SUSTAINABILITY

At Astro, we embrace our role to deliver long-term value creation for shareholders, care for the well-being of our talent, empower local communities, minimise environmental impact through conscientious use of resources, and address the interests of our stakeholders at large towards achieving business sustainability.

Scope

The scope of our sustainability disclosures, which remains unchanged compared to the previous year, encompasses all business entities under the control of our Group. Unless otherwise stated, these disclosures cover the reporting period consistent with our financial year from 1 February 2018 to 31 January 2019. The sustainability-related information is disclosed in accordance with the Main Market Listing Requirements ("MMLR"). Where possible, we report on indicators according to the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines, Bursa Malaysia's Sustainability Reporting Guide and Task Force on Climate-related Financial Disclosures ("TCFD"), guided by the United Nations Sustainable Development Goals ("SDGs").

Process

In an ongoing effort to manage our economic, environmental and social ("EES") impact, we actively engage with our stakeholders throughout the year to identify matters that are important to our business and stakeholders. This has allowed us to prioritise and reaffirm our material matters, enabling us to better manage our EES risks and opportunities.

Governance and Management

Our Board is the highest governing body of our sustainability journey, overseeing our sustainability agenda. Our key material matters are addressed through the seven Strategic Pillars of Astro comprising Content, Customer, Experience, Digitalisation, Talent, Community, and Environment.

Refer to pages 33 to 37, Our Value Creation

Established policies and systems are underpinned by our strong governance framework.

Refer to pages 71 to 83, Corporate Governance Overview

Senior Leadership aligns business approaches through these Strategic Pillars, communicating them across to individual business units and talents who are empowered to execute the strategies in a collaborative manner.

Refer to pages 100 to 145, Strategic Pillars

FTSE4Good

Constituent of FTSE4Good Bursa Malaysia index since December 2013

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is essential in ensuring that Astro remains sustainable into the future within the EES landscape. We engage with key internal and external stakeholders on an ongoing basis to obtain feedback as to how we can better align our business practices to address key stakeholders' areas of interest.

Stakeholders	Engagement	Areas of Interest	Addressed by Material Matters
Customers *Refer to pages 110 to 117, Customer*	• Websites and digital platforms • Customer service and contact centres • On-ground engagement and events • Rewards and privileges programme • Customer satisfaction index • Return path data from connected STBs • Data aggregated from multiple touchpoints across our OTT, commerce and digital brands	• Product offerings and service quality • Price competitiveness of offerings • Customer service	MM1 MM2 MM3
Talents *Refer to pages 130 to 135, Talent*	• Sustainable engagement index • On-boarding programmes • Company intranet • Employee engagement initiatives • Townhalls • Surveys and feedback • Continuous learning, education and training programmes	• Remuneration structure • Employee benefits and welfare • Learning and development • Health and safety procedures at work • Opportunity to contribute via community engagements and sustainability programmes	MM3 MM6 MM7
Shareholders & the investment community *Refer to pages 54 to 55, Investor Relations*	• Annual General Meeting ("AGM") • Annual Report • Investor and Analyst Day • Quarterly earnings calls • Financial results • Conferences and roadshows • Regular meetings and teleconference calls • Corporate website	• Sustainability of business amid disruption in the media landscape and threat of piracy • Returns to shareholders • Sustainable business practices paying heed to Talent, Community, and Environment	MM4 MM5 MM7 MM8 MM9
Regulators & government authorities	• Policies • Regulatory compliance training • Regular dialogue	• Direct and indirect contribution to the local economy • Nurturing growth of the local media industry • Job opportunities for the local community • Labour rights and welfare • Compliance to laws, rules and regulations	MM1 MM5 MM6 MM7 MM8 MM9
Suppliers & business partners	• Vendor registration process • Vendor selection process • Vendor assessment	• Ethical business practices • Transparent tender process • Prompt payments	MM1 MM3 MM5 MM9
Community *Refer to pages 138 to 141, Community*	• Astro Kem Badminton & Astro Junior Championship • Astro Kem Bola • Astro Scholarship Awards • Astro-WEDU Mentoring Programme • Astro Kasih • Kampus Astro • Astro Kasih Hostels	• Sustainable business practices paying heed to Talent, Community, and Environment • Direct and indirect contribution to the local economy	MM6 MM7 MM8
Media	• Press releases & conferences • Media interviews • Thought leadership talks • Online and offline media campaigns	• Product offerings • Business performance • Direct and indirect contribution to the local economy • Sustainable business practices paying heed to Talent, Community, and Environment	MM1 MM2 MM4 MM5 MM7

