view of the limitations inherent in any process, the risk management and internal control processes and procedures put in place can only manage risks within tolerable levels, rather than eliminate the risk of failure to achieve the Group's business objectives.

The BAC assists the Board in evaluating the adequacy of risk management and internal control framework. The BAC, via the Axiata Group Risk Management Committee (GRMC), has put in place a systematic risk management framework and process to identify, evaluate and monitor principal risks; and implement appropriate internal control processes and procedures to manage these risks across the Group, excluding associate companies and joint ventures which are not within the Group's control.

Following the written assurance from the President & GCEO and GCFO, that the Group's risk management processes and internal controls are operating effectively, the Board is of the view that the process of risk management and internal control processes in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard shareholders' investments and the Group's assets.

Risk Management and Internal Control Framework

- **Axiata Enterprise Risk Management Framework**

  The Group adopts the Axiata Enterprise Risk Management (ERM) Framework as a standardised approach in identifying, assessing, reporting and monitoring risks facing the Group. The framework, benchmarked against ISO31000:2009 is adopted by all risk management teams across all subsidiaries. It stresses the importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interests, and compliance with statutory and legal requirements.

- **Risk Governance Structure**

  The Board via the BAC has assigned the Group's risk oversight function to the GRMC, which consists of all the members of Axiata Group Senior Leadership Team (SLT). Chaired by the Axiata Group BAC Chairman, the GRMC is primarily responsible for driving Axiata's ERM Framework, ensuring systematic implementation of risk management and monitoring of risks across the Group. The following depicts the key parties within the Group's Risk Governance Structure and their principal risk management roles and responsibilities:

Board of Directors	• Maintains a sound system of risk management and internal control • Approves risk management policy and framework, governance structure and sets the risk appetite • Receives, deliberates and endorses the BAC reports on risk governance and internal control
Board Audit Committee	• Assists the Board in evaluating the adequacy of risk management and internal control framework • Reviews and endorses the Group Risk Profile • Receives and reviews reports from the Risk Committee and recommends them to the Board for approval
Group Risk Management Committee	• Assists in identifying principal risks at Group level and providing assurance that ERM is implemented group-wide • Reviews and recommends frameworks and policies specifically to address enterprise risk inherent in all business operations • Promotes cross-functional sharing of risk information • Monitors compliance to ERM Framework, regulatory requirements and status of action plans for both the Group and subsidiaries • Coordinates and promotes risk management culture and implementation
Group Risk Management Department	• Establishes, formulates, recommends and manages sound and best practice ERM programmes for the Group • Inculcates risk awareness within the Group • Assists Axiata OpCos and Business Units in establishing their internal risk policy and structures, including business continuity programme for the Group • Identification and consolidation of risk matters • Secretariat for the GRMC • Consolidates risk reports from Axiata OpCos and Business Units for the GRMC's review
Risk Focals at Axiata CC and OpCos	• Primarily responsible for managing risk on a day-to-day basis • Promote risk awareness within their operations and introduce risk management objectives into their business and operations • Coordinate with Axiata Group Risk Management Department on implementation of risk management policy and practices

The GRMC is assisted by the Group Risk Management Department (GRMD) to monitor and ensure that the Group risk management practices are aligned with the framework. The implementation of risk management activities encompasses corporate and subsidiary (OpCo) levels. To ensure the operationalisation of risk management processes and clear accountability at the OpCo level, risk committees comprising of their CEO (as Chair) and selected senior management members are set-up in each OpCo. At the same time, a risk focal person is appointed to provide timely risk updates and reports to the GRMD. Events which may materially impact the Group's financial position and reputation will be escalated to the GRMD for appropriate action. Additionally, there is a rolling programme where the CEO or CFO of each OpCo is required to present their risk profile at the GRMC on a quarterly basis.

The key risks faced by the Group are listed in Appendix 1 of this statement.

The following key internal control structures are in place to assist the Board to maintain a proper internal control system:

Key Internal Control Structures of the Group

1.0 Control Environment

The control environment sets the tone for the Group by providing fundamental discipline and structure. Key elements of the Group's internal control systems include:

1.1 Integrity and Ethical Values

- **Code of Conduct and Practice**
  The Senior Management and Board set the tone at the top for corporate behaviour and corporate governance. All employees of the Group shall adhere to the policies and guidelines as set out in the Code of Conduct of the Group which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties. The Group's Code of Conduct covers areas such as compliance with respect to local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality, conflict of interest and anti-competition practices.

