

PILLAR 4

Driving Governance & Risk

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At Smart Axiata, we are committed to advancing governance and risk management to enhance business integrity and compliance. By implementing sophisticated practices and procedures, we ensure robust oversight and proactive risk mitigation. This dedication not only fortifies our operational resilience but also reinforces trust with stakeholders and aligns with industry best practices.

Sustainable Development Goals





Digital Integrity

As part of Smart Axiata's commitment to Digital Integrity, we strengthened third-party risk management, cybersecurity safeguards, and data privacy awareness in 2024.

We revisited our list of third parties from 2023 to ensure a broader and more inclusive scope of vendors was covered in our risk assessments, regularly reporting it to the Risk and Compliance Management Committee (RCMC) and the Board Risk and Compliance Committee (BRCC) and escalating any significant risks as necessary.

We also advocated for internet safety by leveraging Smart Axiata's official social media platforms to share online safety, cybersecurity, and data privacy content, targeting a wide range of internet users who face daily exposure to online risks.

Internally, we implemented key controls and raised employee awareness:

Upholding cybersecurity and privacy protection

- Implemented Data Loss Prevention (DLP) protocols, achieving 100% compliance with telco security standards;
- Formalized and implemented the Data Protection Impact Assessment (DPIA) process.



Enhancing employee awareness

- All existing employees completed mandatory training (100% completion), while over 90% of new joiners also successfully completed the required training.
- Circulated monthly updates on cybersecurity and data privacy topics to keep employees informed.



Data Privacy

In 2024, we adopted Axiata Group's data privacy strategy, #ASH3.0: 2024–2026 Roadmap. Guided by the themes of Augment, Integrate, and Automate, we implemented the following initiatives

Augment

- Enforced the use of a standard reporting template to the BRCC.
- Implemented a revamped Privacy Maturity Framework in alignment with the General Data Protection Regulation (GDPR), regional laws, and privacy standards; updated the critical process inventory template.
- Conducted monthly induction training sessions for trainees to ensure early familiarity with data privacy policies and practices.
- Attained 100% employee participation in the annual refresher training.
- Enhanced employee awareness through interactive and engaging monthly newsletters, focusing on practical applications.
- Promoted customer awareness via Smart's Facebook page, supplemented by Corporate Social Responsibility (CSR) initiatives that educate youths across various provinces on the importance of protecting personal data.

Integrate

- Integrated privacy considerations into product development through Privacy by Design (PbD) and DPIAs.
- Embedded vendor due diligence within the procurement procedure.
- Aligned the Data Subject Rights (DSR) procedure with the customer service process for improved response and compliance.
- Fostered cross-functional collaboration to ensure data privacy considerations are integrated across departments.

Automation

- Automated the DPIA process.



Digital Integrity (Continued)

Achieved

Data Privacy Maturity Level of 3.13

based on KPMG assessment (December 2024)

Other Initiatives to strengthen data privacy:

- ▶ **Regular Induction, Training, and Awareness Program**
Ensured 100% employee participation in training to empower employees with the knowledge to identify and respond to potential threats.
- ▶ **Adoption of PbD**
Integrated privacy considerations from the outset and throughout the lifecycle of initiatives involving the collection and handling of personal data.
- ▶ **Implementation of DPIAs**
Conducted DPIAs across all relevant processes to identify and mitigate privacy risks at an early stage.
- ▶ **Vendor Due Diligence and Assessments**
Performed third-party risk assessments to ensure that vendors adhere to strong privacy and security practices, thereby minimizing third party privacy risks across the business.
- ▶ **Incorporation of Privacy and Security Clauses**
Incorporated privacy and security clauses into contracts, the employee CoC and the Supplier CoC.
- ▶ **Assessment of Critical Processes and Digital Platforms**
Reviewed 26 critical processes as well as customer-facing web and mobile applications. In addition, we maintained a personal data repository and developed Critical Process Data Inventories (CDPIs), outlining the lifecycle of personal and sensitive data, including collection, use, transfer, retention, and deletion, along with associated retention schedules and security controls.
- ▶ **Strengthening of Technical Safeguards**
Deployed DLP, Vulnerability Assessment and Penetration Testing (VAPT) and regular system backups. The Information Security (IS) team also implemented access control, patch management, change management and in-motion encryption to protect personal data and prevent unauthorized access, theft, and loss.