MATERIAL MATTERS

Step 1: Identify
- Stakeholder engagement
- Review of market landscape
- Peer benchmarking
- Feedback from daily business operations
- Survey of consumer preferences

Step 2: Prioritise
- Assess the importance, likelihood and impact to internal and external stakeholders
- Senior Leadership meetings
- Reaffirm EES material matters

Step 3: Monitor and report
- Align material matters with our Group Key Risk Profile to facilitate regular assessment, monitoring and reporting of key business risks and mitigation strategies
- Embed material matters into our Strategic Pillars to drive value creation

Material matters identified	Why is it important to us?	FY19 Goals and Report Card	Goals in FY20	Key Risk Profile	Strategic Pillars
Content (creation, aggregation, distribution, monetisation) **MM1**	Content is our key differentiator. Our focus is on being a responsible content provider with a comprehensive content slate that addresses the demands of our customers	**Invest in original IPs for Malaysia and the region** • Produced 12,600 hours of content, up by 5% year-on-year • 45 content achieved over 1 million TV viewership • Licensed 15 channels and distributed thousands of content hours overseas • Our six movie releases achieved over 60% share of local movies' GBO collection, grossing over RM100 million • Broadcast key sporting events including 2018 FIFA World Cup with record viewership • eGG Network, our eSports platform co-organised the 2018 KL Major, the first large-scale Dota 2 tournament in Malaysia • AWANI was named the 'Most Trusted Malaysian News Source' in the Reuters Institute Digital News Report 2018 *Refer to pages 102 to 107, Content*	• Sustain leadership as No. 1 premium content creator in Malaysia • Invest in original IPs for Malaysia and the region • Grow comprehensive content slate with focus on vernacular, live sports and regional offerings • Develop partnerships with OTT players • Extend 360° content experience	R1 R2 R3 R6	
Customer reach & experience **MM2**	Our customers come first, and we seek to entertain, engage and empower them to lead the lifestyle they aspire to live	**Sustain market leadership as Malaysia's leading content and consumer brand by expanding our reach across households and individuals** • Grew TV household penetration to 77%, sustained TV viewership share at 75% and maintained ARPU at RM99.9 • Increased number of connected STBs by 25% to 1.0 million and OD downloads by 135% to 53.7 million • Extended individual reach through Astro GO as registered users increased 32% to 2.2 million, and digital brands as average monthly unique visitors rose 20% to 8.3 million • Overall radio audience increased – while terrestrial listenership dropped 2% to 16.2 million weekly listenership, our digital footprint increased by 53% to 14.8 million average monthly digital streaming sessions • 2018 FIFA World Cup saw 11.6 million unique viewers on TV and 1.7 million unique viewers on OTT, with 120,000 World Cup Passes sold, up 18% compared to 2014 • Ceased operations of Tribe and Tamago as part of our strategic business review *Refer to pages 110 to 121, Customer and Experience*	• Sustain market leadership as Malaysia's leading content and consumer brand by expanding reach across households and individuals • Push premium user experience through technological upgrades for seamless experience across devices • Increase OD downloads on STBs and OTT • Improve customer service across all touchpoints • Offer exclusive rewards and privileges to our customers through Astro Rewards	R1 R2 R4	

