



# National Contribution



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# National Contribution

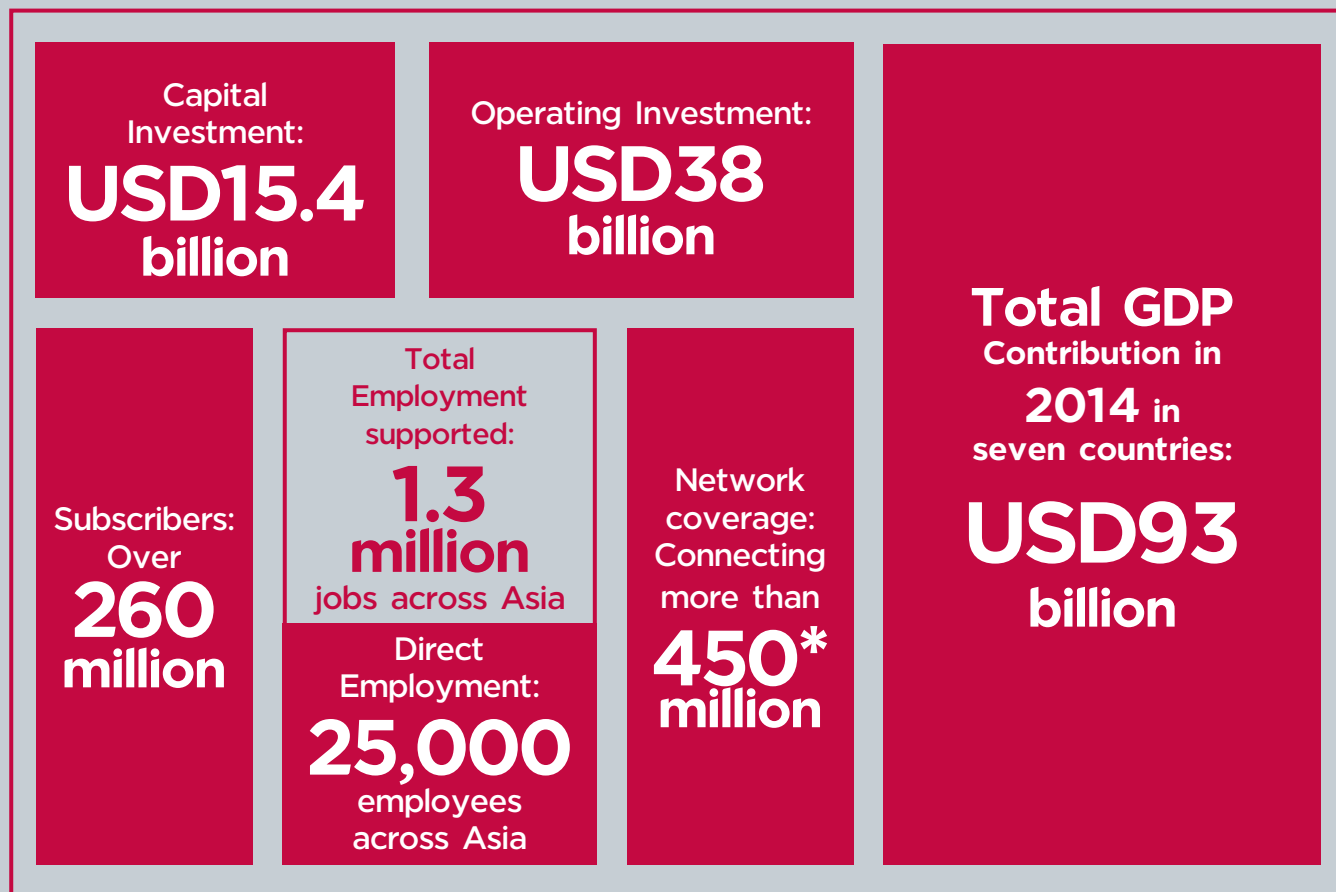
## National Contribution Report

Axiata group provides state of the art digital technology and through its investments contribute directly and indirectly to the economies of the countries in which it operates. Our employees across the region benefit from the availability of training and leadership opportunities in line with the growth of Axiata and the global telecommunications industry as a whole. Axiata's contribution introduces new job opportunities, integration of green technology and process, disaster resilience, education, e-innovation and social inclusion amongst others.