Cybersecurity



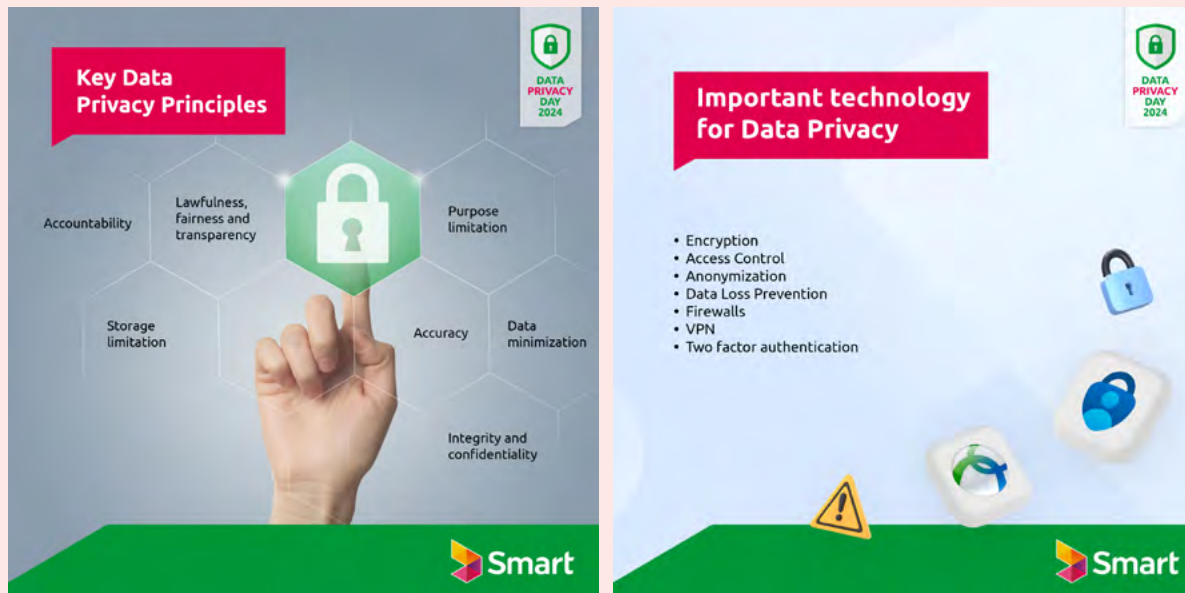
Smart Axiata continues to strengthen its cybersecurity and digital resilience posture under the Digital Trust and Resilience (DT&R) program. Our key progress highlights for the 2024–2026 cycle include:

- ▶ Adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0, achieving an improved cybersecurity maturity score of 3.25 for FY2024, validated by Axiata Group Cybersecurity.
- ▶ Completed the transition and recertification to ISO/IEC 27001:2022 Information Security Management Systems (ISMS).
- ▶ Improved Zero Trust (ZT) Phase 1 hygiene and initiated the implementation of ZT Phase 2
- ▶ Enhanced endpoint protection by upgrading Endpoint Detection and Response (EDR) tools, expanding GSOC monitoring capacity and strengthening Privileged Access Management (PAM) capacity and functionality.
- ▶ Secured all external-facing web applications with Web Application Firewall (WAF) and conducted regular VAPT to maintain application security.
- ▶ Implemented a Signaling Firewall, addressing all remaining Signaling System 7 (SS7) vulnerabilities and strengthening subscriber protection.
- ▶ Modernized the Security Information and Event Management (SIEM) platform by migrating from LogRhythm to Microsoft Sentinel, improving threat detection and response capabilities.



