

# The Management Approach

In our 2013 Report we introduced Axiata's commitment to triple bottom line management (economic, environmental and social) in line with our broader goal of Advancing Asia. Our approach is driven by our four sustainability pillars: 'Beyond Short-Term Profits', 'Nurturing People', 'Process Excellence' and 'Planet & Society'. In 2014, we continued to refine our approach to sustainability, fine-tuning the operations under each of these pillars. Each of our OpCos follow a similar perspective in line with the Group's overall approach to sustainability, making relevant modifications, to cater to their respective markets.

Over the last year, three key changes were made to our central sustainability pillars. The changes are depicted in the diagram below.

## 1. Beyond Short-Term Profits



Long-Term Investments



Services Beyond Commercial Motivation



Digital Inclusion and Digitised Ecosystems **(NEW)**



Global Mobile Development

Being a long term operator in each of our OpCo countries, our focus and attention has always been on long term investments. These investments have made significant contributions to the economies of the countries we operate in. Apart from providing connectivity voice and messaging services, our digital services have created value beyond commercial motivation. Where possible, steps have been taken to proactively partner with initiatives supporting digital ecosystems, and playing our role in growing the mobile world community.

## 2. Nurturing People



Nurturing Future Leaders



Culture of Integrity



Inclusivity



Conducive Workplace

Our training programmes help employees achieve personal growth and professional development creating a team which has the potential to provide leadership not just in our operating country, but throughout the region. We endeavour to provide state-of-the-art facilities to our employees and to make available new opportunities for personal and professional growth. Continuous attempts are made to benchmark our employee benefits in line and above the industry and our markets whenever possible. We conduct annual employee engagement surveys to obtain employee feedback and to help refine our management strategy and approach.

### The Broad Management Approach to Sustainability

Page 084 provides a comprehensive mapping of our activities against different aspects of the GRI aspect list. It demonstrates our approach to sustainability and to all areas of the triple bottom line performance.

## 3. Process Excellence



Best Practices Down the Value Chain



Customer Centricity



Digitising Processes *(NEW)*



Strong Governance

We establish common standards to ensure that sustainability practices are adopted throughout our supply chain. We will take all possible measures to influence and engage with our vendors on a regular basis and to ensure they conform to our practices on sustainability. We focus on improving our role in developing our retailers. Customer experience is a key aspect in each of our markets, with individual KPI's set to track the progress made. We are currently in the process of setting a Group-wide target to digitise our operations where possible.

## 4. Planet & Society



Environment Management



Disaster Management & Response *(NEW)*



Corporate Responsibility

Over the last year, our infrastructure company, edotco spearheaded our approach to reduce our environmental impact without comprising the continuous growth and expansion of our networks. Steadily, we are establishing the baseline for edotco's key target: to reduce 40% of the Group's total carbon emissions by 2018. We continued to support our OpCo countries and contributed to economic development, education, health, and technology on a large scale. Given the materiality of the role natural disasters have played in our markets and region, we have identified disaster preparedness and response as a key area of operation in each of our markets.

# Risk Management

The Board is responsible and accountable for maintaining and ensuring a sound system of risk management and internal control practices to safeguard shareholders' investments, stakeholders' interest as well as the Group's assets. Such systems cover not only financial controls but also operational and compliance controls.

The Board has an on-going process in place for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives. The Board is assisted by the Group Risk Management Committee (GRMC), consisting of all members of Axiata Group Senior Leadership Team (SLT), in ensuring that the implementation of the approved policies, manuals and procedures on risks and controls are in place to mitigate key risk areas which have been identified and assessed by the risk owners.

The Axiata Enterprise Risk Management (ERM) Framework, benchmarked against ISO31000:2009<sup>3</sup> is used as a standardised approach in identifying, assessing, reporting and monitoring risks. To ensure consistency, the framework is adopted by all risk management teams across all OpCos.