Our 2014 Sustainability Report, similar to last year includes a National Contribution Report using methodology developed by an independent party. This year we have the same independent third party assessing our contribution in our operating countries and provide updated data.

This part of the report is based on the data generated by the independent third party as evidence of the contributions Axiata has made in 2014 in the several countries of Asia in which we operate.

## Our Economic and Social Contribution Since 2008



\* Does not include Idea and M1



## Investments Since 2008

Capex + Opex

**USD10.1 billion**

## In 2014

**126,000**  
Jobs Created

Procurement from Locally  
Registered Vendors

**85%**

**0.9%** (USD2,771 million)  
Contribution to GDP

## Malaysia

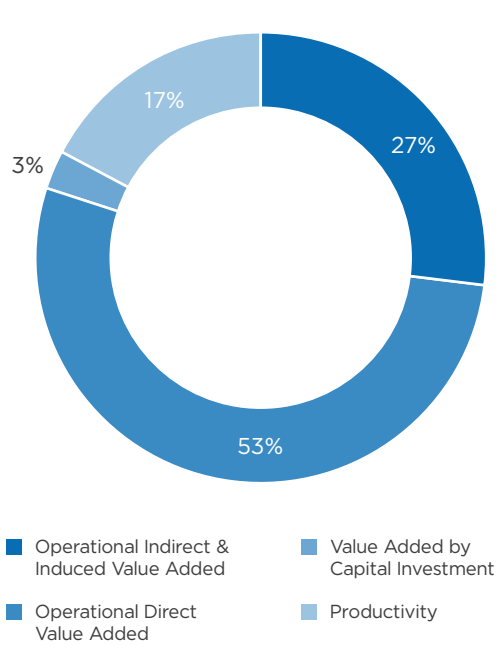
Malaysia has a well-developed mobile market, with mobile penetration of over 148.5% in 2014. The customer base for mobile services in the country is projected to reach over 50 million by 2015.

## Celcom

Celcom defended its market share in 2014 despite a challenging year for the telecommunications industry in Malaysia. At the end of the year Celcom had the largest share of the market with 13 million subscribers and 1.4 million broadband customers. Celcom has the widest network in Malaysia, covering 98% and 85% of the population with its 2G and 3G networks respectively. Currently with approximately 1500 LTE sites, Celcom continues to invest in network coverage, capacity and performance to maintain its technology leadership.

Last year Celcom launched an IT transformation process aimed at achieving competitive advantage and delivering the best customer experience to Celcom customers in the long term. Celcom is poised to introduce more innovative products in 2015, following the completion of the IT transformation project.

# National Contribution

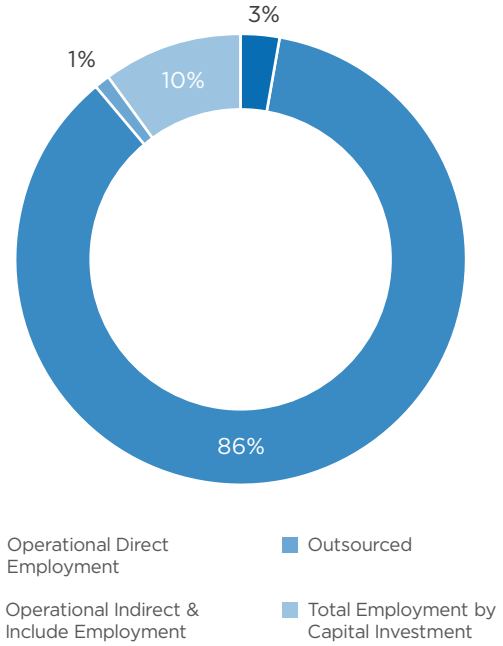


**Figure 1: GDP contribution in Malaysia from 2008 - 2014**

## Our Economic Contribution

By the end of 2014, we had 28.7 million people covered through our network. Over the 7 year period from 2008 - 2014, our total expenses in Malaysia amounted to USD10.13 billion, whereas the Capital expenditure was USD1.8 million and Operational expenditure of USD8.3 billion.

