TOWARDS A DIGITAL FUTURE

Dear Stakeholders,

Affordable connectivity with innovative technology and nurturing talent are the key drivers in our journey of advancing Asia. As a long-term investor, business sustainability is important to us, which is motivated by our long-term aspirations and supported by our short-term goals.

2014 saw Axiata taking further steps to enable sophisticated digital ecosystems for our 260 million customers*. Our footprint grew as we expanded our network coverage and made **connectivity** more affordable to diverse social segments. We have facilitated access to state-of-the-art digital **technology** through low cost as well as high-end devices whilst nurturing our **talent** pool of 25,000* people across the region.

This report focuses on Axiata's four sustainability pillars (4P's): 'Beyond Short-Term Profits'; 'Nurturing Our People'; 'Inculcating Process Excellence'; and 'Responsibility to Planet and Society'. This report examines each of these four pillars and reports on how the Group has been adding value in each of these areas.

BEYOND SHORT-TERM PROFITS

Our Commitment to Long-Term Investment

Our investments go back more than 20 years in Bangladesh, 19 years in Sri Lanka and 17 years in Cambodia. Our business focus has always been on long-term value creation rather than on short term gains. We have been the leading investor in long-term growth in all our different markets.

Our Commitment to services Beyond Commercial Motivation

Across the Group, we have invested RM4 billion in capital expenditure last year, increasing connectivity, enhancing reliability, and facilitating access across our network. We strive to be the leader in introducing new technology to our markets. Last year, we became the first operator to introduce LTE to Cambodia and the first 3G enabled operator in Bangladesh. We ensure that new technology and connectivity is not only limited to the urban areas in our footprint. More than 19,500 sites constituting almost 49% are currently positioned in rural areas of our OpCo countries.

* *Includes Idea and M1*

Digital Inclusion and Digitised Ecosystems

Our digital services portfolio has contributed significantly to enhance the creation of a digital ecosystem built around the idea of inclusion. In Bangladesh, Sri Lanka and Indonesia our M-money and M-insurance programmes provide banking and insurance services to many who did not have access to conventional banking and insurance services. In 2014, we have seen growth in our M-money, M-commerce, M-insurance and other Mobile innovations. The number of M-money users grew by 39% in Sri Lanka. In Indonesia, 20 million users access Elevenia, our M-commerce platform, monthly whilst 8.3 million of our subscribers are insured via our M-insurance. Ideamart, the platform for digital innovation in Sri Lanka was identified by GSMA as the Best Technology Enabler for 2014.

Connecting Over
260
million
people

> " Last year, we launched the RM100 million Axiata Digital Innovation Fund (ADIF). The objective of the fund is to spur innovation and growth of Malaysia's digital ecosystem "

President & Group CEO
Statement

Last year, we launched the RM100 million Axiata Digital Innovation Fund (ADIF). The objective of the fund is to spur innovation and growth of Malaysia's digital ecosystem over a period of ten years. ADIF will aid companies in the digital services sector with innovative products and market fit. These companies, although revenue generating, require support to grow in terms of funding, know-how and market access. Through Axiata's extensive reach of over 13 million customers in Malaysia and over 260 million* across Asia, Malaysian digital services entrepreneurs will have unprecedented access to funding and regional partnership opportunities. While Axiata has been growing significantly, we take pride in supporting other Malaysian companies to become successful as well. This is very much in line with our goal of 'Advancing Asia' through connectivity, technology and talent.

Our Commitment to Global Mobile Development

Axiata remains active in its role in GSMA's Mobile for Development efforts, this includes having a seat on the GSMA board. Through its initiatives, Axiata has the opportunity to work alongside global peers in the GSMA, enabling relevant, impactful services that connect people, transform daily lives and improve sources of income. Last year, Axiata supported GSMA's partnership with Child Helpline International with each of our OpCo's exploring options to support the helpline in their respective markets. At the 2015 Mobile World Congress, we joined GSMA and three other global peers for the launch of the Humanitarian Connectivity Charter as a founding singatory.

NURTURING PEOPLE

Our Commitment to Nurturing Future Leaders

Nurturing talent remains a leading focus for the Group. By the end of 2014, we had more than 25,000* employees across the Group. We will continue to encourage innovation, develop new talent and invest in developing future leaders, to drive the future of the Group as well as the industry. Last year, 915 employees were part of our accelerated development programmes.

The Axiata Young Talent Programme (AYTP) has evolved into a trailblazing initiative. We have committed to invest RM100 million over 10 years in this initiative which has attracted more than 14,000 applicants in 2014 alone. In Indonesia, the programme is known as the XL Future Leaders programme and has benefitted more than 400 young people so far.