Risk assessment involves the identification and analysis of the key risks based on certain criteria which takes into account its effect and likelihood. Appropriate mitigation strategies are then developed, taking into consideration the effectiveness of existing controls.

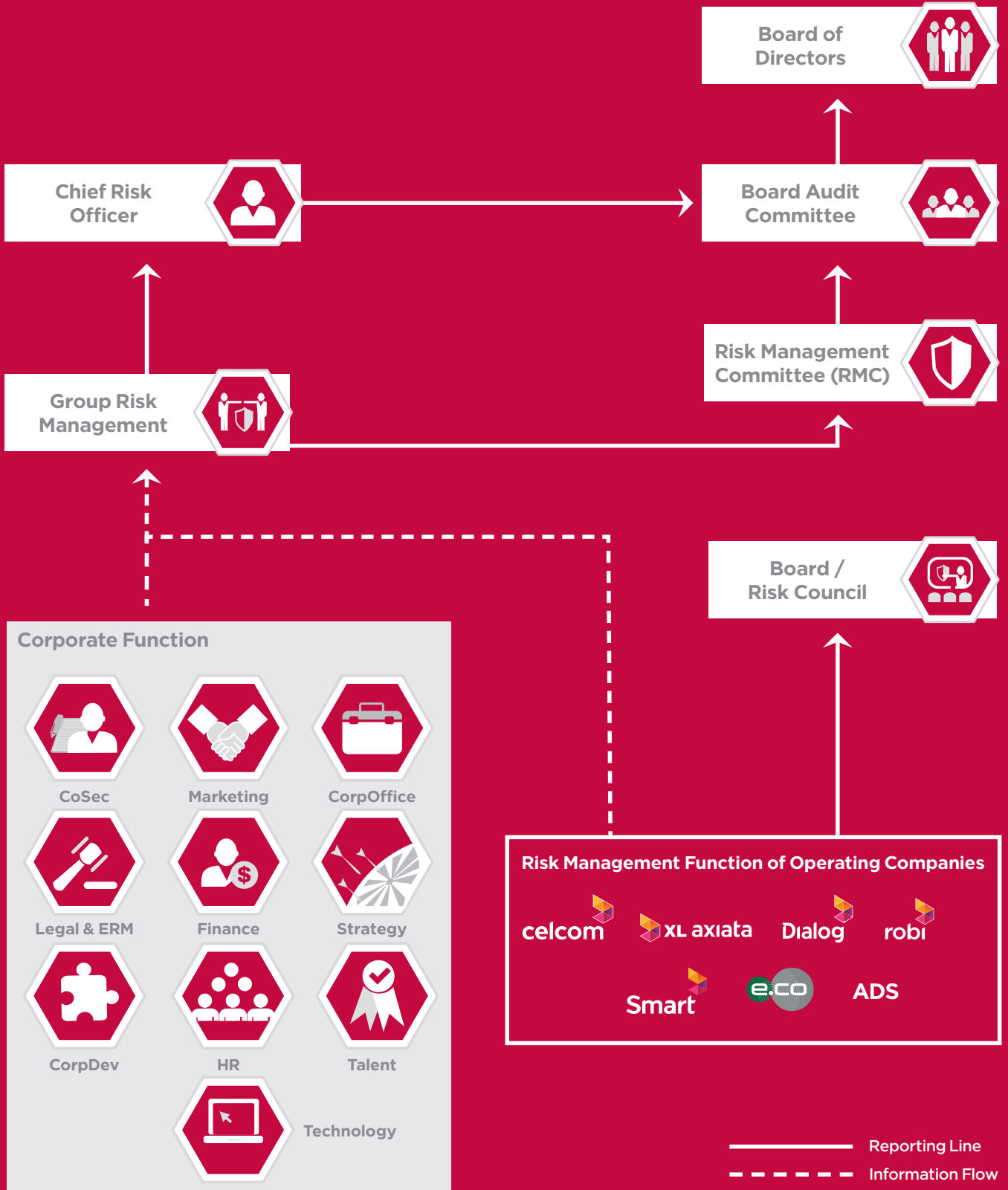
The following are the key risk areas for the Axiata Group:

