

28 May 2024

Minority Shareholders Watch Group
Level 23, Unit 23-2
Menara AIA Sentral
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

Attention : Dr Ismet Yusoff
Chief Executive Officer

Dear Sir,

AXIATA GROUP BERHAD (“AXIATA” OR “COMPANY”)
32ND ANNUAL GENERAL MEETING (“AGM”) OF AXIATA

We refer to the Minority Shareholders Watch Group’s letter dated 23 May 2024 and are pleased to provide our replies to your queries as follows:-

Operational and Financial Matters

1. **On 18 April 2024, Dialog, Axiata and Bharti Airtel Limited had entered into various agreements to merge their operations in Sri Lanka.**

On 15 May 2024, Axiata and Sinar Mas signed a non-binding Memorandum of Understanding to mutually explore proposed merger of XL Axiata and Smartfren in Indonesia.

In view of these developments, how does Axiata intend to allocate resources and prioritise investments to capitalise on emerging opportunities and address evolving market dynamics across its various operating regions?

Axiata manages its capital resources using a Capital Allocation Framework, which has five guardrails - Country, Segment, Affordability, Investment Return and Portfolio Mix.

To capitalise on emerging opportunities, Axiata is guided by ‘Investment Return Guardrail’ where financial criteria for investments, including Capital Intensity ratio, Internal Rate of Return (IRR) etc. are considered. Post Investment Review to track performance for enhanced accountability and provide key learnings for future investments are carried out.

Axiata’s capital and resource framework relies on the 5 portfolio vectors and direction towards a sustainable dividend company.

2. What is the rationale behind the dividend payout ratio of 169% for FY 2023, considering the normalised PATAMI of RM0.3 billion for FY 2023 as well as the future capital expenditure requirements (including investments in network infrastructure and digital transformation initiatives)?

The dividend payout ratio of 169% for FY 2023 is supported by:

- 1) Commitment of 10 sen to shareholder
- 2) Sufficient Retained Earning of RM8,806 million (pre dividend) and RM7,990 million (post 10 sen dividend)
- 3) No impact to the consolidated gross debt/EBITDA ratio arising from the dividend as the payout is financed through internal funds.
- 4) Future cashflows, capital requirement and solvency test.

3. *“In the lead-up to the public launch, Boost Bank will progressively enhance its product propositions and refine the user experience.” (Page 44 of Integrated Annual Report 2023 “AR2023”)*

(a) Please provide more details on the specific product propositions that Boost Bank plans to enhance before its public launch.

The Bank has enhanced its Savings product proposition to include Savings Jars and Partner tie ups. Additionally, the Bank's Savings Account opening process is embedded into the Boost e-Wallet (market-first), allowing the e-Wallet customers to enjoy a seamless account opening process without having the need to download the Boost bank App. The use case and capability will be expanded further over time. The Bank also has a product roadmap in place which will be rolled out in phases. The launch will start with competitive deposit rates.

(b) What measures are being taken to ensure that these enhancements align with market demands and customer preferences?

At Boost Bank, we are committed to ensuring that our product enhancements are closely aligned with market demands and customer preferences. Some key measures we take to achieve this alignment include learning from successful digital financial proposition in the market, engagement with our eco-system based customers, customer feedback and agile development methodologies for iterative tech enhancements.

(c) How does the Company plan to differentiate Boost Bank's offerings from competitors in the market, particularly in terms of product innovation and user experience?

Our key proposition is embedded banking. The Boost Group has sizeable retail and SME customer base via its existing eWallet and Boost Credit products in the market. Boost bank will be leveraging on these existing over 2million active customer base to open a bank account via our existing app to facilitate customer account opening process. The Bank is also engaging with various partners to be able to reach out to the underserved segment and facilitate their account opening process and application of financing product.



Corporate Governance Matters

1. **Practice 5.9 of the of Malaysian Code on Corporate Governance (MCCG) stipulates that the Board comprises at least 30% women directors.**

As at 31 December 2022, the women Directors on Axiata Board comprised Dato Dr Nik Ramlah Nik Mahmood and Khoo Gaik Bee, which provided a women representation rate of 22% in a Board size of nine. (Page 39 of Corporate Governance Report 2022 “CG Report 2022”)

As at 31 December 2023, the women Directors on Axiata Board comprised Dato Dr Nik Ramlah Nik Mahmood, Khoo Gaik Bee and Maya Hari which provided a women representation rate of 27.27% in a Board size of eleven. (Page 40 of Corporate Governance Report 2023 “CG Report 2023”)

- (a) The Company has an additional female director on the Board as of 31 December 2023. What benefits has the Board experienced from increased gender diversity among its members? How has the Board's performance been impacted by these benefits?**

The Board as a whole has better insights, broader experiences, and a different perspective in addressing issues and matters brought to the Board. This significantly contributes to Board decisions being made objectively in the best interests of the company taking into account diverse perspectives and insights.