Digital Integrity (Continued)

Cybersecurity Initiatives and Outcomes



Smart Axiata benefits from Axiata Group's enhanced cybersecurity frameworks, including its successful recertification of the ISO 27001 standards and transition to ISO/IEC 27001:2022. This ensures alignment with global standards and strengthened data protection in Cambodia. To elevate its cyber security maturity and support Axiata Group's cyber security enhancement efforts, Smart Axiata undertook the following measures:

- ▶ Engaged a third-party vendor to support the enhancement and implementation of the ISMS program.
- ▶ Strengthened EDR capabilities alongside the GSOC to improve asset protection, threat detection and incident response.
- ▶ Rolled out a DLP solution to safeguard sensitive information and minimize the risk of data breaches.
- ▶ Implemented Microsoft Baseline Security Standards (MBSS) and Centre for Internet Security (CIS) benchmarks to improve overall system security posture.
- ▶ Upgraded and expanded the PAM solution to its latest version, adding advanced features for better access control.
- ▶ Enhanced the Threat and Vulnerability Management (TVM) process by conducting regular vulnerability assessments, penetration testing, red teaming exercises and phishing simulations.

Customer Data Breaches

During the reporting period, there were **zero substantiated complaints** concerning breaches of customer privacy or loss of data, according to Smart Axiata's incident response team, data privacy email, and various customer service channels.





Business Ethics and Governance

Corporate Framework

We maintain a robust governance structure to uphold strong business ethics and governance practices. Our governance consists of:

Gift, Donation, Sponsorships
Committee (GDSC)

Smart Investment Management
Committee (SIMC)

Risk and Compliance
Management Committee (RCMC)

Board Risk and Compliance
Committee (BRCC)

Board Audit Committee
(BAC)



In 2024, we continued enhancing our business ethics and governance practices through the following:

Establishing a new Disciplinary Committee, ensuring fair and consistent enforcement of the Employee CoC, policies, and procedures.

- This committee is tasked with investigating and adjudicating alleged violations as well as recommending appropriate disciplinary actions, thereby reinforcing compliance maturity and business ethics across the company.

Completed the company-wide Statement of Risk Management and Internal Controls (SORMIC).

- This exercise helped assess the adequacy of existing controls, validate our structured governance framework, and evaluate the effectiveness of our internal controls across all functions.



Business Ethics and Governance (Continued)

Compliance, Ethics, and Integrity

We are committed to enhancing our compliance, ethics, and integrity framework, in line with Axiata Group's Anti-Bribery and Anti-Corruption (ABAC) Plan 2024–2026. In 2024, our Risk and Compliance team defined our strategic priorities for 2024 to 2026, with a key focus on:

Cultivate Robust Governance

Foster Culture of Accountability

Effectiveness of the Initiatives/Process

Integration (Process Efficiency)

Driving Digital Transformation

To mitigate bribery and corruption risks, the following initiatives were implemented in 2024:

Strengthening Governance Instruments and Declarations

- ▶ Ensured ABAC-related policies and governance instruments, including the Employee CoC, Branding, Advertising, Marketing, and Sponsorship (BAMS) Policy, and Gifts, Donations, Sponsorship (GDS) Policy, were reviewed and updated.
- ▶ Introduced quarterly Conflict of Interest declarations from Q3 2024 onwards.

We achieved **100% completion rate** for the annual **Conflict of Interest** and **CoC** declarations

Communication, Awareness, and Capacity Building

- ▶ Successfully rolled out the 2024 Compliance Month and launched the "Let's Talk Compliance" internal talk show.
- ▶ Quarterly compliance communications were sent to external partners.
- ▶ Monthly inductions for new joiners included ABAC and CoC awareness.
- ▶ Annual mandatory compliance training was conducted for all employees and freelancers.
- ▶ Enhancements were made to the Smart official website, particularly the corporate governance section.





Business Ethics and Governance (Continued)

Compliance, Ethics, and Integrity (Continued)

Monitoring, Evaluation, and Digitalization

- ▶ Internal audits and compliance monitoring were carried out on ABAC-related programs.
- ▶ A group-wide integrity survey was launched to assess ethical culture and behaviors.
- ▶ The BAMS checklist was automated to improve process consistency and traceability.