MATERIAL MATTERS

Strategic Pillars

Material matters identified	Why is it important to us?	FY19 Goals and Report Card	Goals in FY20	Key Risk Profile	Strategic Pillars
Digitalisation & innovation **MM3**	As the pace of technological change quickens, digitalisation is key to ensure our continued relevance	**Continue to digitalise and optimise our core business for agility and cost efficiency while investing in new disruptive technologies and talents to enable further agility and expansion of other growth drivers** • Completed the second year of our three-year digital transformation journey with Amazon Web Services ("AWS") • Trained more than 550 Certified Technology Professional ("CTP") and Certified Innovation Programme ("CIP") skill sets in-house • Organised the ANT Workshop series to help management teams across Astro business units reimagine our business through innovation • Further adopted emerging technologies to enhance customer insights and business efficiencies ⮕ *Refer to pages 122 to 127, Digitalisation*	• Enhance premium viewing experience with the introduction of a new UI and UX supported by Video-on-Demand ("VOD"), cloud PVR, restart TV technology • Deepen investment into data analytics for better customer insights and conversion through addressable advertising and customer profiling • Continue digitalising our business to promote agility and cost efficiency • Combat piracy across all platforms through various anti-piracy initiatives	R1 R3 R5	
Diversification of revenues **MM4**	In an era of disruption, scaling up new growth drivers and diversifying revenue streams are essential for business sustainability	**Continue diversifying revenues through the identification of new growth drivers and synergistic businesses** • Grew commerce and digidex revenues by 29% and 43% to RM374 million and RM50 million respectively • Astro total adex dropped by 5% due to the adverse impact of the mid-year tax holiday and adex industry contraction • TV adex and radex shares remained strong at 44% and 76% respectively, while digidex share stood at 5%, as we focused on 360° monetisation of our own content IPs • Introduced new broadband-content bundle to customers ⮕ *Refer to pages 13 to 22 , CEO's Statement*	• Continue diversifying revenues through the identification of new growth drivers and synergistic businesses • Established partnerships to expand our broadband footprint • Grow commerce by expanding customer base and widening product offerings • Accelerate digidex to drive advertising	R1 R2 R4	
Financial performance **MM5**	Shareholder value is underpinned by consistent financial performance	**Continue to grow shareholder value, while investing for the future to drive long-term returns** • Revenue resilient at RM5.5 billion, marginally down by 0.9% • EBITDA decreased by 12% year-on-year to RM1.6 billion while PATAMI dropped by 40% year-on-year to RM463 million due to higher sports content spend and unfavourable foreign exchange climate • Strong FCF of RM1.3 billion • Declared dividend totalling 9.0 sen per share for FY19, representing a dividend payout ratio of 101% ⮕ *Refer to pages 38 to 39, Group Financial Review*	• Sustain shareholder value, while reinvesting into core and adjacent businesses to drive long-term returns	R1 R2 R4 R7	

	Content		Customer		Experience		Talent		Digitalisation		Community		Environment

Material matters identified	Why is it important to us?	FY19 Goals and Report Card	Goals in FY20	Key Risk Profile	Strategic Pillars
Talent acquisition, development & engagement **MM6**	Attracting, developing and retaining the best on and off-air talents is crucial to our continued success	**Attract, develop and retain the best fit-for-purpose talents through tailored programmes, a robust talent pipeline and readily available learning & development initiatives** • Invested in talents to bolster digital capabilities through initiatives such as the CTP and CIP programmes • Conducted 51,820 hours of development programmes to upskill and reskill talent • Enhanced employee engagement through forums, surveys and townhalls • Continued with Astro Scholarship Awards to groom future talent • Grew Rocketfuel talent pool by 44% to 147 talents • Offered ESS as part of strategic business review to streamline operations, with support provided to our talents who opted to pursue other opportunities ⤴ *Refer to pages 122 to 127, Digitalisation and pages 130 to 135, Talent*	• Attract, develop and retain the best fit-for-purpose talents through tailored programmes, a robust talent pipeline and readily available learning & development initiatives • Upskill and reskill talents to cater for an increasingly digital market • Streamline organisational structure to drive productivity and innovation	R1 R2 R3 R5 R6 R8	
Community development **MM7**	We seek to empower our community and create a positive and lasting societal impact	**Continue to drive existing programmes, while pursuing new opportunities to make a difference in communities within the region** • Our talents contributed a total of over 16,000 hours for 175 Astro Kasih programmes in FY19, up 15% year-on-year • Organised the Astro Kem Badminton and Kem Bola programmes regionally in collaboration with partners, drawing over 5,600 participants • Organised the inaugural national and regional level Astro Junior Championship, the first ever Under 15 mixed-team badminton tournament in Asia • Continued partnership with WEDU to empower women from marginalised communities through coaching and mentoring of individuals from Cambodia, Vietnam and the Philippines • Extended Astro Kampus to 10,507 schools in Malaysia, improving access to education for underprivileged children • Collected more than 16,000 books for underprivileged children at a book drive in partnership with Big Bad Wolf Books at their annual book sale ⤴ *Refer to pages 138 to 141, Community*	• Continue to drive existing programmes, while pursuing new opportunities to make a difference in communities within the region	R1 R8	

