COMMITMENT TO PROCESS EXCELLENCE

for the digital version, visit www.axiata.com or download the report on Appstore and GooglePlay.

Introduction

G4-20
G4-27

Implementing transparent, effective, ethical and sustainable processes is how we build digital ecosystems and advance Asia. To be sustainable, businesses must empower and enhance the experiences of all stakeholders. In this section we discuss how we are advancing sustainable processes in our supply chain and among our retailers, and encouraging suppliers and retailers to integrate sustainability practices in their operations.

We discuss customer relations, and our efforts at enhancing customer satisfaction and customer data protection systems across the Group. Integrating sustainability in our operations in a meaningful way has required us to digitise our operations as far as possible. We discuss the steps we have taken and the targets we have set in this regard.

Sustainable governance processes are integral to sustainable operations. How we are advancing transparency within the Group, strengthening ethical processes, and ensuring business continuity are also discussed in this part of the report.

Supply Chain Management

Context
Industry and different markets

Approach
Work closely with suppliers to reduce adverse environmental impacts and promote Social & Ethical best practices.

Goal
Set up improved mechanism for calculating local procurement

Customer Service

Context
Industry and different markets

Approach
Regular Customer Satisfaction surveys that feed into our KPI's. Setting up internal processes to enable staff for a better service.

Goal
To improve the processes in each market to become the best customer service provider

Privacy & Data Protection

Context
Industry and different markets

Approach
To set up policies to ensure customer information is safe. Ensuring our marketing campaigns do not violate the privacy.

Goal
Review of privacy and data standards and preparedness in each market

Governance & Responsible Business Conduct

Context
Regional context and different in each market

Approach
Setting our own standards by using UI.EP as our culture, code of conduct and business continuity.

Goal
Completion of BCM programmes for Each OpCo and reporting on progress made

Process Excellence

IMPROVEMENTS

Introduced
- Group Supplier Code of Conduct ✓

Improved
- Celcom SURFER programme ✓

Implemented
- Axiata Procurement Centre ✓

INNOVATIONS

- 5 Star Partner Exclusive
- Supplier Satisfaction Study
- Business Continuity

4i

INVESTMENTS

RM167 million
increased spend with local vendors in Malaysia

RM35 million
for Axiata Procurement Centre

RM2 million
spent for Business Continuity at Celcom and Dialog

IMPACT

Axiata's First Supplier Forum Held in 2014

- improved communication and relationships with vendors
- 90% of BCM Completed at Celcom and Dialog
- Digitising all our external processes by 2020

BEST PRACTICES DOWN THE VALUE CHAIN

Best Practices in our Supply Chain

Suppliers are one of our most important stakeholders. They play a vital role enabling all our OpCos to deliver seamless service to our customers. Axiata has an employee code of conduct which clearly sets out the behaviour we expect from our employees in dealing with suppliers and other stakeholders. In 2014, recognising the critical nature of our supplier relationship, we introduced the Axiata Group Supplier Code of Conduct[7]. The code, which is also available on our website, sets out our expectation of suppliers' behaviour. We require our suppliers to sign our code or demonstrate that they have and adhere to, a similar code of their own. Signing up to the code is a pre-requisite to doing business with Axiata and this requirement will become formalised in our new Supplier Registration process which will be introduced during 2015.

Supplier Satisfaction

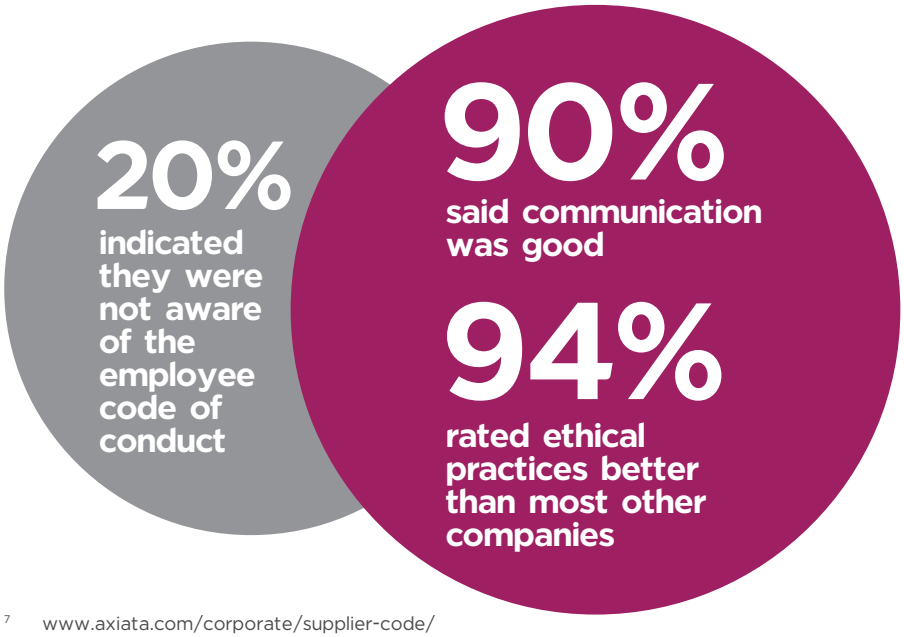
Furthermore, in 2014 we invited 50 C-level leaders from 17 of our major suppliers to participate in our first Group Supplier Satisfaction Survey. We sought their opinion on our communications, ethics, relationship and our processes, as well as how we performed compared to their other customers in our industry. We appreciate their responses which will guide us on our improvement journey.