Enterprise-Wide Bribery and Corruption Risk Assessment

A comprehensive assessment was conducted across all 273 internal processes to identify bribery and corruption risks under the new company structure. Mitigation measures include:

- ▶ Regular ABAC training for employees.
- ▶ Due diligence and performance evaluation of vendors and third parties.
- ▶ Ongoing communications on anti-corruption principles to third parties.
- ▶ Enhanced compliance monitoring and evaluation.
- ▶ Operationalization of the GDS Committee overseeing BAMS and CSR-related transactions.
- ▶ Strengthening of the procure-to-pay process with stricter monitoring of goods and service acceptance.
- ▶ Tighter Conflict of Interest procedures.
- ▶ Reinforcement of a “zero tolerance” tone from the top on non-compliance.

273 internal processes of 7 divisions

assessed for bribery and corruption risks under the new company structure.*

* Taken into account a new company structure.

There were
zero confirmed incidents of bribery or corruption
reported through our whistleblowing channels. All whistleblowing cases received were investigated and none were found to involve corruption

Governance, Risk, and Compliance Training

During the reporting period, we conducted the following training modules for our employees, focusing on governance, risk, and compliance:

▶ ABAC	1,331 out of 1,359 eligible personnel, including freelancers (Q4 new joiners)	98%
▶ Whistleblowing	1,172 out of 1,200 employees (excludes freelancers)	98%
▶ Enterprise Risk Management (ERM) & BCM	1,170 out of 1,200 employees	97.5%
▶ Data Privacy Refresher	942 out of 943 eligible employees; one excluded due to prolonged medical leave	99.89%
▶ Cybersecurity	1,171 out of 1,200 employees	98%



Business Ethics and Governance (Continued)

Speaking Up

BRCC

We maintain a confidential whistleblowing channel as part of our commitment to ethical conduct and the protection of human rights. This platform enables employees, stakeholders and members of the public to report suspected misconduct or unethical behavior anonymously. An independent third party oversees the channel to ensure impartiality, and all reports are investigated promptly and thoroughly.

Whistleblowing Awareness and Engagement Initiatives

We also undertook the following initiatives in 2024 to strengthen awareness and accessibility of our whistleblowing framework. Going forward, we plan to conduct a group-wide pulse survey to gather feedback and assess awareness on whistleblowing for 2025.

- ▶ Disseminated a Group CEO message via email in conjunction with Whistleblowing Day.
- ▶ Translated the whistleblowing policy and procedure from English to Khmer to enhance staff understanding.
- ▶ Conducted one mandatory training session for all staff through the central learning platform.
- ▶ Held four online classroom sessions to reinforce awareness and application.
- ▶ Delivered one public sharing during the launch of Smart Axiata's 2023 Sustainability Report.
- ▶ Posted on Yammer to further promote whistleblowing awareness.



Anti-Competitive Behavior

We recognize the importance of customer protection and ensure that we comply with the necessary laws and regulations to emphasize anti-competitive behavior.

- ▶ Adhere to the TRC's tariff framework.
- ▶ Implement the Employee CoC – Outlines clear principles for employees when engaging with competitors, promoting fair and responsible business practices .
- ▶ Incorporated anti-competitive conduct clauses into our Supplier CoC to ensure transparency and legal compliance across our ecosystem.
- ▶ Comply with consumer protection.



Business Ethics and Governance (Continued)

Risk Management

We uphold robust risk management by ensuring our employees are actively involved in managing risks. This is crucial to the effectiveness of Smart Axiata's ERM. In 2024, we:

- Provided training to Smart Axiata's risk champions in each department. This improved our ERM culture, particularly in risk identification and registration.
- Incorporated ESG into our ERM framework.
- Conducted a self-assessment of Smart Axiata's ERM maturity based on the globally recognized Gartner framework.

Human Rights

We prioritize human rights in all our operations and business activities.

There were **zero** substantiated complaints on human rights violations received through the Speak Up channel.