In 2014, we contributed USD2.77 billion or 0.9% of Malaysia's GDP in 2014. Figure 1 provides a breakdown of the value added contribution to the GDP in 2014. 85% of our procurement were from vendors registered in Malaysia. Additionally, our contribution to the Universal Service Provision (USP) amounted to USD322.7 million last year.



**Figure 2: Employment impact in Malaysia**

## Our Social Contribution

On average, we have supported 131,300 employment opportunities annually in Malaysia between 2008 and 2014. In 2014, we provided direct employment to 4,445 people and supported indirect employment opportunities for more than 121,500 individuals. Figure 2 provides further breakdown of the employment opportunities supported in 2014.

In 2014, we continued the Axiata's Young Talent Programme (AYTP) and further developed the Celcom's 1Malaysia Training Scheme Programme - SL1M providing training to young Malaysian Graduates. From a disaster preparedness perspective, Celcom managed to take necessary steps to ensure its network to be the most resilient during the 2014 floods in the East coast of Malaysia.

## National Agenda

Supporting our local business partners forms part of our broader sustainability strategy of adding value for the communities and economies in which we operate. In 2014, RM1.09 billion of the spend was for Malaysian companies.

Gross revenue generated from mobile content for local market in 2014 increased by 15% with a total of RM422 million.

Celcom continues to establish new key partnerships through Local Partner Development Programme (LPDP) not only to support local vendors (VDP) but also stretching into business partners (BDP) and strategic partners (SDP). We have entered MoU with MITI for the development of local vendors (VDP) to become more competitive in the industry and to be ready to venture into regional market.

Celcom has initiated discussions in exploring opportunities offered by relevant government agencies to be Celcom anchor partners to provide access to financing, trainings, knowledge transfer and skills upgrading which as a result, Celcom is in the midst of signing MoUs with SME Bank, CEDAR and MARA. Celcom Partner Capacity Building Centre (PCBC) will be developed to execute the implementation of the programme where it housing all the capacity building information and activities to be used by Celcom Vendors, Business Partners and Strategic Partners.

## Vendor Development

In 2014, Celcom purchased a gross value of RM802 million from Bumiputera companies, which was an increase of RM167 million from 2013. Celcom plans to establish a Vendor Development Programme that aims to empower competent and qualified local vendors with the necessary tools and resources they need to help them succeed.

## Talent

We have committed RM100 million to the Axiata Young Talent Programme aimed at developing future business leaders of the country. For employee training and development in 2014, Celcom invested approximately RM11.1 million in employee training and professional development. Celcom has supported the government's efforts to raise the quality and marketability of graduates by introducing the BLUi (Celcom's 1Malaysia Training Scheme Programme - SL1M) in 2011. Since then, 159 have participated in the programme.

## Export of Talent

As at the end December 2014, 9 Malaysians had been seconded or recruited by our overseas subsidiaries for senior positions. These individuals are poised to return and lead Malaysian corporates in the future.

## Celcom's Key National Contribution Initiatives





## Investments Since 2008

Capex + Opex

**USD9.8 billion**

## In 2014

Jobs Created in

**195,000**

Procurement from Locally  
Registered Vendors

**84%**

Contribution to the GDP

**0.2%** (USD1,850 million)

## Indonesia

Indonesia, with a population close to 250 million, is the fourth most populous country in the world. Indonesia's telecommunications sector in Indonesia is ranked third in the Asia Pacific region for its market size.

In 2014, the mobile penetration rate in Indonesia was over 120.04%. The growth in mobile subscriptions was attributed to three key operators - Telkomsel, Indosat and XL Axiata.