- ▶ Sustainability of Long-Term Business Strategy
- ▶ Adverse Regulatory Developments
- ▶ Competitive Risk
- ▶ Changes in Customer Behaviour
- ▶ Obsolescence of Existing Technology Over Time
- ▶ Treasury and Funding Risks
- ▶ Systems and Network Failure
- ▶ Leadership Competency Gaps and Loss of Key Personnel
- ▶ Management of Large Scale Regional Projects
- ▶ Risks Related to Our Investments

The Axiata Group's enterprise risk management process is depicted in the next page.

<sup>3</sup> <http://www.iso.org/iso/home/standards/iso31000.html>

# Diagram of Risk Management Process



# Stakeholder Engagement








G4-24  
G4-25  
G4-26  
G4-27

Our engagement with stakeholders is intrinsic to the way we do business. In line with our commitment as a telecommunications provider, we strive to understand the expectations of our stakeholders. In our attempt to determine the issues most material to the Group, we are guided by the inclusivity, materiality and responsiveness as defined by the AA1000 Principle Standard.

We constantly engage with our full range of stakeholders in multiple ways. Our goal is to see that their feedback helps us shape the ways we implement our sustainability processes within the Group. Each stakeholder has an important role to play in improving our sustainability operations in the different facets of our business. In looking at materiality, we engage with those divisions within the Group that in turn engage with each relevant stakeholder.

At Axiata, we fully adhere to the principles of economic, environmental and social sustainability as they complement our vision to deliver optimum value to our stakeholders. We know that quality engagement with our stakeholders helps us to address and respond to their changing expectations and needs. We engage with our stakeholders in many ways, through surveys, websites, social media, market research, briefings and meetings.

The Group's current stakeholder engagement practice is provided in the table below:

Stakeholder Group	Types of Engagement	Frequency	Focus areas
Customers 	<ul style="list-style-type: none"> <li>Customer Satisfaction via Net Promoter Score (NPS)</li> </ul>	Annually	Customer experience, product affordability and network availability
Employees 	<ul style="list-style-type: none"> <li>Employee Engagement Survey (EES) by Towers Watson (an independent research agency)</li> <li>Town hall meetings</li> </ul>	Annually  Quarterly	Career development, employee feedback, employee communication
Shareholders 	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Investor Roadshows</li> <li>Meetings with the Top 100 investors</li> <li>Analyst Meetings</li> </ul>	On going	Business performance and strategy, social responsibility initiatives
Regulators and Government Authorities 	<ul style="list-style-type: none"> <li>Compliance with the Malaysian Communications and Multimedia Commission (MCMC)</li> <li>Compliance with Bursa Malaysia</li> </ul>	On going	Information security, PDPA, pricing, tax issues
Suppliers 	<ul style="list-style-type: none"> <li>Request for Proposals (RFP)</li> <li>Supplier Code of Conduct</li> <li>Vendor Survey</li> </ul>	On going	Payment practices, delivery and definition of vendor performance
Media 	<ul style="list-style-type: none"> <li>Media Survey</li> <li>Media Releases/Conferences</li> </ul>	Annually Quarterly	Company performance, strategy, future business aspirations
Community 	<ul style="list-style-type: none"> <li>AYTP</li> <li>Axiata's Sustainability Programmes</li> </ul>	On going	Social requirements and specific feedback on programmes

Stakeholder perceptions from each of the above engagements have been presented, discussed and acted upon internally within the OpCos and at the Axiata Corporate Centre. Since we are at a stage of defining the future of our industry and shaping it towards future developments, these stakeholder comments are invaluable to the Group.