Highlights included:

- 90% of respondents said that our communications were as good as or better than most of their other customers.
- 94% rated our ethical practices as being better than most other companies.
- 20% indicated that they were not aware of our employee code of conduct which deals with employee relations with suppliers.
- Suppliers also told us that we have an opportunitiy to improve our sourcing processes and they would like to understand our business strategy better.

Axiata Group Supplier Forum

Axiata held the Group's first Supplier Forum in October 2014. 45 senior executives from 20 of our core suppliers participated. The forum was hosted by the Axiata Group CEO and provided an opportunity for Axiata's senior leadership to discuss business strategy and innovation in an open and collaborative environment. Feedback from suppliers was extremely positive.



[7] www.axiata.com/corporate/supplier-code/

Local Procurement

We work closely with local suppliers to strengthen local business, wherever it makes a sustainable business case. The table below depicts the Group's procurement from suppliers registered in respective countries. In Malaysia, Celcom bought ~85% of the 2014 spend from suppliers registered locally. We are working towards improving our process to capture data on local procurement. In 2015 we plan to introduce a more comprehensive definition of local purchases based on ownership and local value add.

Percentage of Spend from Locally Registered Vendors in Each Country

OpCo	Percentage Local %	Percentage Foreign %
Celcom	85%	15%
Dialog	50%	50%
Robi	64%	36%
Smart	47%	53%
XL	84%	16%
edotco Group	60%	40%
Axiata Corporate Centre	87%	13%

Retailer Development

We connect over 260 million* of our customers in eight operating countries. By extending our network coverage and building our customer base, we aim to improve the socio-economic conditions of communities in these countries. However, we need a sound delivery system to take our products and services to the end users. Consequently, the distribution networks in each country play a pivotal role for our long-term success. We work hard to continually expand our retail operations to develop the relationship with our retailer base.

celcom

Vendor Development Programme

Celcom started its *Local Partner Development Programme (LPDP)* to support Bumiputera vendors in May 2014. The LPDP aims to enhance the involvement of Bumiputera vendors, and businesses and strategic partners in the telecommunications industry. As part of this initiative, Celcom signed an MOU with MITI (Ministry of International Trade and Industry) to facilitate the development of Bumiputera vendors.

The Vendor Development Programme aims to make vendors more competitive in the industry. They go through four phases of development: selection, development, support and graduation. This is supported by the Business Development Programme (BDP) which aims to strengthen the capacity of business and strategic partners to contribute to advancing the digital economy.

In 2015 and beyond Celcom will look at partnering with new training companies to enhance the skills of these vendors, enabling them to play a more important role in the digital economy.

* *Includes Idea & M1*

Dialog

Dialog 5 Star Partners: Growing Rural Markets

In 2014, Dialog continued to probe rural markets by taking the 5 Star programme to the next level. Of the 1268 trained 5 Star retailers across the country, Dialog is currently in the process of selecting 25 of the top 5 Star Partners and taking them to the next level 5 Star Partner exclusive. In 2015 Dialog will empower these 25 elite 5 Star intermediaries to enable them to support and service in rural markets. Dialogs customers in rural areas.

Dialog is keen to ensure that rural markets share the benefits of digital connectivity. With this in mind Dialog launched the '5 Star Partners' initiative in 2012 to extend its digital footprint to as many locations as possible. The 5 Star Partners initiative was designed to reach markets at the lower end of the pyramid, often under-explored and under-serviced. A network of Dialog infomediaries (information intermediaries) named 5 Star Partners, was developed in various parts of Sri Lanka, who act as the interface between the company and the community in the last mile. Through this Dialog sought to market its products and services in rural areas in a sustainable manner, and to grow rural market shares providing after sales services with customer intimacy.

Dialog's 5 Star Partners are empowered digitally to provide the customer with a range of different services such as SIM changes, eZ cash transactions, prepaid activations, post-paid activations, mobile revenue value increases and other such services.