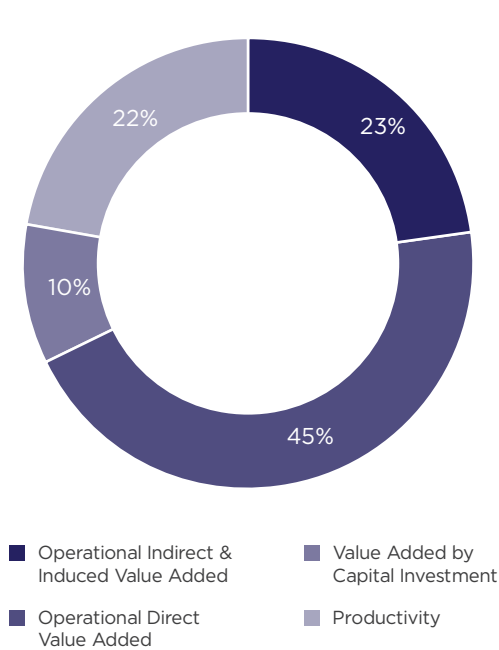
## XL

XL has grown into one of the country's largest telecommunications companies, with extensive network infrastructure and services. XL offers an array of innovative telecommunications products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of the population throughout Indonesia.

## Our Economic Contribution

The XL extends coverage to over 227.5 million people in Indonesia. From 2008 - 2014, XL's total operating expenditure was USD5.8 billion while the Group had a total capital investment of USD4.0 billion made in Indonesia.

XL made a contribution of USD1.85 billion contribution to the GDP which amounted to 0.2% of the total GDP for 2014. Figure 3 provides further breakdown of our contribution to Indonesia's GDP over the last year 84% of our purchases last year were through companies registered in Indonesia.

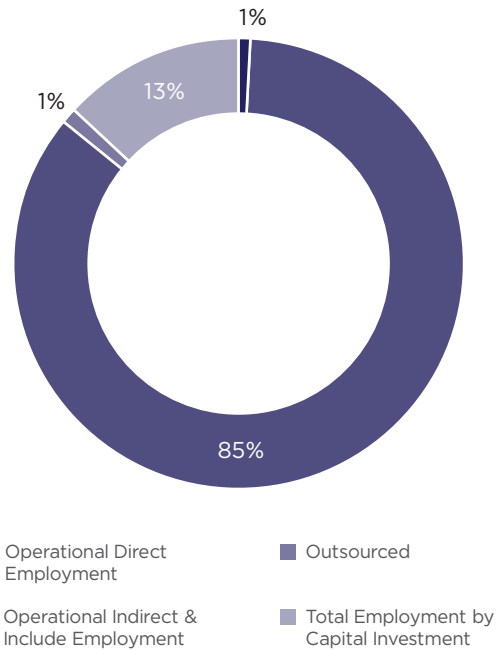


**Figure 3: GDP contribution in Indonesia from 2008 - 2014**

**Our Social Contribution**

XL has created, on average, 278,500 job opportunities annually in Indonesia between 2008 and 2014. In 2014, 195,000 jobs opportunities were supported in Indonesia. Figure 4 provides a breakdown of the direct and indirect employment creation in Indonesia as a result of our operations last year.

Over the last 3 years, XL has adopted the Axiata Young Talent Programme and made it a prominent leadership building programme (XL Future Leaders). More than 400 young Indonesians have been part of this programme over the past three years. XL has been in the forefront in supporting education, social welfare and disaster recovery with the support of XL staff and customers.