MATERIAL MATTERS

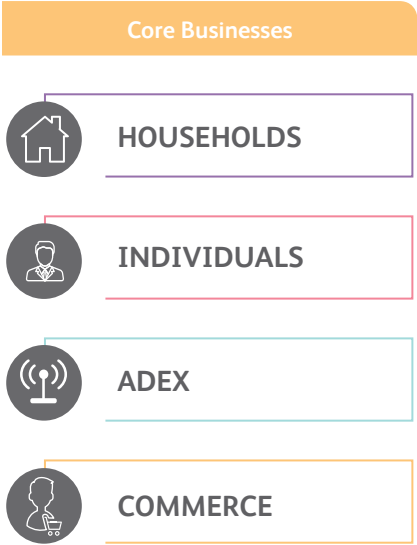| Strategic Pillars | | Content | | Customer | | Experience | | Talent | | Digitalisation | | Community | | Environment |

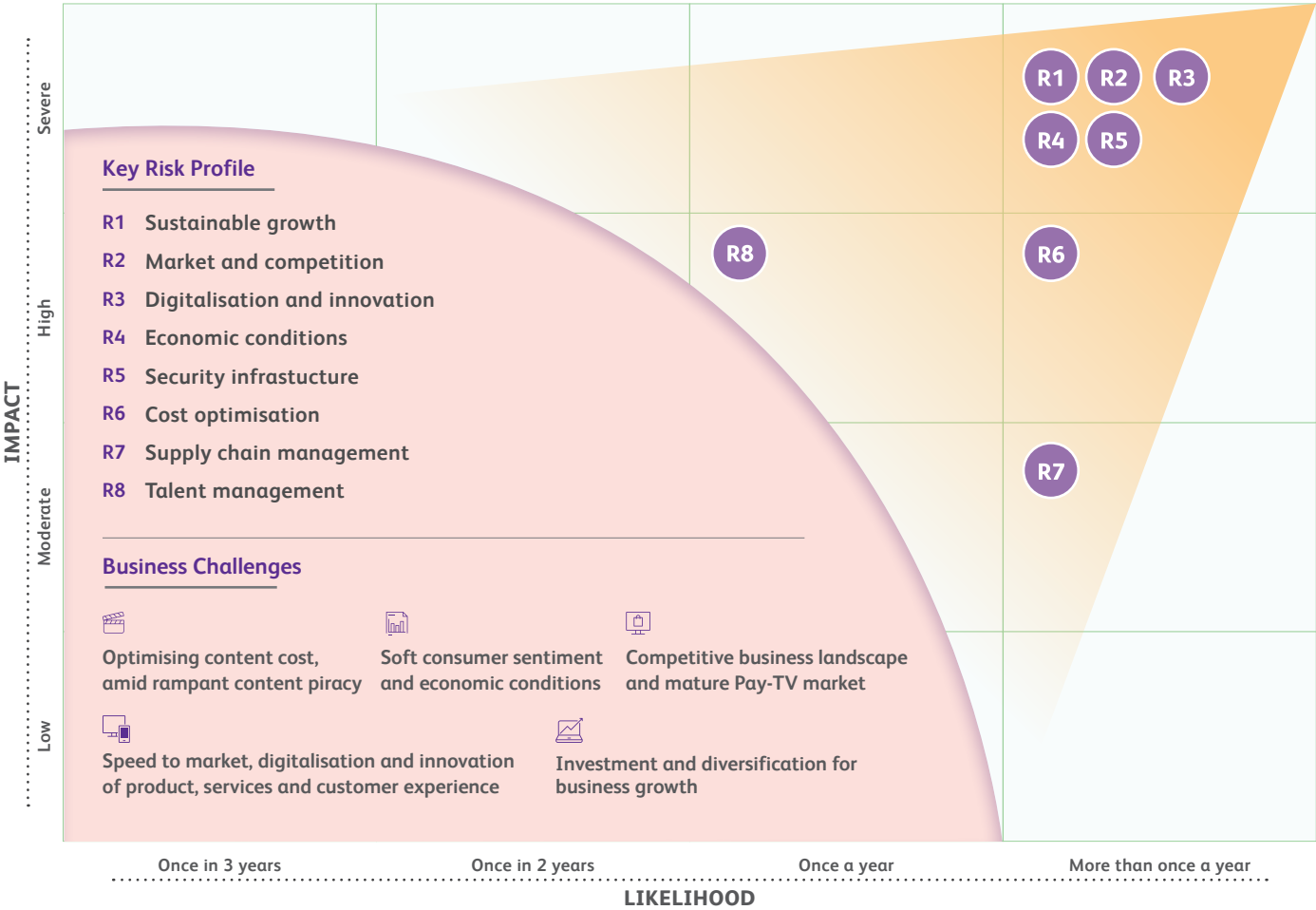| Material matters identified	Why is it important to us?	FY19 Goals and Report Card	Goals in FY20	Key Risk Profile	Strategic Pillars
Environmental stewardship MM8	We are mindful of our environmental footprint and endeavour to be a responsible corporate citizen by mitigating our environmental impact	**To enhance our environmental initiatives, reflecting our commitment towards a sustainable future** • Reduced our annual greenhouse gas ("GHG") emission by 11% to 34,000 tCO$_2$e in 2018 • Reduced our water and electricity consumption each by 7% to 143,000 m^3 and 35.6 million kWh respectively in 2018 • Installed 4,780 solar panels at All Asia Broadcast Centre ("AABC") with the ability to generate 1.8 million kWh of electricity per annum • Installed electric vehicle charging stations at AABC to promote the usage of energy efficient vehicles *Refer to pages 142 to 145, Environment*	• Continue to drive the reduction of our environmental footprint through more sustainable environmental practices	R1 R3 R6	
Risk management MM9	We are committed to operating within a robust risk management system to enable the achievement of business objectives in a sustainable manner	**To enhance the Group Risk Management Framework ("GRMF") to improve the self-assessment process and risk policy with continued focus on embedding a risk management processes, practices and culture throughout Astro** • Reassessed and updated the key risk profile affecting our Group • Implemented new control measures with close monitoring of the risk profile to increase business agility and resilience • Reassessed and determined the Group risk appetite and risk tolerance *Refer to pages 29 to 32, Key Risk Profile and pages 95 to 99, SORMIC*	• Continue to identify and assess the emerging risks affecting the Group • Enhance the risk management and internal control environment ensuring operational agility to maintain relevance in a challenging landscape	R1 R2 R3 R4 R5 R6 R7 R8	

Our risk management principles are embedded within our Group's strategic planning, operational processes and project management initiatives. Emerging opportunities and threats, both internal and external, are identified, assessed and effectively managed to ensure achievement of our Group's strategic imperatives.

In FY19, we identified eight key business risks arising from the changing business environment and overall market outlook. These risks are plotted in the Group Risk Map below, against the likelihood of occurrence and potential business impact. These risks should not be viewed in isolation as they may be interrelated whereby improvements in one may impact another directly or indirectly.