5 STAR PARTNERS

"Information Intermediaries" for Dialog's rural Market

CUSTOMER CENTRICITY

Customer Experience

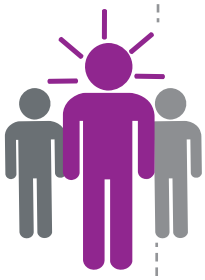
Axiata is focused on enhancing our customer experience, and our processes are geared in ensuring their expectations are met and often surpassed.

Customers disclose sensitive information to us. As a responsible service provider we ensure the confidentiality of this data and are constantly strengthening our data protection system to ensure customer privacy.

We have strict policies to protect customer data being shared disclosed or accessed by third parties without consent.

Customer feedback helps us understand if we are meeting, surpassing or falling short of customer expectations. It tells us if we as a company have got our processes and products balanced so as to deliver high levels of customer satisfaction. Customer feedback is vital in enhancing the quality of our products and services.

Every year Axiata conducts a group-wide NPS tracking survey to understand customer loyalty and satisfaction across all our markets. From 2014, the results of this survey are used as indicators for setting KPIs for each market. Each OpCo's NPS performance is tracked carefully against the market regularly providing an important indicator for our processes to be altered according to our Customer's needs.

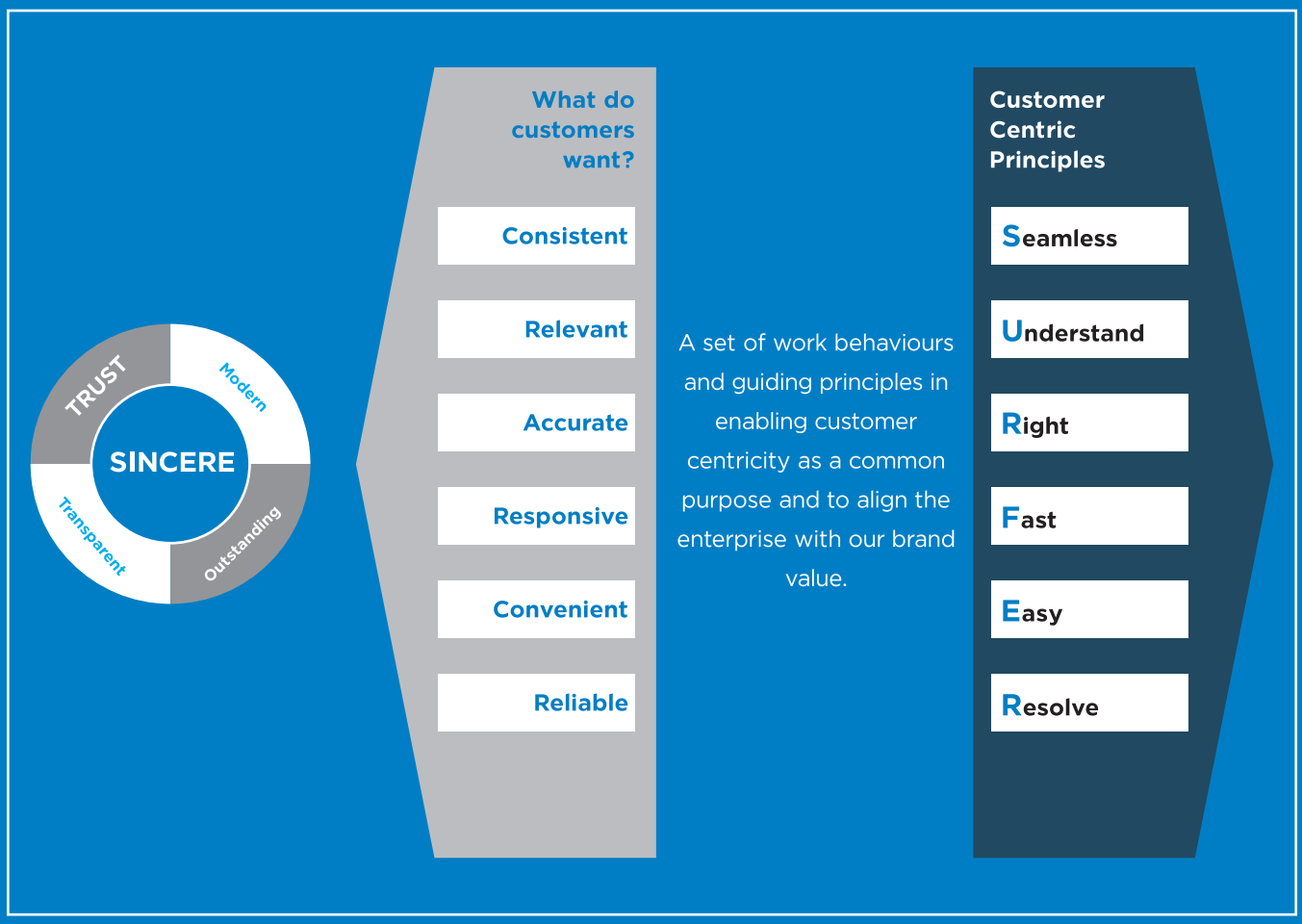


Axiata is focused on enhancing customer experience. Our processes are geared in ensuring customer expectations are met and often surpassed.