  In 2014, the Group continued with efforts to promote the two Axiata Group shared values – "Uncompromising Integrity" and "Exceptional Performance". Interactive workshops were held to encourage employees to embrace and display the confidence to live up to the values across the Group. Initiatives such as Group Recognition Events, refreshed gifts policy, animation video and many others were developed to inculcate and encourage the appropriate behaviours.

- **Guidelines on Misconduct and Discipline**
  Guidelines are in place for handling misconduct and disciplinary matters. These guidelines govern the actions to be taken in managing the misconduct of employees who breach the Code of Conduct and Practice or do not comply with the expressed and implied terms and conditions of employment. The Code of Conduct and Practice has also been extended to contractors and suppliers of the subsidiaries.

1.2 Board Committees

(a) Board

Clear roles of the Board are stated under the Statement of Corporate Governance section of this Annual Report.

(b) Board Committees

To promote corporate governance and transparency, in addition to the Board, the Group has the BAC, BNC and BRC (collectively 'Board Committees') in place. These Board Committees have been established to assist the Board in overseeing internal control, Board effectiveness, and nomination and remuneration of the Group's key positions and directors. The responsibilities and authority of the Board and Board Committees are governed by a clearly defined ToR.

(c) BAC

The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal control as set out in the Duties and Responsibilities herein.

It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meetings. Further details of the BAC are stated under the BAC Report section of this Annual Report.

(d) BNC
Please refer to the Statement on Corporate Governance section of this Annual Report.

(e) BRC
Please refer to the Statement on Corporate Governance section of this Annual Report.

1.3 Senior Leadership Team (SLT)

The SLT is committed to the identification, monitoring and management of risks associated with its business activities. The GCEO and Management are ultimately responsible to the Board for the Group's system of internal control and risk management. Each business unit is responsible and accountable for implementing procedures and controls to manage risks within its business.

1.4 Organisation Structure

- Clear Organisation Structure
  The Group has an appropriate organisational structure led by functional SLT members who have clear roles of responsibility and lines of reporting. The proper segregation of duties promotes ownership and accountability for risk taking and defines lines of accountability and delegated authority for planning, executing, controlling and monitoring of business operations. Competent and professional individuals have been selected as part of our SLT to ensure we manage our business well and to deliver business results.

  Regular reviews of the organisational structure are held to address the changes in the business environment as well as to keep abreast of current and future trending of new technologies, products and services.

- Corporate Centre
  The Corporate Centre plays an advisory role to add value to the subsidiaries at varying engagement levels. The broad roles of the Corporate Centre are as follows:

  1. Supporting role to Axiata Board Representatives at OpCos and OpCos' management; and
  2. Supporting role to OpCos' Functional Heads.

  Besides engaging in continuous day-to-day communication between the OpCos and the Group functions, the Corporate Centre also gives appropriate inputs and steers the Group on best practices through sharing of the Group's guidelines and strategies to minimise risk exposure and to increase the efficiency and effectiveness of business operations.

  The Corporate Centre is also responsible for key processes and functions including plotting the future path of the Group, strategic planning, mergers and acquisitions, joint development projects, capital raising and allocation, leadership, talent development, group accounts and reporting, procurement, treasury, technology and network.

  The Corporate Centre is also involved in leading Group initiatives on behalf of the OpCos to address current and future challenges of the Group.

1.5 Assignment of Authority and Responsibility

- **Policies and Procedures**
  Documented policies and procedures are now in place for all major aspects of the Group's business and these are regularly reviewed and updated to ensure that they remain effective and continue to support the organisation's business activities at all times as the organisation continues to grow.

  These policies and procedures are supported by clearly defined delegation of authorities for amongst others, spending on operating and capital expenditures, authority to enter into contracts and commitments, business plans and budget, and procurement of goods and services.

- **Limits of Authority (LoA)**
  The Board has approved a clearly defined and documented LoA which is to be used consistently throughout the Group. These are regularly updated to reflect changing risks or to resolve operational deficiencies. It establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates timely, effective and quality decision-making at the appropriate levels in the Group's hierarchy.

  Axiata's LoA document clearly sets out the matters reserved for the Board's consideration and decision making, the authority delegated to the President & GCEO and other SLT members, including the limits to which the President & GCEO can execute the authority, and provides guidance on the division of responsibilities between the Board and Management.