- (b) The Company has provided a similar timeframe in the CG Report 2022 and the CG Report 2023 regarding the appointment of additional female director: *By 2025 or as soon as possible with the identification of suitable candidates that possess the necessary qualification and experience that meet the requirements set for a position on the Board.***

What challenges does the Company face in appointing a female director? How does the Company intend to overcome these challenges?

Axiata has in place a procedure for the selection, nomination and appointment of suitable candidates to the Board of Axiata which process starts from the identification of gaps, identification of candidates, the evaluation of shortlisted candidates up to final deliberation and decision.

The challenge that Axiata faces is the identification and selection of the right candidate which challenge is not necessarily different if it was due to gender.

To assist with such challenges, Axiata adheres to Practice 5.6 of the Malaysian Code of Corporate Governance 2021 as stated in our Corporate Governance Report 2023 where the Board utilises independent sources to identify suitably qualified candidates for appointment as directors. In Axiata's continuing identification and evaluation of suitable directors, which includes women directors, the assistance of an external recruitment firm was sought.



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2. The table below sets forth the total remuneration of the Executive Directors of Axiata:

RM'000	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
Vivek Sood	2,500	2,430	16	1,219	6,166
Dr Hans Wijayasuriya	2,407	2,340	2	898	5,647

(Page 52 of CG Report 2023)

What justifications did the Board Nomination and Remuneration Committee consider in evaluating and approving the Executive Directors' bonuses for FY 2023?

The annual performance bonus pay-out is guided by the compensation structure and the actual pay-out is determined by achievement of company financial targets and individual strategic KPI at the requisite level. The bonus payment made in year 2023 was based on achievements of company and individual in performance year of 2022. Based on the Accounting Requirements, the reported amounts had included bonus accrued for year 2023, as part of the total compensation of the Executive Directors.

Sustainability Matters

1. ***“Axiata will continue to promote climate action and the circular economy across our markets, aligned with our commitment to become net-zero no later than 2050.” (Page 8 of Sustainability & National Contribution Report 2023 “SNCR2023”)***

What are the specific circular economy initiatives being undertaken? How do these initiatives contribute to overall sustainability goals?

Climate action and circular economy closely link to Axiata's aim to become net-zero no later than 2050. Circularity can reduce scope 3 emissions mainly for network equipment as well as mobile phones and customer premises equipment (source: GSMA).

Initiatives related to circularity entails:

1. Engaging with our key suppliers to ascertain their strategies for enhancing product and service sustainability, along with the necessary timelines for implementation.
2. Taking stock of waste generated and identifying improvement opportunities which entails responsible sourcing of raw materials, minimizing adverse impacts on the environment, and efficiently managing materials and products throughout their lifecycle.
3. An example of Axiata's waste management initiatives include:
 - (i) Recycling and scrapping of network waste and sim cards.
 - (ii) Community e-waste recycling initiative (e-Kunu) to dispose of e-waste responsibly.



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2. ***“We remain optimistic about the emergence of new technologies, shifts in the regulatory landscape, and increasing national-level action to expedite the transition to a low-carbon economy.” (Page 55 of SNCR2023)***

What are the key emerging technologies Axiata is investing in or planning to invest in to expedite the transition to a low-carbon economy?

We consider network asset management strategies, digitisation opportunities, and advocacy for access to renewable energy sources as measures to decarbonise our network operations.

The Chief Technology Officer (CTO) Council has oversight on technology and advancement in the networks field including coordinating efforts towards improved energy efficiency and renewable energy.

Overall, initiatives to date are enabling energy-efficient networks. In 2023, data traffic grew by approximately 21% but energy intensity reduced by about 14%. These initiatives include:

- Solarisation of towers and adoption of lithium batteries, reducing dependency on grid power
- Edotco and ChargeSini are joining forces to install EV charging stations at more than 200 potential in-building locations and poles nationwide, leveraging on the existing footprint of telco towers in the next two years. This will support the national agenda towards transitioning to a low-carbon economy.

We will present all the above-mentioned questions and our responses thereto at the 32nd Annual General Meeting to be held on Thursday, 30 May 2024.

Thank you.

Yours sincerely,
For and on behalf of
AXIATA GROUP BERHAD


VIVEK SOOD
Group Chief Executive Officer and Managing Director



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