Tax Transparency

Tax Reporting

- We place a high value on transparency and accountability, particularly in relation to our tax obligations.
- We ensure that our tax reports are accurate, timely and fully compliant with local, national and international regulations.
- By maintaining clear communication with relevant tax authorities, we promote trust with our stakeholders and demonstrate our commitment to responsible corporate governance.

Zero outstanding tax liabilities for FY2020-FY2023 with the GDT.

Fulfillment of Tax Obligations

- Our efforts to meet all tax obligations go beyond just legal compliance. We reflect our corporate responsibility to contribute fairly to the communities in which we operate.
- We believe that fulfilling our tax obligations is not only a legal requirement but also a vital part of supporting sustainable development and fostering economic growth.
- Through diligent planning, rigorous reporting and ongoing internal audits, we strive to meet all our tax responsibilities in a timely and efficient manner.
- By ensuring transparency and full tax compliance, we aim to contribute positively to both the economy and society, reinforcing our role as a responsible corporate citizen.

Tax Audit

- As part of our commitment to maintaining transparency and adhering to the highest standards of financial integrity, we have successfully concluded the comprehensive tax audit with the General Department of Taxation (GDT) for the FY2020-FY2023.
- The audit revealed no outstanding tax liabilities, confirming our consistent effort to complying with tax regulations and fulfill our financial obligations.



Smart Axiata

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Political and Regulatory Considerations

Regulatory Alignment and Compliance Strategy

To mitigate risks and leverage opportunities in a dynamic regulatory environment, Axiata Group has established a regulatory framework that is being implemented at the operational companies (OpCos) level, including Smart Axiata. Among the key measures included under this framework are:

Regulatory Affairs as an Internal Consultant

- ▶ The regulatory team provides pre-launch compliance assessments for new products and services.

Quarterly Compliance Reporting

- ▶ Updates on compliance status are reported to Axiata Group, RCMC, BRCC and the Board.
- ▶ Escalation of any regulatory challenges faced by the business.

Regulatory and Legal Conformity Assessments

- ▶ Smart Axiata has initiated Regulatory/Law Conformity Assessments to proactively identify potential compliance gaps and assist management in risk mitigation.

As Cambodia's regulatory landscape evolves, Smart Axiata remains attentive to both the opportunities that arise and the compliance requirements that accompany these changes. Ongoing government reforms are fostering a more business-friendly environment while also introducing areas that require continued adaptation.

Outlined below are the key regulatory changes and Smart Axiata's corresponding responses:

Restrictions on SIM Card Registration for Prepaid Users

- ▶ Individuals using prepaid services are not allowed to register more than five SIM cards under a single identification number.
- ▶ This regulation does not apply to enterprise users or to postpaid M2M or IoT users, who may register SIM cards as needed for business or operational purposes.

Compliance Challenges

- ▶ Non-compliance on SIM registration will be facing with severe monetary fines by the regulator.
- ▶ Consumer need to be aware of the importance of using the valid ID. Consumer need to supply the valid ID at all time of SIM registration.
- ▶ Some dealers haven't respected and complied to the SIM registration regulation.

Our Response

- ▶ Implemented an eKYC system for SIM card registration.
- ▶ Issued official directives to dealers to ensure compliance with regulatory requirements.
- ▶ Conducted mystery shopping exercises to assess and monitor compliance levels across segments.
- ▶ Carried out public awareness campaigns through online platforms, SMS notifications, and direct customer engagement.



Political and Regulatory Considerations (Continued)

Regulatory Alignment and Compliance Strategy (Continued)

Quality of Service Compliance Challenges

- ▶ Securing locations to erect towers in urban area has become a greater challenge as the available locations are limited.
- ▶ There are concerns by the public in some areas about health impact, which leads to refusal of leasing their land space, terminating the contract and/or refusal to renew the contract.
- ▶ There are some rural areas facing floods during the rainy season.
- ▶ Fiber optic gets cut, and frequency electric outages.
- ▶ Some users are being misled by the seller/distributor to use the illegal repeater in some areas which cause severe interference to the network.