Celcom: From Customer Experience to Intimacy

Last year, we discussed the Customer Experience function at Celcom. At Celcom, Customer Experience Management (CEM) is a strategic function that designs and integrates customer centricity in people, policies, projects, products and services to enable and preserve an elevated customer experience of their brand throughout the customer lifecycle. SURFER is the customer-centric principle that CEM infuses within Celcom in driving **TRUST**.

CE into Products and Services: Since January 2013, Celcom has carried out a systematic check of every service introduced to ensure it would result in a positive customer experience. The customer experience CE GTM framework is specifically initiated to inspect all new product roll-outs to ensure expected customer experience levels are achieved.



CE into People: The process of bringing in CE to people was implemented in three ways:

- The launch of SURFER and an on-boarding training. This was discussed in detail last year.
- The SURFER Leadership Immersion Programme: the top down approach to operationalise SURFER for every Division in Celcom.
- The SURFER Culture Communications Series: a one stop location and communications series that seeks to create sustainable visibility of SURFER amongst employees.

Customer Privacy and Data protection

Understanding the relevance of protecting the personal information of our customers, our privacy and security policy governs how we collect, use and manage customers' information. This includes securing the confidentiality of their personal communications, respecting their permissions and preferences, and protecting and securing other customer information. Each of our OpCos have different levels of regulations in relation to privacy and data protection. However, as we reported in 2013, we have set our commitment to privacy and security at the highest level, based on the Personal Data Protection Act (PDPA) 2010 in Malaysia and the information security standards, ISO 27000.

celcom

Celcom update on PDPA adherence

Celcom continues to comply with the requirements of the Personal Data Protection Act (PDPA). This is outlined in detail as per Celcom's Privacy Notice[8]. In accordance to this, Celcom uses customer personal information to enhance the customer experience while ensuring that the processing of personal data is in line with the security principles of the PDPA. We strengthened our systems to prevent a loss of personal data and ensured that only authorised persons have access to personal data. Customer privacy is a priority and Celcom will continue to enhance its processes to ensure data security.

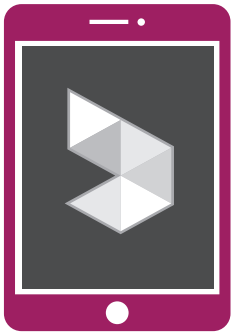
DIGITISING OUR PROCESSES

NEW

Digitising our Processes

As an industry leader, Axiata has facilitated the creation of high quality digital ecosystems in our OpCo Countries. However, most of the processes internally are run on manual support systems. Although in some of our markets, we have a majority of e-bills over physical bills and digitised registering systems instead of manual entry systems, most operations are non-digitised.

We intend to work closely with different regulatory environments in our OpCo countries to obtain their support for an increased level of digitisation, not only in our internal processes but our offers to customers as well.



Axiata a completely digital company by 2020

In 2015, we are setting a digitising target for the first time. This target will be set with the objective of Axiata becoming a completely digital company with 100% of its processes digitised by 2020.

Axiata Procurement Centre (APC)

Axiata has implemented the APC to optimise and drive value for money in our Network and IT spend. APC takes a group wide approach, working closely with Operating Companies and Group Technology. Appropriate standardisation and streamlining allows us to achieve economies of scale. In addition to driving Network and IT sourcing the APC has overall responsibility for Procurement systems, policies and processes. With the APC sourcing model and new procurement systems which are being implemented across the business, we have much improved visibility of our spend and greater ability to managed a disciplined sourcing process.

STRONG GOVERNANCE

A key development over the last year was the implementation of the Business Continuity Management (BCM) Programme across our OpCos. The BCM enables our OpCos to be prepared for any unforeseen circumstances due to disaster situations, be it natural or man made. The details of the BCM programme are discussed on page 061 of this report.

While enhancing our business processes, we have also focused on developing open, transparent and ethical internal processes. Our good governance practices were recognised again in 2014 when Axiata received the Malaysia – ASEAN Corporate Governance Index 2014 award for our governance structure and exemplary ESG practices.

[8] http://www.celcom.com.my/personal/policy