1.6 Commitment to Competency

- **Competency Framework**
  The Group appoints employees of the necessary competencies to ensure that the personnel driving key operations are sufficiently skilled and exert the required qualities of professional integrity in their conduct.

- **Performance Management**
  The Group is committed to attract and retain competent, dedicated and loyal employees. Programmes and initiatives have been established to ensure that the Group's human capital is equipped with the qualities and skills to drive the Group to become a world class company through ongoing emphasis on performance management and employee development.

  The Group has in place a KPI performance measurement process as prescribed under the Government-Linked Company Transformation (GLCT) programme to link performance and compensation in order to create a high performance work culture. This process also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employees actions and behaviours to that of the Group's vision and mission.

- **Training and Development Framework**
  It is the Group's policy to train employees at all levels so that they would be able to perform well in their present jobs and also to develop employees who are considered to have the potential to perform duties with wider responsibilities so that they may be ready to assume them when needed. Programmes are also implemented to ensure that employees receive continuous training in various areas of work such as knowledge, health and safety, technical training, leadership and new product development.

- **Talent Development and Succession Planning**
  There is a Group Talent Management Framework in place to identify and develop a group talent pipeline within the organisation as a supply for future leadership demands. In this respect, the Group has met its target of identifying 100 C-suite potentials from within the organisation and has been intensifying its efforts in making these talent ready to succeed the current top management across the Group. This is done via intensifying leadership development programmes, mentoring and coaching as well as cross-functional and cross-country assignments.

  This leadership talent pipeline is also regularly reviewed via the Group Talent Council and assessed as potential successors for key positions in the Group, via internal and external benchmarks.

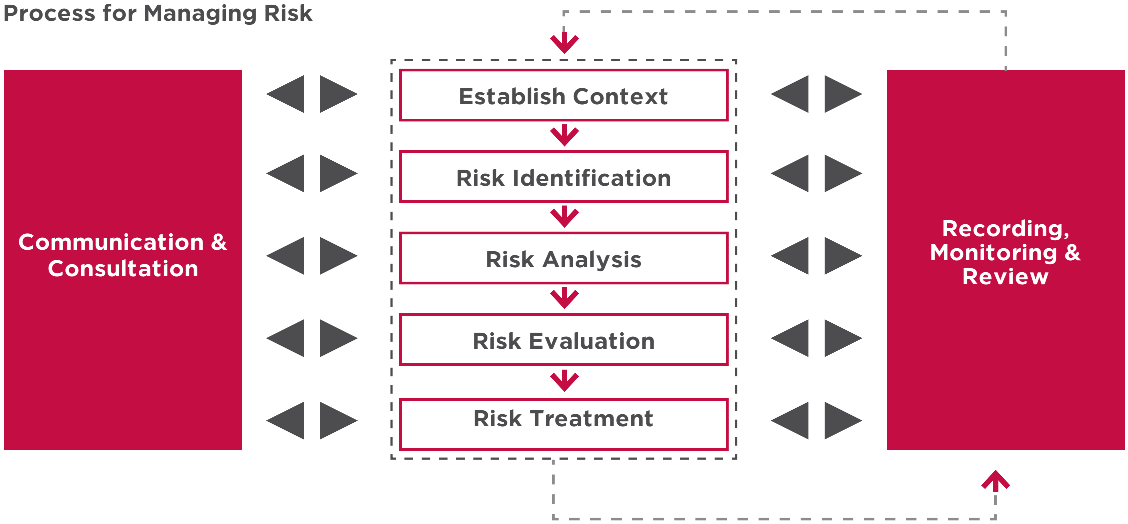
  Succession plans and the robustness of the talent pipeline are regularly reviewed by the Board. The talent pipeline includes fresh graduates and middle management levels so as to ensure a continuous supply of talent. As of 31 December 2014, nine internal successors have been at placed top positions across the Group.