Compliance Challenges

- ▶ The regulation mandates that all telecom operators must meet minimum Key Performance Indicator (KPI) thresholds, which include, but are not limited to:
 - Minimum internet speed requirements
 - Network service coverage standards

Our Response

- ▶ Assessed Quality of Service (QoS) performance on an ongoing basis and expanded network sites.
- ▶ Provided regular progress updates on network roll-out plans to the TRC.
- ▶ Engaged with the MPTC and TRC at the management level to enhance communication and transparency.



Impact Case: Delivering Health Message Nationwide



Messages on drug misuse/abuse prevention and HIV awareness were disseminated nationwide, reaching diverse communities across all regions of Cambodia.

At Smart Axiata, we are dedicated to making a positive and lasting impact on the lives of our community. We believe in leveraging our resources and platforms to promote social well-being and public health. As part of our commitment, we support the TRC in raising awareness on critical health issues, including the prevention of drug abuse and the spread of HIV.

Through our partnership with the TRC, we have actively contributed to the distribution of awareness messages aimed at preventing drug abuse. Our efforts have helped extend these important messages to a wide audience by sending more than 79 million SMS to Cambodian citizens across various regions. This furthers the mission to educate and protect our communities from the harmful effects of substance abuse.

Similarly, we have collaborated with the TRC on campaigns to promote HIV awareness and prevention. These efforts have been integral in sending more than 82 million messages, helping to inform and empower individuals with the knowledge necessary to protect themselves and reduce the spread of Human Immunodeficiency Virus (HIV).

Our continued collaboration with the TRC reflects our ongoing commitment to creating meaningful social change and fostering a safer, healthier future for all.

Geopolitical Risk Monitoring and Mitigation

At Smart Axiata, we actively monitor geopolitical risk as an emerging threat through our enterprise risk radar. While Cambodia's geopolitical landscape is expected to remain relatively stable in 2024, we continue to take proactive measures to stay ahead of potential disruptions. We focus on key areas and adopt corresponding risk mitigation strategies to safeguard our operations.

▶ Bribery and corruption risks	ABAC Program: We adhere to Axiata Group's ABAC framework to ensure compliance with anti-corruption regulations.
▶ Money laundering threats	Due Diligence in Business Partners: We conduct rigorous vetting and risk assessment of business partners to prevent exposure to financial crimes or reputational risks.
▶ Geopolitical alignments that may lead to sanctions, reduced international aid or changes in tariffs	Continuous Political and Regulatory Monitoring: Our Regulatory Affairs team closely monitors political developments and regulatory changes to anticipate and address potential impacts.





Sustainable Supply Chain

Supplier Engagement and Capacity Building

Smart Axiata engages regularly with its suppliers and implement capacity-building to uphold responsible practices, compliance and integrity. These efforts aim to foster long-term partnerships built on trust, transparency, and shared values.

► Smart Axiata Integrity – Zero Tolerance

We communicate our zero-tolerance approach for all forms of bribery and corruption to all suppliers through our anti-bribery and corruption policies and for them to promptly report any concerns or suspected violations through our strictly confidential whistleblowing channel.

► Smart Axiata Supplier Code of Conduct and Pre-Third-Party Due Diligence Assessment

We require all suppliers to review and sign off on the Smart Axiata supplier CoC to formally acknowledge their compliance. We also mandated the completion of the Pre-Third-Party Due Diligence (Pre-TPDD) assessment to gain visibility into suppliers' operations and activities.

285

suppliers signed off the supplier CoC

265

suppliers completed
the pre-TPDD assessment

► Supplier Engagement

We conduct site visits to the warehouses, production facilities and offices of local suppliers to assess their conditions and ensure compliance with Cambodian labor laws and the supplier CoC. These visits also reinforce Smart's expectations to minimize activities with negative environmental and social impact.

► GDS and SpeakUp Channel

We raise awareness about our GDS policy and the SpeakUp channel by emailing all our suppliers, reinforcing our commitment to integrity and transparency.

► Child Online Protection

We raise supplier awareness of child online protection through an email blast to all suppliers.

Spending on Local Suppliers

Smart Axiata directed **37.54%** of its total USD expenditure to local suppliers.