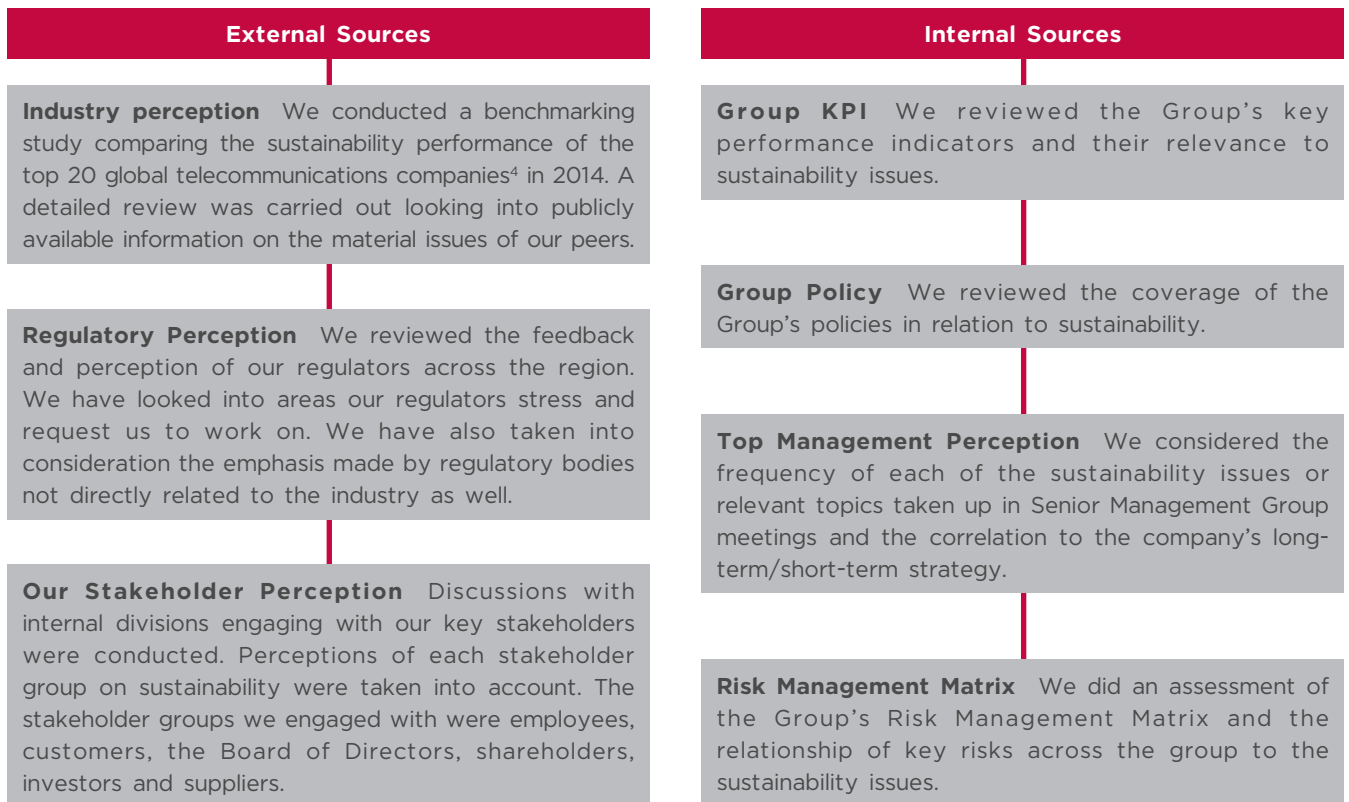
## Materiality

We define material issues based on whether they have an impact to our business in either economic, social or environmental aspects and their relevance to our stakeholders across the Group.

### Identifying Key Issues

Our process to identify key material issues is based on the Reporting Principle and Guidance for Defining Content in the GRI G4 Sustainability Reporting framework. The sources used to identify the key issues that are material to the Axiata Group and our stakeholders in the reporting period are depicted in the table below.

The key issues were then prioritised and plotted on a materiality matrix using the external and internal parameters as shown below.