2.0 Risk Assessment

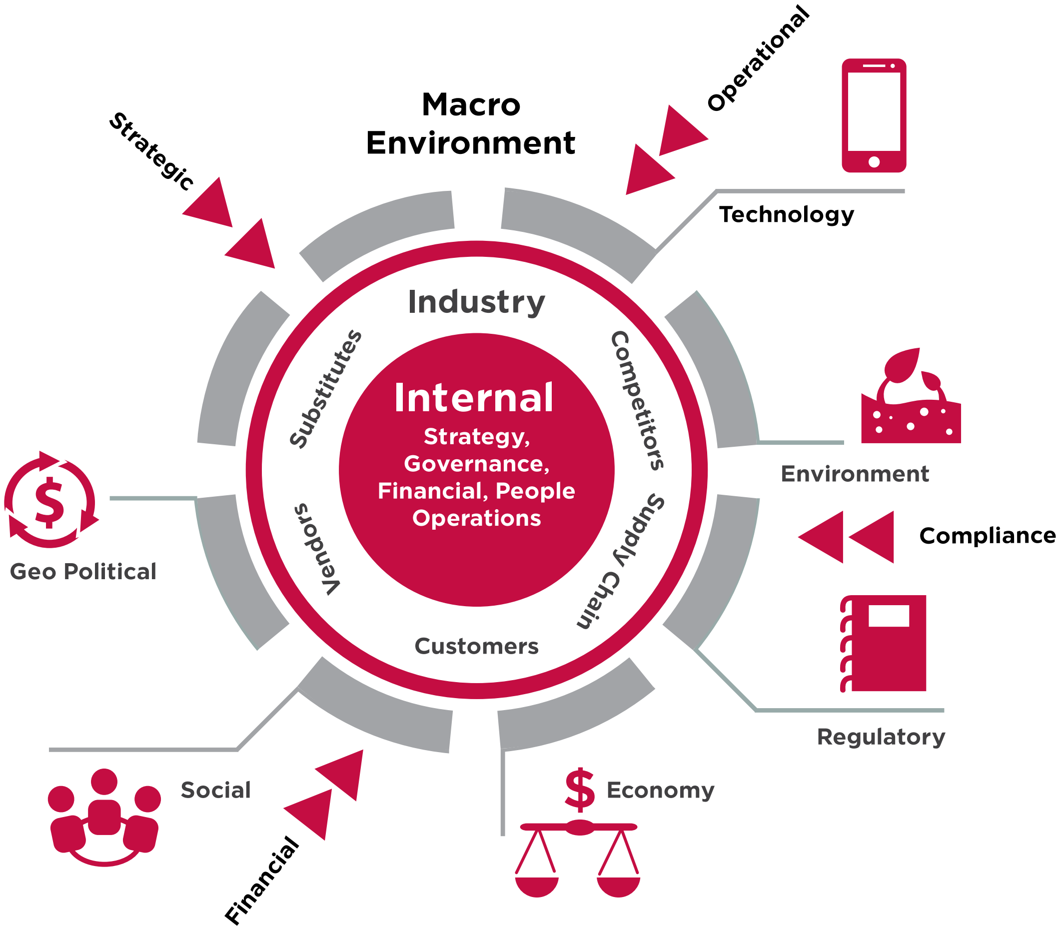
Axiata's risk management process is guided and principally aligned to ISO31000:2009 where risk is managed to ensure the achievement and implementation of strategic objectives. The Group's risk management process typically involves identifying particular events or circumstances relevant to the organisation's objectives and risk appetite, assessing them in terms of likelihood and magnitude of impact, evaluation of adequacy of existing controls, determining a response strategy, and monitoring progress. This will in turn protect and create value for stakeholders, including shareholders, employees, customers, regulators, and the society.

Axiata's Risk Assessment Process is depicted in the following diagram:

Process for Managing Risk



The risk identification process, which is done on an on-going basis entails scanning of all key factors within Axiata's business context from an 'outside-in' perspective, i.e. from macro-environment (external) to industry and internal. Risks are generally classified into distinct categories, i.e. strategic, financial, operational and compliance, representing the challenges to the Group's business operations, as depicted below:



Risk information and treatment plans are captured and updated into a risk register which is maintained by the respective OpCos and the Group. The information is then consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans.

- Control Self Assessment (CSA)
  CSA is an effective process used by the Group for improving business internal controls and processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate the adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA was performed on selected areas in Celcom, XL and Robi in 2014.

3.0 Control Activities

Control activities are the policies, procedures and practices that ensure management objectives are achieved and risk mitigation strategies are carried out. Key activities within the Group are as follows:

3.1 Policies and Procedures

- **Financial and Operational Policies and Procedures**

  The Group currently maintains two policies, i.e. Limits of Authority and Group Policies encompassing both the Group and OpCo levels, which sets the framework for the development of the respective procedures covering financials and controls. The documented procedures include management accounting, financial reporting, procurement, information systems security, compliance, risk management and business continuity management.