**Figure 4: Employment impact in Indonesia**

**Our Sustainability Efforts in Indonesia**

XL continues to show its commitment & dedication to the development of Indonesia through triple-bottom line strategic sustainability implementation. This year XL published its sustainability report using GRI 4, which can be accessed through the following link <http://www.xl.co.id/corporate/id/investor/informasi/laporan-tahunan>







## Investments Since 2008

Capex + Opex

**USD541 million**

## In 2014

**66,000**

jobs were supported

Procurement from Locally  
Registered Vendors

**47%**

Contribution to the GDP

**1.5%** (USD254 million)

## Cambodia

Cambodia's economy has grown at an average rate of 7.9% since 2004, resulting in better access to healthcare, education, water supply and some alleviation in poverty levels. Cambodia continues its appeal as an attractive investment destination for foreign investors. With a mobile penetration of 150%, the country is expected to see further growth in mobile subscriptions, driven mainly by prepaid users in the rural areas. The expansion of 3G networks offers new opportunities for service providers.

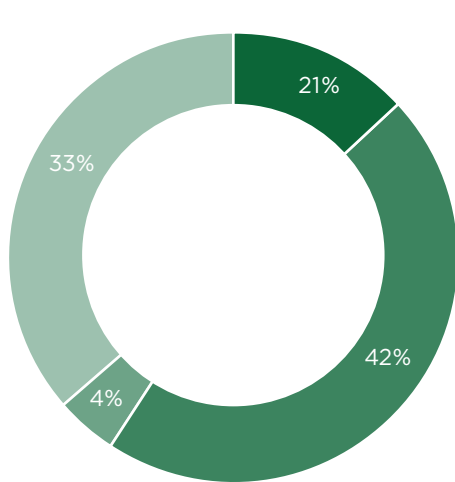
## Smart

Smart is Cambodia's second largest mobile telecommunications company serving over 6.5 million customers. Through a strategic merger in February 2013, Smart became part of the Axiata Group after Latelz operating under the brand Smart Mobile, and Hello Axiata, with its Hello brand, fully integrated as a single company.

## Our Economic Contribution

Smart now provides connectivity to more than 6.5 million subscribers. Smart is one of the largest tax payers in Cambodia. A total of USD117.6 million was paid as taxes and levies during 2008 - 2014. We have spent USD280 million on operating expenditure during this time while our capital expenses have amounted to USD261 million. Our total contribution to the GDP of Cambodia in 2014 was USD254 million amounting to 1.5% of Cambodia's GDP for the year. Last year, 47% of our procurement was from locally registered vendors. Figure 5. gives a breakdown of the contribution made to the GDP of Cambodia in 2014.

# National Contribution

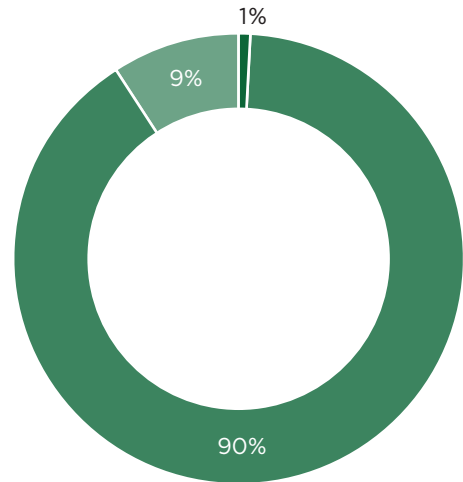


- Operational Indirect & Induced Value Added
- Operational Direct Value Added
- Value Added by Capital Investment
- Productivity

**Figure 5: GDP contribution in Cambodia from 2008 - 2014**

## Our Social Contribution

During 2008 - 2014, we have supported on average, 42,700 direct and indirect employment opportunities annually in Cambodia. In 2014, 91,000 employment opportunities were supported strengthening the Cambodian economy. Figure 6 gives a breakdown of direct and indirect employment opportunities created in Cambodia in 2014. Smart is partnering with a number of government and non-governmental organisations in Cambodia to support corporate responsibility initiatives in education, environmental awareness and youth development.