Together, they encompass the material matters identified in pages 25 to 28, Material Matters

Core Businesses

HOUSEHOLDS

INDIVIDUALS

ADEX

COMMERCE

Group Risk Map

Key Risk Profile

R1 Sustainable growth
R2 Market and competition
R3 Digitalisation and innovation
R4 Economic conditions
R5 Security infrastucture
R6 Cost optimisation
R7 Supply chain management
R8 Talent management

Business Challenges

Optimising content cost, amid rampant content piracy

Soft consumer sentiment and economic conditions

Competitive business landscape and mature Pay-TV market

Speed to market, digitalisation and innovation of product, services and customer experience

Investment and diversification for business growth

IMPACT: Severe / High / Moderate / Low

LIKELIHOOD: Once in 3 years / Once in 2 years / Once a year / More than once a year

KEY RISK PROFILE

Strategic Pillars

Description of Risk	Mitigation Strategies	Risk Indicators	Strategic Pillars
Sustainable growth The challenging market outlook increases pressure on our Group to ensure consistent revenue performance and optimised operating costs to maintain a sustainable business model	**Our Group continues to focus on improving the core business to deliver positive financial and community impact. This includes:** • Introducing the bundling of content with broadband and pursuing value-adding partnerships to reinforce our footprint • Curating and delivering a rich variety of content to serve all customer segments across genres • Leveraging our production capabilities to produce vernacular content IPs and engaging in strategic partnerships with other content owners to distribute and monetise content IPs • Continuing with technology upgrades to deliver better UI and UX to consumers across all devices • Launching 4K-UHD service to customers providing an immersive viewing experience • Enhancing customer loyalty initiatives through Astro Rewards • Capitalising on our multiplatform advertising beyond airtime sales to promote comprehensive solutions-oriented offerings to clients • Introducing addressable advertising solutions to enable different adverts to serve different individuals simultaneously based on better segmentation • Continuing to grow commerce through a multiplatform and multilingual approach, focusing on curating products to the needs of our diverse customer base • Continuing to champion impactful community initiatives (e.g. Astro Kasih Hostels, Kem Badminton and Astro-WEDU mentoring programme) while remaining committed to contributing to the community at large	• Financial and business performance indicators	
Market and competition The increasingly crowded media landscape underpinned by legal and illegal competition increases pressure on the Group's share of viewership, listenership, commerce and growth	**Our Group closely monitors the market landscape to realign its strategies to meet consumer needs. This includes:** • Delivering multilanguage content across all platforms catering to diverse customer segments within and beyond Malaysia • Investing in original IPs and offering curated titles, box sets and premium titles as well as personalised content recommendations based on customer viewing habits across households and individuals • Leveraging digital competencies and opportunities in online video streaming, digital advertising and e-commerce • Collaborating with regulators and industry players to combat content piracy across digital platforms via anti-piracy initiatives	• Market share • Speed to market – product and services • Number of legal and illegal competitors • New collaborations	