  Internal control is embedded into these policies to ensure consistent application throughout the Group. This serves as a preventive control mechanism whilst allowing the Group to promptly identify and respond to any significant control failures.

- **Budgeting Process**

  A comprehensive annual budgeting process is in place to evaluate the feasibility and viability of the Group's businesses and to ensure that the Group's OpCos business plans are in line with the Group's future strategic plans. Annual budgets are prepared by the OpCos and deliberated with their respective Boards. They are then presented and discussed during the Axiata Board Retreat for approval before the commencement of a new financial year.

  Upon approval of the budget, the Group's performance is periodically monitored and measured against the approved budget and ongoing business forecast, which is cleared by the President & GCEO and supported by the SLT. The Group's performance is also reported to the BAC and the Board. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. The results are reviewed on a quarterly basis by the Board to enable them to gauge the Group's overall performance, compared to the approved budget and prior periods, and to take remedial action where necessary. Similar performance reviews at OpCos Board level take place on a monthly or quarterly basis.

- **Whistleblower Policy and Procedures**

  The Group has in place a whistleblower policy which enables employees to raise matters in an independent and unbiased manner. As part of this whistleblower policy and procedures, there is an anonymous ethics and fraud e-mail, under the administration of the GCIA, as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and are protected from reprisal.

- **Insurance and Physical Safeguard**

  The Group has an insurance programme in place to ensure that its assets are sufficiently covered against any mishap that will result in material losses. The Group also ensures that its major assets are physically safeguarded.

3.2 Security (Application and IT Network)

- **Business Continuity Management**

  The Board is cognisant of the importance of an effective Business Continuity Management (BCM) programme in ensuring the ability of business operations to recover after a crisis. At the same time, the BCM programme provides a framework for the Group in building organisational resilience that safeguards the interests of its stakeholders whilst incorporating sufficient flexibility to allow for enhancement as technology evolves.

  Customisation is one of the key success factors for the Group's BCM programme. As each OpCo operates out of multiple locations, a "one-size-fit-all" business continuity plan (BCP) may not necessarily work. As such, Location Business Recovery Plans are also developed for the site offices within each OpCo's operations region. The Location Business Recovery Plans documents the necessary recovery strategies, steps, personnel, systems and resources required for that location to continue or restore its services during a crisis.

  Crisis Management Teams are established at Celcom, Dialog, XL and Robi and in the process of being established at the Group and Smart, with specific roles and responsibilities. Incident escalation process has also been formalised, covering all key aspects of the organisation such as health and safety, facilities, network and IT, etc. The Group has also recently concluded its business impact analysis exercise at Celcom and Dialog with updated business priorities. Efforts are currently underway in developing mitigation strategies to meet the revised business priorities, including strengthening all aspects of the Disaster Recovery Plan.

  Desktop walkthrough exercise at Celcom and crisis simulation exercise at Dialog are amongst the key milestones achieved in 2014. At the same time, the Group advocates continuous review, updating and testing of the Business Continuity Plans.

- **Information Technology (IT) Policy**

  The Corporate IT Policy continues to be a focus item. The Board recognises the importance of a well-formulated IT strategy, architecture and implementation. IT focus at the Group has been augmented with the formation of a Group IT Team in the Technology Division to continue with the ongoing improvement programmes and to implement a holistic IT strategy initiated in 2011, starting with Celcom. Further progress has been made in 2012/2013 by initiating an IT architecture blueprint project for all the OpCos, after incorporating the various best practices from within and outside the Group to make sure that the Group's IT network is always ready for future service requirements and the related challenges. This project was completed in 2014. Another area of focus for the year was to put in place a standard security policy, in consultation with the OpCos, which has been accomplished. All the OpCos have initiated the process for implementing the new security policy.

3.3 Regulatory and Compliance

- **Group Regulatory Affairs (GRA)**

  A four-pronged approach is adopted towards managing regulatory issues confronting the OpCos, supported by regular review of the Group's risk matrix, managed as part of the Enterprise Risk Management process. Risks which are both jurisdictional and international are recognised and managed.