- Operational Direct Employment
- Operational Indirect & Include Employment
- Total Employment by Capital Investment

**Figure 6: Employment impact in Cambodia**

## Our Sustainability Efforts in Cambodia

Smart is currently working on their first standalone sustainability report. The report will discuss Smart's commitment to the economic, social and environment aspects and include a narrative on contribution to Cambodia as well. The report can be accessed through the following link <http://www.smart.com.kh/about-smart>





## Investments Since 2008

Capex + Opex

**USD2.6 billion**

## In 2014

**112,000**  
jobs created

Contribution to the GDP

**1.3%** (USD961 million)

## Sri Lanka

Since the conflict ended in May 2009, Sri Lanka has taken steps to reorient its economic development policy framework to achieve the next stage of growth. Economic ties with other countries and rising foreign investment have pointed to a strong improvement in the country's macroeconomic situation following the end of the conflict, leading the World Bank to upgrade Sri Lanka from a low-income to a lower-middle-income country in 2010.

In 2014, there were approximately 27.0 million mobile subscribers in Sri Lanka. The country's mobile services have remained on a positive growth path as more and more mobile operators continue to promote, launch new packages and increase their network capabilities.

## Dialog

Dialog has been at the forefront of innovation in the mobile industry in Sri Lanka since the late 90's, driving the country's mobile telephony infrastructure to a level of advancement on par with the developed world. The company is also one of the largest listed companies on the Colombo Stock Exchange in terms of market capitalisation.

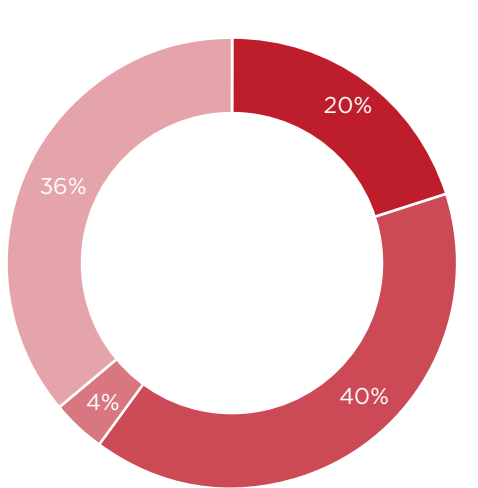
Dialog delivers advanced mobile telephony and high speed mobile broadband services to a subscriber base of 9.5 million Sri Lankans via 2.5G and 3G/3.5G and 4G networks. It was the first service provider in South Asia to launch 3G, HSDPA and mobile and fixed 4G LTE services.

## Our Economic Contribution

Dialog's network encompasses 20.6 million people in Sri Lanka. Over the last six years, The group has made a capital investment totalling up to USD792.6 million in Sri Lanka while it's operating expenditure between 2008 and 2014 was USD1.8 billion.

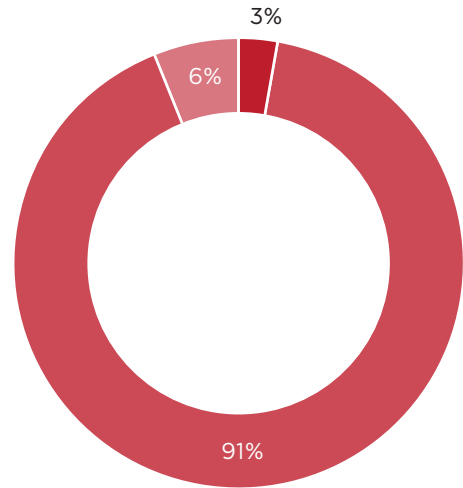
Axiata is Sri Lanka's leading foreign investor. In 2014, 50% of Dialog's procurement was from vendors registered locally. The company contributed USD961 million (or 1.3%) to the GDP of Sri Lanka. The Group's contribution to Sri Lanka's GDP in 2014 is detailed in figure 7 below.