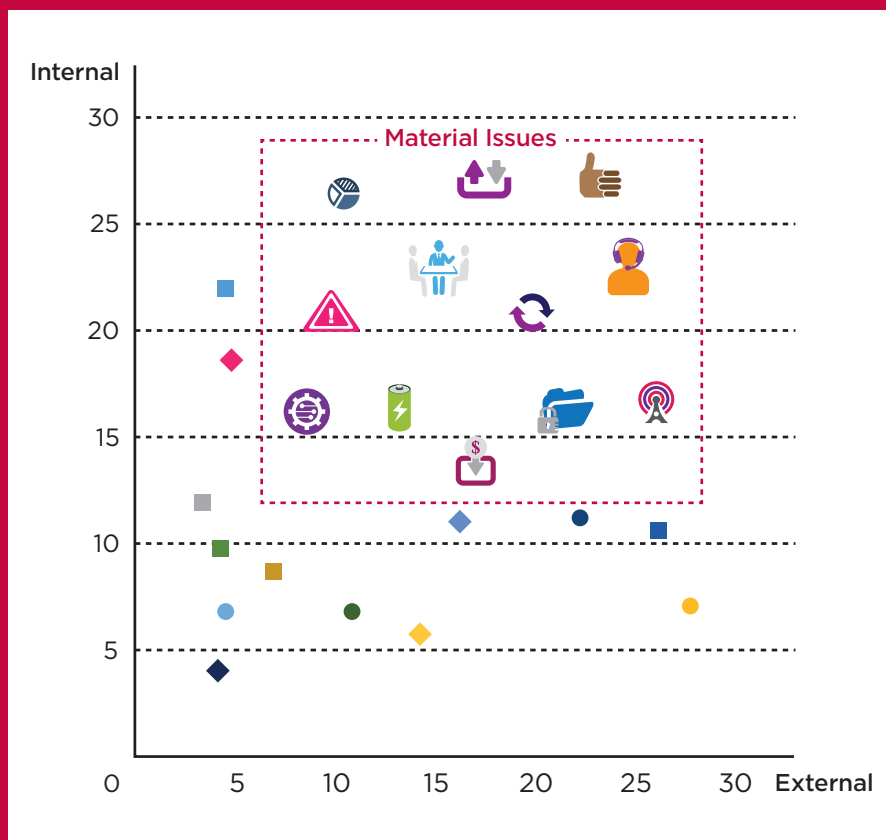


<sup>4</sup> <https://gsmaintelligence.com/research/2014/09/operator-group-ranking-q2-2014/444/>

# Stakeholder Engagement

G4-18  
G4-19

The diagram below plots the most material issues of the Group according to the materiality mapping process. We have plotted the relevance of these key material aspects across the Group.



## List of Material Issues

- Network Quality & Coverage
- Digital Inclusion
- Product Innovation & Research
- Employee Development & Welfare
- Supply Chain Management
- Governance & Responsible Business Conduct
- Privacy & Data Protection
- Customer Service
- Energy & Climate Change
- Disaster & Response
- Community Impact
- Business Performance

We have reported and discussed in detail on all our most material issues. Page 025, 035, 045, 053 discloses our approach to address these issues within Axiata's footprint. The issues that are not identified as most material, would be discussed as required.

- Product Quality & Responsibility
- Health & Safety
- EMF & Safety
- Waste Management
- Child & Youth Protection
- Human Rights
- Resource Optimisation
- Water Conservation
- Risk Management
- Responsible Marketing
- Local Hiring
- Product Related Measurement
- Transparency
- Public Policy