The four-pronged approach encompasses:

1. Identification of regulatory priorities for each OpCo, focusing on issues of highest strategic, financial and/or reputational impact;
2. Supporting development of national OpCo regulatory strategies, addressing these issues and communicating with regulators through national and international submissions, supported by proactive stakeholder engagement;
3. Development of group-wide positions on key issues such as spectrum management, sector taxation, licence renewal and regulatory compliance; and
4. Ensuring a group-wide baseline of best practice regulatory skills and knowledge, through the development of Axiata Asian Best Practice papers and other industry collaterals.

The Group Regulatory Policy outlined in the Group Policy document provides guidance and establishes internal policies and procedures that attempt to manage the risk and impact of adverse regulatory decisions. Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice should be obtained in an efficient and cost effective manner as and when required.

It should be noted that the regulatory risks faced by Axiata in most markets are typical of those faced by communications operators in emerging markets, where regulatory frameworks may be incomplete, there may be insufficient consultation with stakeholders, or political influence may materially affect the operations of mobile markets. Current regulatory risks which affect Axiata in multiple national communications markets include: spectrum availability and price, levels of sector-specific taxation, service quality and subscriber registration.

4.0 Information and Communications

Information and communications support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows employees to carry out their duties. The key activities within the Group are as follows:

4.1 Corporate Communication Policy

There is a Corporate Communications Policy in place to ensure that communication across the Group and to investors inside and outside of Malaysia are effectively managed and meets the diverse needs of the organisation.

The Board recognises the need for a robust reporting framework given the growth of the Group’s international investments and are working towards further strengthening that element of the internal control system. The Board also recognises the need for more dialogue with investors and analysts as well as with the media moving forward. Details of investor relations activities are listed within the Statement on Corporate Governance section of this Annual Report.

4.2 Business Control Incident (BCI) Reporting

The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from internal control incidents with the objective of preventing similar incidents from occurring in other OpCos within the Group and to enable monitoring of internal control incidents that have caused significant losses. Five such incident reporting were shared with all OpCos in 2014.

5.0 Monitoring

Monitoring covers the oversight of internal control by management or other parties outside the process or the application of independent methodologies, such as customised procedures or standard checklists, by employees within a process. Key monitoring activities within the Group are as follows:

5.1 Performance Reporting

- **SLT Meetings**

  The SLT meets monthly and as and when required to deliberate on business performance, financial and operating risks and issues which include reviewing, resolving and approving all key business strategic measures and policies. Progress, exceptions and variations are also fully discussed and appropriate action taken. In 2014, there were 10 SLT meetings held at Group level. Similar meetings were held regularly at OpCo level.

  Significant matters identified during these meetings are highlighted on a timely basis to the Board, which is responsible for setting the business direction and for overseeing the conduct of the Group's operations. Through these mechanisms, the Board is informed of all major control issues pertaining to internal control, regulatory compliance and risk taking. This ensures that business objectives stay on course.

- **Major Control Issues**

  Quarterly reports on financial and operational control issues form part of the initiative to the Group.

- **Headline Performance KPIs**

  Headline Performance KPIs have been set and agreed upon by the Board as part of the broader KPI framework that the Group has in place, as prescribed under the GLCT programme.

  The headline KPIs represent the main corporate performance measurement targets for the year and are announced publicly as a transparent performance management practice.

5.2 Ongoing Monitoring

- **Financial and Operational Review**

  Quarterly financial statements and the Group's performance are reviewed by the BAC, which subsequently recommends them to the Board for their consideration and approval. Monthly management accounts containing key financial results, operational performance indicators and budget comparisons are also presented to the SLT to enable them to have regular and updated information of the Group's performance.

- **Internal Audit (IA)**

  The function of IA is highlighted within the BAC Report section of this Annual Report.

APPENDIX 1 – Key Risks Faced by the Group

1. **Long Term Business Sustainability**

   Customers' spending behaviour continuously evolves beyond traditional telecommunications services, where smartphones are becoming part of their daily lifestyle. Thus, the Group constantly explores and makes appropriate investments to upgrade its technology and platform to enhance the relevance of its products and services. The Group is also cognisant of the latest industry and customer behaviour and technology evolution, including inflection point of related technologies to take innovation to the next level. The Group is also continuously reviewing and proactively making changes to its business model, fast-tracking ROI on its investments and ensuring the long-term competitiveness and financial performance of the Group.