# National Contribution



- Operational Indirect & Induced Value Added
- Value Added by Capital Investment
- Operational Direct Value Added
- Productivity

**Figure 7: GDP contribution in Sri Lanka from 2008 - 2014**



- Operational Direct Employment
- Total Employment by Capital Investment
- Operational Indirect & Induced Employment

**Figure 8: Employment impact in Sri Lanka**

## Our Social Contribution

We supported, on average, 84,000 direct jobs annually in Sri Lanka between 2008 and 2014. In 2014, 112,400 employment opportunities were created to support the economic development of the country. A breakdown of the jobs created is provided in figure 8.

Dialog has been recognized as an innovator in its approach to sustainability. Dialog was ranked first in Sri Lanka's Corporate Accountability Ranking for five years. 'Nenesa Education', channel known as the National Distance Education network in Sri Lanka, supports more than 1,000 schools in Sri Lanka, and the Disaster Early Warning Network (DEWN), the Ratmalana Audiology Centre, and the Dialog 5 star, have been recognised internationally as key sustainability interventions over the last five years.

## Our Sustainability Efforts in Dialog

Dialog's seventh annual Sustainability Report reviews the Company's journey of value creation, by discussing the activities undertaken to create, deliver and preserve Value in the year under review. This report, published in accordance with the Global Reporting Initiative's G4 'Comprehensive' reporting guidelines, for the second consecutive year can be found at <http://www.dialog.lk/dlg/browse/aboutPromo.jsp?id=onlinefld70051>





## Investments Since 2008

Capex + Opex

**USD3.3 billion**

## In 2014

**368,000**  
jobs created

Procurement from Locally  
Registered Vendors

**64%**

Contribution to the GDP

**0.4%** (USD794 million)

## Bangladesh

Bangladesh, with a population close to 150 million, is one of the most densely populated countries in the world. In recent years, Bangladesh has achieved strong economic growth of above 5% a year and accompanied this with an improvement in its human development indicators. The telecommunications sector in Bangladesh is growing at a rapid pace, and the government's commitment to a digital Bangladesh presents major opportunities for the sector.

In 2014, the mobile penetration rate in Bangladesh was over 75.8%, a significant increase over the 2008 figure of 34%. Besides offering affordable mobile plans to the consumers, several operators have embarked on ambitious network infrastructure sharing arrangements that will lead to a substantial reduction in the number of telecommunications sites across the country. At the end of 2014, there were 121.2 million mobile subscribers in Bangladesh.

## Robi

Robi, the fastest-growing telecommunications operator in Bangladesh, continues to develop its services to meet increasing customer demands, ranging from voice and high-speed internet services to tailor-made telecommunications solutions.

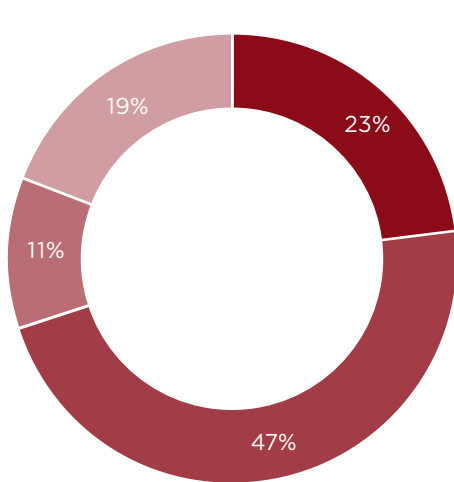
As a subsidiary of Axiata, Robi draws from the international expertise of Axiata, using leading edge technology to provide the best-of-its class services in Bangladesh. Robi is committed to providing the best data and voice quality and will continue to ensure that its customers enjoy the best experience through leading edge technology and innovative products and services.

## Our Economic Contribution

The Robi network currently covers 99% of Bangladesh's population amounting to 156.5 million people. A total of USD1.4 billion capital investment and operating costs of USD1.9 billion spent during the seven year period from 2008 - 2014.