**Material Issues by the 4 sustainability pillars of Axiata and relevance to our OpCos.**

Material Issues	The Sustainability Pillar covering this issue	Relevant for OpCo materiality	Page
 Network Quality & Coverage	Beyond Short-term Profits	All	025
 Digital Inclusion		All	025
 Product Innovation & Research		All	025
 Employee Development & Welfare	Nurturing People	All	035
 Supply Chain Management	Process Excellence	All	045
 Governance & Responsible Business Conduct		All	045
 Privacy & Data Protection		Celcom, Dialog, Robi	045
 Customer Service		All	045
 Energy & Climate Change	Planet & Society	All	053
 Disaster & Response		All	053
 Community Impact		All	053
 Business Performance	Covered in Axiata Annual report	All	AR





# Targets & Achievements

Sustainability Targets of the Group & Progress Made				
Pillar	Material Issue	Targets in 2014	Status	
Beyond Short Term Profits	Network Quality & Coverage	Study SROI aspects from our network investment in each market		
	Digital Inclusion	Report on Group's availability, affordability and applicability factors in rural populations and marginalised segments		
	Product innovation & Research			
Nurturing People	Employee Development & Welfare	Strengthening the UI.EP programme with programmes for educating, empowering and engaging employees. Establishing a Group wide H & S practice		
Process Excellence	Governance & Responsible Business Conduct			
	Data & Privacy	Establish adherence to PDPA across relevant countries		
	Supply Chain Management	Study SROI aspects from our network investment in each market		
	Customer Service			
Planet & Society	Energy & Climate Change	Report on the progress made over the edotco target		
	Community Impact	New products lined up in M-money, M-advertising, M-edu, M-health		
	Disaster & Response			

Assurance Providers Recommendations and Progress made in 2014				
Recommendation	Action	Progress		
Develop implementation and reporting guidelines for sustainability metrics	Created a Sustainability Navigator based on MS share point, which includes reporting guidelines			
Share knowledge and reporting systems across Operating Companies	Initiated the Annual Sustainability Forum. First one held in Kuala Lumpur Nov. 2014 with participation from whole Group			
Ensure targets are SMART and transparent to all stakeholders	Improved the Sustainability Targets for the year 2015			
Engage the supply chain	Conducted a Supplier Satisfaction Survey and Group's first Supplier Forum			

New Material Issue    
 Initiated    
 In Progress    
 Done

	Progress made in 2014	Sustainability targets for 2015	Improvement	Innovation	Investment	Impact
	Details covered in Beyond Short Term profits section (page 025)	Study SROI aspects from our network investment in each market				✓
	This report initiates a disclosure on the 4A inclusive model (page 027)	Launching mapped out new ADS projects across our markets		✓	✓	✓
				✓		✓
	OpCo wise culture programme conducted based on the OpCo values and core values (page 039)	Strengthening the UI.EP programme with programmes for educating, empowering and engaging employees. Establishing a Group wide H & S practice	✓	✓		
	2014 EES conducted in November across group. Follow up studies conducted as required	Completion of BCM programmes for Each OpCo and reporting on progress made	✓			✓
	Report details out our continuous adherence to the PDPA (page 051)	Review of privacy and data standards and preparedness in each market	✓			✓
	Supplier code of conduct introduced. Supplier forum for 2014 conducted (page 047)	Set up improved mechanism for calculating local procurement		✓		✓
		To improve the processes in each market to become the best customer service provider				✓
	The tracking of live information established via the Echo centre (page 057)	Report on the progress made over the edotco target	✓	✓	✓	✓
	National contribution study conducted in 2014, the methodology used for this report and beyond (page 070)	Tracking of the Group's Corporate Reponsibility initiatives and their impact				✓
		Report on progress made in each country in Disaster preparedness & response	✓	✓	✓	✓

	Recommendation	Action	Progress
	Place future focus on emerging sustainability issues	Discussion initiated at the Group Sustainability Forum and continued with other Group activities	
	Improve focus and reporting of energy use, emissions, and energy efficiency opportunities	With the Navigator, we have improved the data collection process for these indicators	
	Use the Sustainability Report as a tool for employee engagement	We launched prism2.0 Group's online communication forum, which would be used for future engagement on Sustainability as well	