	Content		Customer		Experience		Talent		Digitalisation		Community		Environment

Description of Risk	Mitigation Strategies	Risk Indicators	Strategic Pillars
Digitalisation and innovation Rapid digitalisation of the consumer landscape and product innovation has made customer experience a key differentiator in attracting and retaining customers	**Our Group continues to innovate and digitalise our platforms to boost operational efficiency and agility, allowing for better speed to market while enriching customer experience. Our innovation strategies include:** • Continuously enhancing UI and UX and functionalities of existing products, self-service capabilities and data analytics for personalised recommendations across all platforms to enable better customer experience and content discovery • Simplifying and automating workplace processes to enhance operational efficiency and speed to market • Adopting cloud technology to enable agility, cost efficiency and to drive system enhancement and development while improving our environmental footprint • Periodic monitoring of business innovation initiatives progress to ensure speed to market	• Customer satisfaction index • Periodic project progress reports	
Economic conditions Our Group's performance is impacted by soft economic conditions, subdued consumer sentiment and foreign exchange fluctuations	**Our Group actively reviews and aligns its strategies in tandem with economic conditions and consumer sentiment. This includes:** • Enhancing our value proposition to customers including broadband bundling and introduction of Astro Rewards • Prudent cost, treasury, hedging and investment management including prioritisation of transformation initiatives to ensure profitability and sustainability amid the challenging economic outlook • Partnering regional players to collaborate on content and other business initiatives to ensure sustainable growth	• Financial and business performance indicators • Consumer sentiment index • Foreign exchange rate	
Security infrastructure The safeguarding of our Group's assets, content IPs and customer data is subject to the adequacy and resilience of security infrastructure over physical and logical access to business systems, networks and facilities	**Our Group has established the AMH Security Council to provide strategic supervision of our Group's physical and cyber security management practices to ensure emerging security threats and learnings from global incidences and audits are effectively addressed. The AMH Security Council ensures effectiveness via:** • Establishing online monitoring taskforce and enhancing cloud infrastructure to better protect our content and key signature IPs against IP theft • Monitoring and reporting of security non-compliances, incidences and progress updates of critical security patch implementation • Continuous enhancements to current logical and physical security infrastructure and practices • Engagement of external security subject matter experts to benchmark and enhance security controls • Raising security awareness among employees through educational short videos, articles and awareness roadshows	• Cyber attack incidences • Security breaches	

KEY RISK PROFILE

Strategic Pillars | 🎬 Content | 👥 Customer | ⭐ Experience | 🧍 Talent | 📱 Digitalisation | 💬 Community | 🌱 Environment

Description of Risk	Mitigation Strategies	Risk Indicators	Strategic Pillars
Cost optimisation Effectiveness in managing cost to ensure optimal operations for sustainability	**Our Group continuously undertakes cost rationalisation initiatives to ensure sustainability while being mindful of our environmental footprint. This includes:** • Periodic strategic and financial reviews of business performance to optimise expenses and reprioritise spending • Review and renegotiation of existing content and technology commitments and redeployment of cost savings to key business opportunities • Collaborating with content players in relation to content creation, monetisation opportunities, content exclusivity and corresponding rights across multiple platforms while optimising content cost • Optimising Capex including development of software and platforms, and asset acquisitions • Investment into energy-saving initiatives to better manage electricity and water resources and reduce our environmental footprint	• Content spends • Foreign exchange rate fluctuation • Environmental impact	🎬 🧍 📱 🌱
Supply chain management Our Group's performance is reliant on effective supply chain management, sound procurement, strategic partnerships, contingency arrangements and recovery processes to protect the best interests of our Group and our ability to meet customer demands and service expectations	**Our Group has established supply chain management and recovery process in ensuring our ability to meet customer demands and service expectations. This includes:** • Ensuring all strategic acquisitions in accordance with Procurement Manual to uphold fair business practices • Monitoring acquisition process through the Procurement team and/or Tender Committees to ensure the best rates are secured through competitive bidding, tender, and industry benchmarking • Regular review of our system and operational infrastructure redundancies • Identifying alternate working sites to minimise business disruptions and financials losses, while ensuring adequate insurance coverage for business interruptions	• Dependency on key suppliers • Service level performance • Service and broadcast outages	🎬 ⭐ 📱
Talent management Our Group's ability to attract, develop and retain a committed and right-skilled talent base is crucial in executing business strategies and ensuring consistent business performance	**Our Group has established talent management strategies to execute key business priorities and ensure consistent performance. This includes:** • Inculcating an innovative and agile culture including upskilling and reskilling of existing workforce to drive innovation initiatives • Establishing a right-fit talent remuneration structure in line with industry best practices to attract and retain talent • Strategically reviewing the business and organisational structure which includes workforce optimisation • Identifying and grooming emerging leaders through talent development programmes promoting effective succession planning • Deploying strategic hires to key focus areas including broadband, data analytics, digital and cloud computing	• Talent turnover • Succession planning for key personnel	🎬 👥 ⭐ 🧍 📱