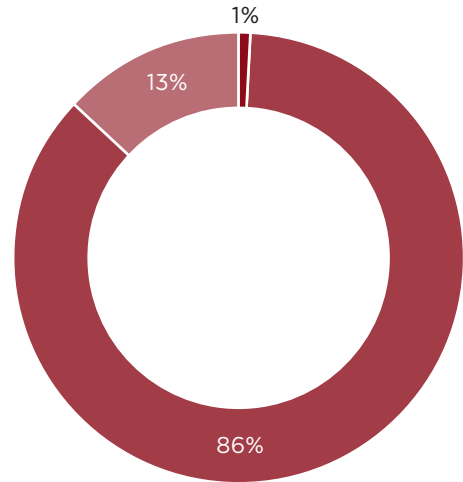
Currently, Axiata is one of the leading foreign direct investors in Bangladesh. In 2014, 64% of Robi's purchases was from local vendors. Robi has taken an active interest in developing local vendors providing them training and sharing best practices. Robi contributed USD794 million to the GDP of Bangladesh in 2014, which amounted to 0.4% of the total GDP. The Group's contribution to Bangladesh's GDP is provided below in figure 9.

# National Contribution



- Operational Indirect & Induced Value Added
- Operational Direct Value Added
- Value Added by Capital Investment
- Productivity

**Figure 9: GDP contribution in Bangladesh from 2008 – 2014**



- Operational Direct Employment
- Operational Indirect & Induced Employment
- Total Employment by Capital Investment

**Figure 10: Employment impact in Bangladesh**

## Our Social Contribution

We have created, on average, 308,000 job opportunities annually in Bangladesh between 2008 and 2014. In 2014, 368,000 employment opportunities were supported in Bangladesh. Figure 10 provides a breakdown.

Robi's social contribution has been in four main areas: IT Education, (IT corner, Internet Corners), Health Care (the Robi clean drinking water project), Green Development (Robi Alo, the solar powered electricity and awareness building programme) and Disaster Response.

## Our Sustainability Efforts in Bangladesh

Robi is currently working on their first standalone sustainability report. The report will discuss Robi's commitment to the economic, social and environment aspects. The report can be accessed through the following link.

<http://www.robicom.bd/en/corporate/sustainability-report>



# National Contribution

## 1.1 KPMG's methodologies and computational formula

**Direct Value Added** contributions were estimated based on operational data provided by Axiata regarding revenues, expenditures, taxes and income.

**Total Value Added** Contributions were estimated using an economic multiplier. Various studies reports multipliers between 1.1 and 1.85 depending on the source. For this study, we have conservatively adopted a multiplier of 1.5 for all countries except 1.6 for Singapore.

**Employment** is generated through a number of avenues including:

1. Directly through Axiata and related industries
2. Outsourced support services including customer support and network operations and maintenance.
3. Indirectly through firms that provide services to Axiata's operations. These are estimated by dividing total Valued Added by the value added per worker in the respective country's relevant sector
4. Induced as employees from the above spend their household income thereby generating further rounds of employment.

## 1.2 Capital Investment

1. Total Value Added = Capital Expenditure x Proportion Spent in Host Country x Average Value Added Multiplier
2. Total Employment in Host Country = Total Capital Expenditure Value Added/Average Value Added per worker in Host Country

*Note: Figures for total value added and total employment in construction data are applicable to each relevant country  
(Source: relevant Departments of Statistics for each country)*

## 1.3 Operational

1. Total Value Added = Direct Value Added x Total Value Added Multiplier

Where,

Direct Value Added = Revenue -Expenditure + Taxes + Levies + Income

*Note: Type II multiplier was assumed to be 1.5 for all countries except 1.6 for Singapore*

2. Total Employment = Value Added/Value Added per Worker + Direct Employment

Direct Employment = As per Axiata data

*(Source: Relevant Departments of Statistics for each country)*

## 1.4 Productivity Analysis

Axiata Contribution to GDP Growth = National Contribution to GDP Growth x Market Share of Axiata

Where,

National Contribution to GDP Growth = National Penetration Growth x Growth Factor

Penetration = Number of Subscribers/Population

*Note: Growth Factor was assumed to be 1.2% per 10% change in market penetration for all countries except 0.6% market penetration for Singapore*