2. **Adverse Regulatory, Legal and Political Development**
The Group operates in an industry that is subject to a broad range of rules and regulations, put in place by various governing bodies and regulatory frameworks. In 2014, two of our OpCos saw a change of their government following the general elections. Adverse and unexpected changes to government policies and regulations could disrupt the Group's business operations and impair its business returns and long-term growth prospects. To mitigate this risk, the Group emphasises on strict compliance and has instituted dedicated personnel and resources to constantly monitor all relevant developments and maintain regular contact and courteous relationship with the governing authorities.

3. **Competition Risk**
The profound impact of smartphones (therefore data traffic) has changed the telecommunications market landscape quite significantly where providers need to look beyond the traditional revenue base of voice and SMS towards data. The Group acknowledges the presence of stiff competition in the telecommunications market in all regions we operate in and is continuously monitoring the development of both domestic and international business environments. The Group also takes the necessary measures to ensure it invests appropriately so as to remain competitive in the industry and increase the Group's share of the customers' wallet.

4. **Dependence on Major OpCos**
The Group's revenue depends primarily on Celcom and XL, which collectively account for close to 70% of the Group's revenue. Any major adverse developments in these two OpCos could materially affect the Group's overall financial performance. To mitigate this risk, the Group's Strategy team is continuously developing robust business strategies to increase contribution from the other OpCos whilst maintaining Celcom's and XL's market share; and at the same time, exploring feasible M&A opportunities to expand and diversify its business portfolio, hence achieving inorganic growth.

5. **Substitution Risk**
The emergence of non-traditional 'Over-The-Top' (OTT) service providers that provide free VoIP calls and messaging could impact our core revenue base. The Group is proactively looking into mitigation strategies, such as the bundling of voice and data to ensure that the impact of substitution is minimised. Additionally, the Group is exploring opportunities to participate in digital and OTT initiatives to further enhance its core business revenue.

6. **Technology Obsolescence**
As the telecommunications industry continues to evolve beyond traditional services, the Group strives to be at the forefront in both technology and innovation in all our operating regions. At the same time, the Group recognises the risk of lagging in the development and deployment of new technologies and its related ecosystems. Such lags may result in capital expenditure in technologies in order to expedite deployment of new infrastructure to remain competitive in the respective markets. Alongside with our OpCos, the Group has taken steps to constantly assess the development of these new technology ecosystems and the readiness of the required components.

7. **Treasury and Funding Risk**
2014 has been a volatile year with fluctuating currency exchange and interest rates amid global economic slowdown. Due to our international presence, the Group is exposed to these volatilities which could adversely affect the Group's financial performance. Local liquidity constraints and high financing interests for medium and/or long-term borrowing may result in funding constraints for some OpCos in some of the markets. As it is not commercially viable to hedge all currency and interest exposures, the Group has established the Regional Treasury Management Centre to oversee and control the Group's treasury and funding matters, hence preserving the Group's profitability and sustainability.

8. **System and Network Disruptions/Failure**
The reliability of the network infrastructure and systems in each OpCo is crucial in ensuring the delivery of high quality services to customers. The Group continues to evaluate and ensure robust operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans in place at each OpCo to ensure seamless business continuity. The Group has also taken steps to maintain best in class operations through continuous maintenance and upgrades in its efforts to enhance security and service delivery and hence, providing superior quality of service and customer experience. In addition, the Group maintains a global insurance programme to further mitigate business losses.

9. **People and Organisation**
One of the key pillars of success is having the right talent and mindset within the organisation. Hiring, development/training and loss of key talent remain a challenge for the Group. Our Talent Management team is on a constant lookout for suitable talent, whilst developing our people through robust talent development programmes, attractive performance-based rewards and providing a safe and healthy work environment.

10. **Project Management**
The Group embarks in ongoing strategic transformation projects which could affect critical business functions and processes. As such, the Group places emphasis on structured and disciplined project management practices to ensure it meets its intended objectives. Post-mortem of major projects are also carried out for learning and continuous improvement purposes.

11. **Investment Risk**
The Group is on a constant lookout for investment opportunities to enhance its global footprint. At the same time, it recognises the repercussions of incorrect investment decisions such as conflict of interest with main stream business, poor selection of business partners, etc. The Group maintains a robust due diligence process and constantly evaluates the investment risks at hand. The Group has also established an M&A Committee to mitigate the risk related to investment. Our M&A team is cautious of the common pitfalls associated with new investments and ensures the necessary controls are in place prior to its execution. In addition, Management is also cognisant of the risks associated with potential capital calls by existing OpCos due to volatilities in the respective markets and global economic downturn in general.