PROCESS EXCELLENCE

Our Commitment to Strong Governance and Supply Chain Management Best Practice

We constantly strive to enhance our business processes. This includes having open, transparent internal processes and engaging with third parties to encourage them to adopt processes that are transparent and ethically fair. Axiata received recognition once again at the annual Malaysia – ASEAN Corporate Governance Index 2014 awards recognising our governance structure.

In 2014 we paid particular attention to improving our relationship with our suppliers. Suppliers are an integral part of every business operation and help shape innovative products and build customer satisfaction. Our engagement with our suppliers has focused on ensuring that their processes are in line with the Axiata values on sustainability. We will continue to engage with them and support them in the integration of best practices in their operations. In 2014 we launched the Axiata Supplier Forum. The forum will be our main conduit to engage our suppliers on best practices. We will regularly streamline the processes of this forum to ensure transparency, participation and efficient outputs. In Malaysia, more than 50% of our Capex is spent on procurement from local vendors.

Our Commitment to Digitisation

We will establish a new KPI across the Group in 2015, in order to digitise our processes in each of the operating companies where possible, subject to the respective regulatory systems. We target to be a fully digital company by 2020. This means that we will transform our core process of interactions with our customers and employees in a digital way.

As we embark on this journey, we have started to reflect this process in this year's Sustainability Report as well as our annual report which is now available on digital applications. Last year more than 6,000 readers accessed our Annual and Sustainability reports using the digital application and the web version, which is almost twice the number of hard copies printed. We are revamping all our key processes, especially those in servicing and sales to be fully digitised across all our OpCos. Initially this process will be introduced internally through the employee communication platform 'Prism' which will enable group-wide communication and networking on a digital platform.

*   Includes Idea and M1

PLANET & SOCIETY

Our Commitment to Greener Operations

Our commitment to environmental sustainability remains a key priority. We are committed to reducing the environmental impact of our operations and to empowering society through our activities. Our infrastructure company edotco was launched in 2013 with a view to creating greener digital networks. One of 'edotco's' goals is to reduce edotco Group's carbon emissions by 40% by 2018. Whilst this is a very challenging and aspirational goal. We currently have several concurrent projects and field trials ongoing with a view to achieving this. We will continue further study, and identify, efforts and measures to achieve this target.

One of these initiatives has already enabled us to manage key operations of some of our towers remotely. We have established the 'Echo Centre' in Malaysia which looks into managing rural sites including tasks such as regulating power consumption, managing cabin temperature, and measuring fuel and battery capacity. We plan to establish this system across the Group in the coming years. As part of our green mandate, more than 200 towers of our network are currently run by renewable energy sources.

Our Commitment to Society

Each of our operating companies champion key corporate responsibility initiatives in the different countries in which they operate. Education has always been a key focus area of the Group. In Sri Lanka, more than 50,000 students benefited from having free access to the educational channel 'Nenesa' whilst rural schools in Bangladesh were able to access English learning programmes through the English in School programme. 'Nenesa' was able to make use of Dialog TV to provide high quality educational programmes to rural communities across Sri Lanka.

Our Commitment to Disaster Preparedness

Our operating companies happen to be located in areas that are prone to natural disasters. 'Disaster Management and Response' has been identified as a priority area for 2015 and beyond. Developing participatory processes that can respond to and mitigate the impact of disasters is very much a part of this initiative. As part of our commitment to the Humanitarian Connectivity Charter, we are working closely with the GSMA to look at industry-wide best practices that can be adopted before, during, and after a disaster.

In Malaysia, Celcom was the most resilient network during the recent floods on the East Coast of Malaysia. A sum of RM1.2 million was spent to ensure that customers had adequate support after the disaster. In Sri Lanka, Dialog's Disaster Early Warning Network (DEWN) has set a new benchmark for disaster preparedness.

Our 2013 Sustainability Report was our first attempt to benchmark our operations against world class reporting standards indicating our commitment to development. Over the past year, we have developed our reporting process while encouraging our OpCos to publish standalone reports for their respective markets.

This is our second report produced in accordance with the Global Reporting Initiative (GRI) guidelines, where we discuss our management approach to sustainability and document the achievements of our Group over the past year. Axiata remains committed to enhancing its sustainability processes, delivering high value to its customers and other stakeholders, and to Advancing Asia. We will pursue these goals with full commitment in 2015 and beyond.

DATO' SRI JAMALUDIN IBRAHIM
Managing Director/President &
Group Chief Executive Officer